Raffles Interior

# Raffles Interior Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1376

# SHARE OFFER

Sole Sponsor

SUNWAH KINGSWAY 新華滙富

**Kingsway Capital Limited**

Joint Bookrunners and Joint Lead Managers

SUNWAH KINGSWAY 新華滙富

**Kingsway Financial Services Group Limited**

Lego Securities Limited 力高證券有限公司

**Lego Securities Limited**

山證國際 SHANXI SECURITIES INTERNATIONAL

**Shanxi Securities International Limited**

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

**Guotai Junan Securities (Hong Kong) Limited**

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

# Raffles Interior Limited

*(Incorporated in the Cayman Islands with limited liability)*

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

| | | |
|---|---|---|
| **Number of Offer Shares** | **:** | **250,000,000 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 (subject to reallocation and the Over-allotment Option)** |
| **Offer Price** | **:** | **Not more than HK$0.65 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** | **:** | **1376** |

**Sole Sponsor**

SUNWAH KINGSWAY 新華滙富

**Kingsway Capital Limited**

**Joint Bookrunners and Joint Lead Managers**

SUNWAH KINGSWAY 新華滙富

**Kingsway Financial Services Group Limited**

Lego Securities Limited 力高證券有限公司

**Lego Securities Limited**

山證國際 SHANXI SECURITIES INTERNATIONAL

**Shanxi Securities International Limited**

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

**Guotai Junan Securities (Hong Kong) Limited**

**Joint Lead Managers**

駿昇證券有限公司 Quasar Securities Co., Limited

**Quasar Securities Co., Limited**

華業證券 Grand China Securities

**Grand China 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 paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix V 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 determined by agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Friday, 24 April 2020 and in any event, no later than Monday, 27 April 2020 or such later date as may be agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters). The Offer Price is expected to be not more than HK$0.65 per Share and not less than HK$0.50 per Share unless otherwise announced. The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, a notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at ***www.hkexnews.hk*** and our Company's website at ***www.rafflesinterior.com*** as soon as practicable. Further details are set out in the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for the Public Offer Shares" of this prospectus.

If our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before Monday, 27 April 2020, or such later date as may be agreed by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Public Offer will not proceed and will immediately lapse.

Pursuant to the termination provisions contained in the Underwriting Agreements, the Joint Bookrunners (for themselves and on behalf of the Underwriters) have the right in certain circumstances, at their sole and absolute opinion, to terminate their obligations under the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Thursday, 7 May 2020). Details of the terms of the termination provisions are set out in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

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

The Share certificates for the Share Offer will only become valid certificates of title at 8:00 a.m. on Thursday, 7 May 2020, provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" of the prospectus has not been exercised or lapsed.

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

21 April 2020

*If there is any change in the following expected timetable, our Company will issue an announcement to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.rafflesinterior.com**.*

| | **Date[1]** |
|---|---|
| Latest time to complete electronic applications under the **HK eIPO White Form** service through one of the below ways[2]: | |
| (1) the designated website ***www.hkeipo.hk*** | |
| (2) the IPO App, which can be downloaded by searching "IPO App" in App Store or Google Play or download at ***www.hkeipo.hk/IPOApp*** and ***www.tricorglobal.com/IPOApp*** | 11:30 a.m. on Friday, 24 April 2020 |
| Application lists of the Public Offer open[3] | 11:45 a.m. on Friday, 24 April 2020 |
| Latest time for lodging **WHITE** and **YELLOW** Application Forms | 12:00 noon on Friday, 24 April 2020 |
| Latest time to give **electronic application instructions** to HKSCC[4] | 12:00 noon on Friday, 24 April 2020 |
| Latest time to give complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)[2] | 12:00 noon on Friday, 24 April 2020 |
| Application lists of the Public Offer close[3] | 12:00 noon on Friday, 24 April 2020 |
| Expected Price Determination Date[5] | on or around Friday, 24 April 2020 |
| Announcement of the final Offer Price, the level of indications of interest in the Placing, the results of the applications in the Public Offer and the basis of allocation of the Public Offer Shares under the Public Offer to be published on our Company's website at ***www.rafflesinterior.com*** and the website of the Stock Exchange at ***www.hkexnews.hk*** on or before | Wednesday, 6 May 2020 |

| | |
|---|---|
| Announcement of results of allocations in the Public Offer (with successful applicants' identification document numbers or Hong Kong business registration numbers) will be available through a variety of channels as described in the section headed "How to apply for the Public Offer Shares — 12. Publication of Results" in this prospectus on | Wednesday, 6 May 2020 |
| Results of allocations in the Public Offer will be available at ***www.tricor.com.hk/ipo/result*** or ***www.hkeipo.hk/IPOResult*** with a "search by ID function" or at "Allotment Result" function in IPO App | Wednesday, 6 May 2020 |
| Despatch/collection of Share certificates of the Offer Shares or deposit of Share certificates of Offer Shares into CCASS in respect of wholly or partially successful applications under the Public Offer on or before[7][9] | Wednesday, 6 May 2020 |
| Despatch/collection of refund cheques or **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price payable on application (if applicable) and wholly or partially unsuccessful applications under the Public Offer on or before[8][9] | Wednesday, 6 May 2020 |
| Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on | Thursday, 7 May 2020 |

*Notes:*

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

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

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Friday, 24 April 2020, the application lists will not open or close on that day. For further details, please refer to the section headed "How to apply for the Public Offer Shares — 10. Effect of bad weather on the opening and closing of the application lists of the Share Offer" in this prospectus. If the application lists do not open and close on Friday, 24 April 2020, the dates mentioned in this section may be affected. A press announcement will be made by our Company in such event.

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

(5) The Price Determination Date is expected to be on or around Friday, 24 April 2020 and, in any event, not later than Monday, 27 April 2020. If for any reason, the Offer Price is not agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company by Monday, 27 April 2020, the Share Offer will not proceed and will lapse.

(6) Neither the website of our Company nor any of the information contained on the website of our Company forms part of this prospectus.

(7) Share certificates for the Offer Shares will only become valid certificates of title 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) none of the Underwriting Agreements has been terminated in accordance with its terms.

(8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheques.

(9) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all required information may collect refund cheques (if any) and share certificates (if any) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. to 1:00 p.m. on Wednesday, 6 May 2020. Applicants being individuals who opt for personal collection may 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 letters 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 our Hong Kong Branch Share Registrar.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares under the Public Offer and have provided all required information may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be issued in the name of HKSCC Nominees Limited and deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares under the Public Offer can collect their share certificates (if any) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. to 1:00 p.m. on Wednesday, 6 May 2020.

Applicants who have applied through the **HK eIPO White Form** service and paid their application monies from a single bank account, e-Auto Refund payment instructions (if any) will be despatched to their application payment bank account on or before Wednesday, 6 May 2020. Applicants who apply through the **HK eIPO White Form** service and used multiple bank accounts to pay the application monies, refund cheque(s) (if any) will be despatched to the address specified in their **electronic application instructions** to the **HK eIPO White Form** Service Provider on or before Wednesday, 6 May 2020 by ordinary post at their own risk.

Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to apply for the Public Offer Shares" in this prospectus for details.

Uncollected share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' own risk to the addresses specified in the relevant applications. Further information is set out in the section headed "How to apply for the Public Offer Shares — 14. Despatch/Collection of share certificates and refund monies" in this prospectus.

Particulars of the structure of the Share Offer, including the conditions thereto, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

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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 offered by this prospectus pursuant to the Share Offer. 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 Hong Kong.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers 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 Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer.*


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

## OVERVIEW

Established in 1986, we are a Singapore-based interior fitting-out services provider. As a testament to our success, we are ranked as the third largest player by revenue in the interior fitting-out market in Singapore in 2018, according to the Frost & Sullivan Report. Interior fitting-out services typically involve the process of actualisation of designs in the interior space. Our interior fitting-out services include (i) project management and construction management of the interior fitting-out project; (ii) construction and installation of interior fitting-out works; (iii) customising, manufacturing and supply of carpentry/joinery and integral fixtures; and (iv) maintenance of the projects that we undertake on an ad-hoc basis.

Having a long operating history, we have amassed expertise in the interior fitting-out industry and have established a solid track record in providing interior fitting-out services in the private commercial sector. During the Track Record Period, our customers comprised (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors; and (iii) Professional Consultants, and our revenue was mainly derived from projects involving fitting-out works for office space.

During the Track Record Period, we provided our interior fitting-out services primarily in the following manner: (i) as the project and construction manager of the interior fitting-out project, where we were responsible for, *inter alia*, the overall implementation of the interior fitting-out aspects of the projects which encompasses planning, coordinating, monitoring and supervising the project on-site from the commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defects liability period; (ii) construction and installation of interior fitting-out works, where we were responsible for the actualisation of the designs; (iii) customising, manufacturing and supply of carpentry/joinery and integral fixtures; and (iv) providing maintenance of the interior fitting-out works after the defects liability period for the projects which we undertake on an ad-hoc basis. During the Track Record Period, our revenue amounted to approximately S$71.8 million, S$81.2 million and S$76.7 million, respectively.

## OUR PROJECTS

During the Track Record Period, our projects mainly comprised projects commissioned by private companies, including owners or tenants of commercial and light-industrial properties in Singapore, construction contractors and Professional Consultants of the projects. All our projects were secured through a tendering process by way of invited tenders.

During the Track Record Period and up to the Latest Practicable Date, we have completed 125 interior fitting-out projects in Singapore. The average contract value of our Group's business during the Track Record Period is approximately S$1.5 million, S$2.0 million and S$2.0 million respectively, which is derived from a range of approximately S$0.1 to S$7.1 million, S$0.1 to S$13.9 million and S$20,000 to S$10.6 million, respectively. During Track Record Period, the total revenue recognised from our top 10 completed projects amounted to approximately S$21.4 million, S$35.5 million, and S$20.9 million representing approximately 29.8%, 43.7% and 27.2% of our total revenue respectively.

The following table sets out the movement of the number of our projects for the periods below:

| | For the financial year ended 31 December | | | Period commencing from 1 January 2020 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | |
| Projects brought forward from prior year(s)/period | 9 | 7 | 13 | 23 |
| Number of new projects awarded during the year/period | 40 | 34 | 54 | 7 |
| Number of projects completed during the year/period | (42) | (28) | (44) | (11) |
| Projects carried forward to next year/period | 7 | 13 | 23 | 19 |

The following table sets out the movement of the contract values for the periods below:

| | For the financial year ended 31 December | | | Period commencing from 1 January 2020 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | |
| | (S$ million) | (S$ million) | (S$ million) | (S$ million) |
| Outstanding contract value as at the beginning of the year/period | 18.5 | 8.5 | 8.6 | 43.6 |
| New contracts secured or varied by way of variation orders during the year/period | 61.8 | 81.3 | 111.7 | 23.0 |
| Revenue recognised during the year/period | (71.8) | (81.2) | (76.7) | (26.2) |
| Outstanding contract value as at the end of the year/period | 8.5 | 8.6 | 43.6 | 40.4 |

The following table sets forth our tender success rates for the periods below:

| | For the financial year ended 31 December | | | Period commencing from 1 January 2020 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | |
| Number of tender invitations received | 147 | 123 | 158 | 30 |
| Number of tenders submitted | 147 | 123 | 158 | 30 |
| Aggregate contract value of tenders submitted *(S$ million)* | 229.2 | 319.3 | 374.4 | 125.7 |
| Average contract value of tenders submitted *(S$ million)* | 1.6 | 2.6 | 2.4 | 4.2 |
| Average duration of tenders submitted *(days)* | 87 | 106 | 92 | 77 |
| Number of tenders awarded | 40 | 42[(2)] | 53[(3)] | 2 |
| Aggregate contract value of tenders awarded *(S$ million)* | 55.3 | 90.6[(2)] | 100.7 | 10.6 |
| Average contract value of tenders awarded *(S$ million)* | 1.4 | 2.2 | 1.9 | 5.3 |
| Average duration of tenders awarded *(days)* | 88 | 116 | 119 | 126 |
| Success rate (%) | 27.2 | 34.1 | 32.9 | 6.7 |
| Success rate weighted by contract value (%) | 24.1 | 28.4 | 26.9 | 8.4 |

*Notes:*

(1) Success rate for a financial year/period is calculated based on the number of projects awarded (whether awarded in the same financial year/period or subsequently) in respect of tenders submitted during that financial year/period.

(2) This includes eight tenders which were submitted in FY2018 of which seven tenders awarded in FY2019 and one tender awarded in FY2020.

(3) This excludes (i) the aforementioned seven tenders which were submitted in FY2018 and awarded in FY2019; but includes (ii) four projects tendered for in FY2019 and awarded in FY2020; and (iii) four tenders for two awarded projects under the respective customer since our Company submitted separate tenders for different scope of works.

## CUSTOMERS

During the Track Record Period, our customers include (i) owners or tenants of commercial and light-industrial properties in Singapore; (ii) construction contractors; and (iii) Professional Consultants. All of our contracts are largely on a project-by-project basis and are typically non-recurring. During the Track Record Period, we derived a significant portion of our revenue from our five largest customers of approximately 43.3%, 51.0% and 49.0% for the three years ended 31 December 2019, respectively. The ranking and combination of our top five customers for each period during the Track Record Period were substantially different indicating that we did not place undue reliance on any particular one of them throughout the Track Record Period for revenue generation. Given that most of our top five customers are reputable multinational companies and their projects are sizable, if we undertake a project with a large contractual sum, it may contribute a substantial amount to our revenue in a particular period, resulting in the relevant customer becoming one of our top customers in terms of revenue contribution to us. Please refer to the section headed "Business — Customers" in this prospectus for more information.

## SUPPLIERS AND SUBCONTRACTORS

Supplies of goods and services which are required in connection with or ancillary to the provision of our interior fitting-out services include (i) our subcontractors; and (ii) materials suppliers. We typically engage subcontractors in three situations: (i) to carry out works which are required to be subcontracted out pursuant to the requirements of the tender or the main contract with the main contractor of the project, such as MEP works; (ii) to carry out works which we do not have the relevant expertise to carry out such as MEP, Metal Works and Wet Works; and (iii) to carry out works which we lack the capacity and resources to undertake such as the manufacturing of carpentry/joinery and other integral fixtures at the relevant time. The cost of subcontracting services incurred by our Group during the Track Record Period amounted to approximately S$42.9 million, S$51.7 million and S$45.7 million, representing approximately 75.9%, 78.6% and 75.2% of our cost of sales respectively. During the Track Record Period, purchases from our five largest suppliers amounted to approximately S$14.0 million, S$21.8 million and S$15.2 million, respectively, and save for a furniture supplier of the Group for the year ended 31 December 2019, all of the five largest suppliers during the Track Record Period were subcontractors engaged by our

Group. Purchases from our largest supplier for the same periods amounted to approximately S$4.9 million, S$8.2 million and S$5.3 million, respectively. Please refer to the section headed "Business — Suppliers" in this prospectus for more information.

## COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the Frost & Sullivan Report, the interior fitting-out industry in Singapore is considered competitive and relatively fragmented, with approximately 1,500 market participants and the top five market participants accounting for an aggregate market share of 10.9% in 2018. Our Group is the third largest player by revenue in the interior fitting-out market in Singapore, accounting for 2.2% of the market share in 2018. Please refer to the section headed "Industry Overview — Competitive landscape in Singapore" in this prospectus for more information.

We believe our competitive strengths include (i) we are one of the leading interior fitting-out companies in the industry in Singapore, specialising in interior fitting-out services in the private commercial sector with an established and proven track record; (ii) we have long and well-established relationships with our major customers which include Professional Consultants and multinational corporations; (iii) we manufacture carpentry/joinery and integral fixtures through our own production facility which enables us to achieve economies of scale and in turn lowers our production cost; (iv) we have an experienced and committed management team and each of our executive Directors has over 15 years of experience in the interior fitting-out industry; and (v) we are able to effectively and efficiently manage our projects within our customers' time constraints and provide quality services to our customers. Please refer to the section headed "Business — Competitive strengths" in this prospectus for more information.

## BUSINESS STRATEGIES AND USE OF PROCEEDS

We are an established interior fitting-out services provider in Singapore. Leveraging on our success and the market sentiment as evidenced by the Frost & Sullivan Report, we intend to establish ourselves as an integrated interior fitting-out service provider with the ability and capability to provide a wide range of interior fitting-out as well as associated services, including interior design services and MEP works.

We intend to achieve our business objectives by (i) acquisition of a Singapore-based interior design company; (ii) provision of MEP services in-house through talent recruitment and applying for registrations under certain ME workheads with the BCA; (iii) recruitment of new or additional skilled employees and support staff; (iv) rental of additional space to expand existing production facilities; (v) acquisition of new machinery and equipment; and (vi) investing in hardware and software to improve our technological capabilities.

We estimate that the net proceeds from the Share Offer (after deducting the underwriting commission and expenses relating to the Share Offer), to be approximately HK$85.1 million (equivalent to approximately S$15.8 million) assuming the Offer Price of HK$0.58 per Offer Share (being the mid-point of the Offer Price range) and 250,000,000 Offer Shares being offered under the Share Offer, which will be used for the following purposes:

- approximately HK$27.4 million (equivalent to approximately S$5.0 million), representing approximately 32.2% of the estimated net proceeds to (i) recruit new or additional skilled employees and support staff to strengthen our in-house capacity to undertake additional interior fitting-out projects and (ii) to broaden our scope of associated services by providing MEP services in-house through the recruitment of skilled MEP personnel and applying for registrations under certain ME workheads with the BCA;

- approximately HK$24.2 million (equivalent to approximately S$4.5 million), representing approximately 28.4% of the estimated net proceeds to rent the New Rented Property to expand our existing production facilities, acquiring machinery and equipment for the New Rented Property and related expenses for the New Rented Property;

- approximately HK$12.9 million (equivalent to approximately S$2.4 million), representing approximately 15.2% of the estimated net proceeds for the acquisition of a Singapore-based interior design company to, *inter alia*, (i) avoid the growing opportunity cost incurred from lack of in-house design-related expertise, (ii) increase our competitiveness in the tender process by demonstrating our in-house capability in undertaking interior design works, and (iii) streamline our business operations through vertical integration;

- approximately HK$7.8 million (equivalent to approximately S$1.4 million), representing approximately 9.2% of the estimated net proceeds to invest in hardware devices and computer software to enhance our information technology capability and project implementation efficiency;

- approximately HK$4.7 million (equivalent to approximately S$0.9 million), representing approximately 5.5% of the estimated net proceeds to expand our scale of operations through the acquisition of new machinery and equipment to reduce the need to rely on our subcontractors for the provision of such machinery and equipment; and

- approximately HK$8.1 million (equivalent to approximately S$1.6 million), representing approximately 9.5% of the estimated net proceeds to be reserved as our general working capital.

Please refer to the sections headed "Business — Business strategies" and "Future Plans and Use of Proceeds" in this prospectus for more information.

## MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enable us to carry out our business activities. In particular, our principal operating subsidiary, Ngai Chin, is registered with an L6 grading under the CR06 workhead for "Interior Decoration, & Finishing Works" under the CRS, which allows us to tender for projects of an unlimited contract value in the public sector. Ngai Chin also holds a General Builder Class 1 Licence granted under the Builder's Licensing Scheme, which allows us to undertake projects involving interior design, planning and the decoration of buildings without any restrictions as to the estimated final price of the contract value.

Our Directors confirm that, to the best of their knowledge and belief, our existing registrations under the CRS and our existing General Builder Class 1 Licence under the Builder's Licensing Scheme are adequate for our current business needs, and having made all reasonable enquiries, confirm that to the best of their knowledge, information and belief, there is no impediment that may affect the renewal of our Group's requisite licences, registrations and certifications. Our Directors confirm that our Group has obtained all material licences and registrations which are necessary for carrying out our principal business activities in Singapore up to the Latest Practicable Date.

Please refer to the sections headed "Regulatory Overview — Laws and regulations relating to our business in Singapore" and "Business — Main Licences, Registrations and Certifications" in this prospectus for more information.

## PRICING STRATEGY

Our Group generally determines the tender price for a potential project on a cost-plus basis, that is on the basis of cost (including but not limited to, labour costs, direct material costs and subcontracting costs) plus a consistent and reasonable profit margin. Factors that our Group would take into account when determining the profit margin for a particular project include (i) the nature, scope and complexity of the project; (ii) the completion time requested by the customers; (iii) our previous tender prices for projects of a similar nature; and (iv) the prevailing market conditions. Please refer to the section headed "Business — Pricing Strategy" in this prospectus for more information.

## SALES AND MARKETING

Our Group's customer service and sales and marketing activities are conducted by our contracts team together with our projects team, which is responsible for understanding the customers' needs and maintaining existing business relationships, and is led by Mr. Chua, our executive Director and our project directors.

During the Track Record Period, all of our customers were either our existing customers or referred to us by past customers or Professional Consultants. We do not engage in any sales and marketing activities by ourselves. We regularly keep in contact with our customers to maintain business relationships and also to obtain information on potential upcoming projects. In addition, we also rely on introductions or referrals made by past customers or Professional Consultants for

new projects. We submit tenders in response to all invitations to tender from potential customers in order to maintain customer relationships, promote our brand name and increase our opportunities to secure new customers and projects. If we have deployed a large portion of our labour, financial and management resources for carrying out the works for projects on hand, we may subcontract the provision of our interior fitting-out services to our subcontractors for these new projects. Please refer to the section headed "Business — Sales and Marketing" in this prospectus for more information.

## LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in five legal proceedings as defendant relating to accidents involving members of our Group and one legal proceeding as plaintiff relating to tort claims against a subcontractor. As our liability (if any) under the above claims as defendant have been and will be covered by our existing insurance policies, our Directors are of the view that none of the above proceedings has a material adverse effect on our business, results of operations or financial condition.

During the Track Record Period and up to the Latest Practicable Date, our Group was also involved in one charge in relation to an offence under the Electricity Act, Chapter 89A of Singapore ("**Electricity Act**") that had concluded in March 2020. Please refer to the section headed "Business — Legal Proceedings and Compliance" in this prospectus for more information.

Our Directors confirm that, save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, our Group was not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operations or financial condition. Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we do not have any non-compliance that is material or systemic in nature.

## RISK FACTORS

The material risks relating to our business relate to, amongst others, (i) we derive our revenue mainly from our interior fitting-out services in Singapore and accordingly, we are subject to the cyclical nature of the property market and construction industry; (ii) our engagements with our clients are non-recurrent in nature and there is no guarantee that we will be able to secure new projects; (iii) we rely on our subcontractors to complete our projects and their implementation of safety measures or procedures and compliance of relevant laws and regulations; (iv) failure to renew or any suspension or cancellation of our licences and registrations could materially affect our operations and financial performance; and (v) we may incur costs overrun which are not recoverable from our customers due to the failure to accurately estimate time and control costs. The material risks relating to the industry in which we operate include (i) our financial performance is heavily dependent on the state of the economy in Singapore; (ii) competition from existing companies in the interior fitting-out industry; and (iii) a shortage of labour in Singapore and relevant regulatory changes may affect our ability to recruit and retain manpower. Please refer to the section headed "Risk Factors" in this prospectus for more information.

## SUMMARY OF FINANCIAL INFORMATION

The following table summarises the financial information of our Group during the Track Record Period, which is extracted from the Accountant's Report set out in Appendix I to this prospectus. The summary financial data should be read in conjunction with the financial information included in the Accountant's Report set out in Appendix I to this prospectus.

### Highlights of combined statements of comprehensive income

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| **Revenue** | 71,776 | 81,167 | 76,659 |
| Cost of sales | (56,507) | (65,820) | (60,769) |
| **Gross profit** | 15,269 | 15,347 | 15,890 |
| **Profit before taxation** | 9,242 | 8,034 | 6,081 |
| Income tax expense | (1,316) | (1,594) | (1,443) |
| **Profit and total comprehensive income attributable to equity holders of our Company for the year** | 7,926 | 6,440 | 4,638 |

The decrease in our net profit during the Track Record Period was mainly attributable to the increase in administrative expenses as a result of the combined effects of (i) increase in the Listing expenses incurred in relation to the Share Offer; and (ii) increase in employee benefit costs due to, amongst others, the increase in headcount of our administrative department and increase in discretionary bonus paid to our general administrative staffs.

Our cost of sales by nature and percentage of contribution to the total cost of sales is shown in the table below:

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$'000 | % to cost of sales | S$'000 | % to cost of sales | S$'000 | % to cost of sales |
| Subcontracting costs | 42,881 | *75.9* | 51,735 | *78.6* | 45,672 | *75.2* |
| Labour costs | 5,825 | *10.3* | 5,964 | *9.0* | 7,112 | *11.7* |
| Direct material costs | 5,933 | *10.5* | 5,861 | *8.9* | 5,501 | *9.1* |
| Depreciation expenses | 512 | *0.9* | 499 | *0.8* | 447 | *0.7* |
| Other costs | 1,356 | *2.4* | 1,761 | *2.7* | 2,037 | *3.3* |
| **Total** | 56,507 | *100.0* | 65,820 | *100.0* | 60,769 | *100.0* |

**Highlights of combined statements of financial position**

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Non-current assets | 4,856 | 4,064 | 3,484 |
| Current assets | 54,231 | 37,003 | 40,990 |
| Current liabilities | 47,409 | 32,625 | 31,476 |
| Non-current liabilities | 701 | 671 | 589 |
| Net current assets | 6,822 | 4,378 | 9,514 |
| Net assets | 10,977 | 7,771 | 12,409 |

Our net current assets and net assets decreased from approximately S$6.8 million and S$11.0 million respectively as at 31 December 2017 to approximately S$4.4 million and S$7.8 million respectively as at 31 December 2018, primarily due to the decrease in our cash and cash equivalents as a result of the dividends paid to our Shareholders of approximately S$22.3 million. Additionally, to a lesser extent, the decrease in our net current assets and net assets was also attributable to the increase in our borrowings in order to finance our working capital and a decrease in net cash generated from operating activities. This was partially offset by (i) the decrease in trade and other payables and accruals due to the more effort we put in to make prompt payments to our suppliers; and (ii) the decrease in amount due to shareholders as a results of the settlement we made during the year.

Our net current assets and net assets increased from approximately S$4.4 million and S$7.8 million respectively as at 31 December 2018 to approximately S$9.5 million and S$12.4 million respectively as at 31 December 2019, primarily due to the increase in our contract assets as a result of the increase in the amount of works handled by our Group for certain projects close to the end of 31 December 2019 and a decrease in borrowings. This was partially offset by the decrease in trade and other receivables, deposit and prepayments as at 31 December 2019.

**Highlights of combined statements of cash flows**

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Net cash generated from operating activities | 11,634 | 2,178 | 1,751 |
| Net cash used in investing activities | (388) | (5) | (68) |
| Net cash used in financing activities | (3,451) | (20,987) | (1,910) |
| Net increase/(decrease) in cash and cash equivalents | 7,795 | (18,814) | (227) |
| Cash and cash equivalents at beginning of the year | 13,874 | 21,669 | 2,855 |
| **Cash and cash equivalents at end of year** | 21,669 | 2,855 | 2,628 |

**Summary of financial ratios**

| | Year ended 31 December or as at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| Net profit margin | 11.0% | 7.9% | 6.1% |
| Gross profit margin | 21.3% | 18.9% | 20.7% |
| Return on equity | 72.2% | 82.9% | 37.4% |
| Return on total assets | 13.4% | 15.7% | 10.4% |
| Current ratio | 1.1 times | 1.1 times | 1.3 times |
| Quick ratio | 1.1 times | 1.1 times | 1.3 times |
| Gearing ratio[(1)] | 47.9% | 90.1% | 48.7% |
| Debt to equity ratio | NA | 53.3% | 27.6% |
| Interest coverage | 75.5 times | 27.7 times | 16.2 times |

*Note:*

(1) Gearing ratio is calculated as total interest-bearing debts (borrowings and lease liabilities) divided by total equity as at the respective reporting dates and multiply by 100.0%.

Please refer to the section headed "Financial Information — Key financial ratios" in this prospectus for further details.

## LISTING EXPENSES

The total Listing expenses (based on the mid-point of the Offer Price range) are estimated to be approximately S$10.9 million (equivalent to approximately HK$58.7 million), which is approximately 40.8% of the gross proceeds from the Share Offer, calculated based on the mid-point of the Offer Price range and assuming the Over-allotment Option is not exercised. S$6.4 million (equivalent to approximately HK$34.8 million) is directly attributable to the issue of the Offer Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of S$4.5 million (equivalent to approximately HK$23.9 million) shall be charged to profit or loss of our Group, in which approximately S$0.9 million (equivalent to HK$4.9 million) and approximately S$2.2 million (equivalent to HK$11.9 million) has already been charged to the combined statements of comprehensive income of our Group for the year ended 31 December 2018 and the year ended 31 December 2019 respectively, and approximately S$1.4 million (equivalent to HK$7.1 million) will be charged to profit or loss for the upcoming financial period upon Listing. The Listing expenses above are the latest practicable estimate and are for reference only. The actual amount may differ from this estimate.

## REASONS FOR THE LISTING

Our Directors believe that the Listing will benefit our Group as it will (i) enhance our ability to provide a full suite of interior fitting-out services so as to become a comprehensive one-stop provider for interior fitting-out services and ancillary needs; (ii) capture the growing market demand for interior fitting-out services in Singapore in the commercial sector; (iii) strengthen our competitiveness and reputation as an interior fitting-out services provider in Singapore; (iv)

strengthen our corporate profile; and (v) facilitate the recruitment and retention of talent. Please refer to the sections headed "Business — Business strategies" and "Future Plans and Use of Proceeds — Reasons for the Listing" in this prospectus for more information.

We have evaluated various avenues for Listing, including Singapore, and having considered the benefits that come along with a Hong Kong listing, we considered that Hong Kong is the most suitable venue for our Group. Our Directors believe that although we do not have a business presence in Hong Kong, the Stock Exchange would be the most suitable platform to assist us to attract investors and enhance our market position as a major player in the interior fitting-out industry in Singapore. Further, having a listing status in Hong Kong can also strengthen our ability to compete with other industry players, some of whom are existing listed companies.

## RECENT DEVELOPMENTS

From 1 January 2020 and up to the Latest Practicable Date, we have been awarded seven projects with an aggregate contract sum of approximately S$23.0 million.

As at the Latest Practicable Date, our Group had 19 projects on hand (representing (i) projects that have commenced but not completed and (ii) projects that have been awarded to us but not yet commenced) with an aggregate of approximately S$62.0 million yet to be recognised as revenue after 31 December 2019, among which, approximately S$56.5 million and S$5.5 million are expected to be recognised as revenue for the year ending 31 December 2020 and the year ending 31 December 2021 and thereafter respectively.

As at the Latest Practicable Date, we have yet to receive final results from 20 tenders with a total notional contract sum of approximately S$81.5 million.

As at the date of this prospectus, our Directors confirm that, save for the expenses in connection with the Listing, there had been no material adverse change in our financial or trading position or prospects since 1 January 2020 and there had been no events since 1 January 2020 which would materially affect the information shown in our combined financial information included in the Accountant's Report set out in Appendix I to this prospectus.

## OUTBREAK OF NOVEL CORONAVIRUS (COVID-19)

### Current impact of COVID-19 on our business and operations

#### *Singapore Control Order Regulations*

On 3 April 2020, the Singapore Government announced that the Multi-Ministry Taskforce has implemented an elevated set of safe distancing measures as a circuit breaker to pre-empt the trend of increasing local transmission of COVID-19 ("**Circuit Breaker Measures**"). On 7 April 2020, the Singapore Parliament passed the COVID-19 (Temporary Measures) Act 2020 ("**COVID-19 Act**") which provides the Singapore Government the legal basis to enforce the Circuit Breaker Measures, and the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 ("**Control Order Regulations**") under the COVID-19 Act to implement the Circuit Breaker Measures. The Control Order Regulations are in force from 7 April 2020 to 4 May 2020 (inclusive) and impose

restrictions on (i) premises and businesses in relation to the closure of premises and respective controls on essential and non-essential service providers; and (ii) the movement of people, both in public places and in places of residence. The Control Order Regulations require the closing most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home, save for those providing essential services and in selected economic sectors which are critical for our local and the global supply chains ("**Essential Services**"). A list of such Essential Services are listed on the prescribed website operated by the Singapore Government. Entities providing Essential Services will need to operate with the minimum staff needed on their premises to ensure the continued running of those services, and implement strict safe distancing measures at their premises, and where reasonably practicable, direct their workers to work from their place of residence. Please refer to the section headed "Regulatory Overview — COVID-19 (Temporary Measures) Act 2020)" in this prospectus for more information on the COVID-19 Act and the Control Order Regulations.

Entities which carry out Essential Services are permitted to continue to operate from their premises and are required to submit details of their plans to operate with enhanced safe distancing measures in place ("**Continued Operation Plans**") to the Ministry of Trade and Industry to obtain necessary permission by end of 13 April 2020. These entities may continue to perform their Essential Services while waiting for the response from the Singapore Government. Our Group's primary business operations do not fall within the categories of Essential Services, and as such, we have suspended all business operations at our workplaces and project sites from 7 April 2020. For businesses that do not fall within the categories of Essential Services, they may apply for either (i) a general exemption from suspension of business activities; or (ii) a time-limited exemption for an exemption from suspension of business activities for a limited period of time, for the operation of selected functions of their business that cannot be performed due to reasons such as sensitivity. We have applied for a time-limited exemption for some of the critical ancillary operations of our Group which cannot be performed offsite, such as the maintenance of live parts, receiving incoming supplies and equipment, payroll processing, joinery production and factory housekeeping, which are critical activities in our business operations and will incur substantial time and/or resources to restart if disrupted. Therefore, we have submitted a Continued Operations Plan to seek an exemption from suspension of these critical activities during the suspension period. On 12 April 2020, the Ministry of Trade and Industry had granted us a time-limited exemption based on our Continued Operation Plan to continue with the aforementioned critical ancillary operations from 7 April 2020 to 4 May 2020.

Save for our critical ancillary operations as submitted in our Continued Operations Plan, we have suspended all business operations that must be conducted at physical workplace premises to comply with the Control Order Regulations. Furthermore, in line with the Control Order Regulations, we have arranged for the continuity of our backend operations through telecommuting from home. Our employees continue to work from home to ensure business continuity of our Group during the suspension period, which includes submissions of quotations and tenders, attending tender interviews via tele-conference, liaising with our potential and existing customers, and making advanced preparations for our existing projects and for projects lined up in the near future. This is to ensure a seamless transition once our business operations resume at full capacity in May.

The Control Order Regulations may be varied or extended, depending on further regulations pursuant to the COVID-19 Act that may be announced by the Singapore Government. Our Directors are of the view that save as disclosed above and assuming that no further control orders are made, our Group is not expected to encounter any further business suspension and that we will resume all operations relating to our projects and be able to discharge our obligations under our existing contracts after 4 May 2020. We have also implemented our business contingency plans, as elaborated below, in order to mitigate the impact of the Control Order Regulations on our Group. Our Directors confirm that none of our service contracts have been terminated as a result of the Control Order Regulations.

***Impact on our suppliers/subcontractors***

Certain of our suppliers and sub-contractors may be affected by the Control Order Regulations if they do not constitute Essential Services and are required to suspend their business and operations. In such event, we may expect some delays in the provision of supplies, equipment and/or services by our suppliers and sub-contractors, respectively. However, our Directors do not expect there to be any material impact on the supply of supplies, equipment and services to our Group given that the Control Order Regulations are only in force till 4 May 2020, and (i) we have already procured the necessary supplies and equipment required to fulfil our existing contractual obligations; and (ii) our current supply and equipment levels are sufficient to support our operations and current projects.

Our Directors confirm that save as disclosed above and following 4 May 2020, we have not encountered and do not expect to encounter any supply chain disruptions due to the outbreak of COVID-19 in Singapore. Save as disclosed above and assuming no further control orders under the COVID-19 Act are made, our Directors also confirm that as at 15 April 2020, we have not received any notification from any of our suppliers or subcontractors that there would be delays and/or cancellations with their supply of materials or services to us as a result of the COVID-19 outbreak.

***Impact on our workforce***

On 5 April 2020, the MOH had issued an advisory on additional measures to minimise further spread of COVID-19 within foreign worker dormitories, pursuant to which two workers' dormitories in Singapore have been declared as isolation areas. As at 15 April 2020, six more foreign worker dormitories have been declared as isolation areas. Within these eight dormitories, foreign workers staying at the premises will be quarantined in their rooms for at least two weeks to avoid the risk of further transmission, and precautionary steps, such as moving healthy foreign workers to separate sites, have been taken to protect the well-being of the workers at these dormitories.

Our Directors confirm that none of our employees are currently housed in the affected dormitories and none of our employees have been issued Quarantine and/or Stay-Home Orders as at 15 April 2020. Our Directors also confirm that we have not experienced any material impact on the workforce of our Group as a result of the outbreak of COVID-19 as at 15 April 2020.

***Business contingency plans and control measures***

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

- in the event we anticipate or experience any delays in our projects, we will liaise with our customers for possible extension of contract periods, if necessary. In light of the Circuit Breaker Measures being implemented in Singapore, we have liaised with our relevant customers to either (i) mutually agree on an extension of time; or (ii) enter into letters of extension for completion of the relevant projects;

- identifying essential suppliers and subcontractors and working closely with them to ensure continuity in their provision of material interior fitting-out supplies and services remitted by us, to our Group; and

- our interior fitting-out supplies are generally sourced from our existing list of suppliers and we are not reliant on any single supplier. As such, we do not expect to encounter any supply chain disruptions as a result of the COVID-19 outbreak. In the event we face a shortage or delay in supply from any one of our suppliers, we will look to our existing list of suppliers to make up for any shortfall in supplies.

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

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

In a worst case scenario, we may be forced to suspend all our existing projects and operations for a two week period (or longer) after 4 May 2020 if any of our employees or employees of our subcontractors are suspected or confirmed having contracted COVID-19, which may require us to quarantine some or all of our employees and disinfect our workplace and facilities used for our operations. Nevertheless, we will continue to work closely with our customers to ensure that any delays experienced in the completion of a project due to unforeseen circumstances is minimised to the fullest extent, and implement our business contingency plans as outlined above in mutual agreement with our customers.

**Expected impact of COVID-19 on our industry**

On 26 March 2020, as part of the Supplemental Budget 2020, Ministry of Trade and Industry of Singapore announced that Singapore's 2020 growth forecast is expected to be in the range of –4.0% to –1.0%, in light of the current health and financial crises due to the COVID-19 outbreak. In addition, as set out above, the Singapore Parliament had on 7 April 2020 passed the COVID-19 Act and Control Order Regulations to enforce and implement the Circuit Breaker Measures, which will be in force from 7 April 2020 to 4 May 2020 (inclusive) and imposes restrictions and controls on premises and businesses, including closing most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home during such time, save for Essential Services.

Assuming our business and operations resume as per normal after 4 May 2020, our Directors are of the view that our business and operations will not be materially impacted by COVID-19 in the long-run due to, *inter alia*, the following:

(i) As set out in the Ministerial Statement on the Supplemental Budget 2020, some sectors of the Singapore economy are more badly affected than others. These sectors tend to be more consumer-facing, such as aviation, tourism, food services and manufacturing, and are more likely to be affected due to the decline in tourism and falls in external demand. Our business, being that of interior fitting-out services provider, does not fall within the ambit of the foregoing sectors and is not consumer-facing in nature.

(ii) As stated in the Frost & Sullivan Report, there are a number of construction plans, ranging from roads, housings, shopping malls and offices, are in the pipeline to be built in the following years. Furthermore, as per the Frost & Sullivan Report, the interior fitting-out services market, being the sector which we are in, is supported by a strong pipeline of new commercial and hospitality projects in the coming years.

(iii) Furthermore, based on the industry experience of our Directors and their indication of the general market sentiment, our Directors are of the view that customers are making use of the market downtime as an opportunity to engage in interior fitting-out services for enhancement and renovation of their offices and/or premises, which in turn created more demand for interior fitting out services.

(iv) From 1 January 2020 to the Latest Practicable Date, we have also secured seven new interior fitting-out projects of an aggregate contract sum of approximately S$23.0 million, which contributes to the continuity in our business pipeline. Among the seven new projects awarded to us, one project, which involves interior fitting-out works of office spaces for an education and training centre, has a sizeable indicated contract sum of approximately S$8.5 million. As at the Latest Practicable Date, our Group has 19 projects on hand with an outstanding contract value of approximately S$40.4 million.

(v) Furthermore, in response to the negative economic outlook for the year ending 2020 due to the outbreak of COVID-19, the Singapore Government introduced the Resilience Budget with over S$48 billion worth of measures, and includes new and/or enhanced

several initiatives to help local businesses stay viable and cope with the COVID-19 situation. These initiatives, which focus on retention of employees and boosting cashflow, include (a) the Job Support Scheme ("**JSS**"), whereby the Singapore Government will co-fund up to 25% on the first S$4,600 of monthly salaries for nine months up to end-2020; (b) the Wage Credit Scheme, with additional pay-outs introduced and brought forwarded to end-June 2020; (c) a Property Tax Rebate which grants up to 30% rebate on property tax for qualifying commercial properties; and (d) a deferment of income tax payments for three months for companies. We are able to take advantage of such initiatives to combat or otherwise minimise the effects of COVID-19, if any, on our business.

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

As such, despite the expected negative growth forecast, the Control Order Regulations and even in the event we experience a worst case scenario situation as described above, our Directors are of the opinion that we will remain financially viable for the next 12 months in light of the above factors. However, while the Control Order Regulations are currently in effect from 7 April 2020 to 4 May 2020 (inclusive), the Singapore Government may decide to issue further control orders under the COVID-19 Act in order to manage the developing outbreak of COVID-19 in Singapore. In such an event, we will nevertheless continue to explore our opportunities in the interior fitting-out services industry in Singapore and make use of our competitive strengths to ensure the continued success of our Group in the coming year.

## OFFERING STATISTICS

The Share Offer comprises the Public Offer of initially 25,000,000 Shares offered in Hong Kong, and the Placing of initially 225,000,000 Shares (subject to re-allocation and the Over-allotment Option on the basis described in the section headed "Structure and Conditions of the Share Offer" in this prospectus).

| | **Based on the Offer Price of HK$0.50 per Offer Share** | **Based on the Offer Price of HK$0.65 per Offer Share** |
|---|---|---|
| Market Capitalisation *(Note 1)* | HK$500.0 million | HK$650.0 million |
| Unaudited pro forma adjusted combined net tangible assets per Share *(Note 2)* | HK$0.15 | HK$0.18 |

*Notes:*

1. The calculation of the market capitalisation of the Shares is based on 1,000,000,000 Shares in issue and to be issued immediately after 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 or options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares.

2. For the calculation of the unaudited pro forma adjusted combined net tangible asset value per Share attributable to the Shareholders, please refer to the section headed "Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" in Appendix II to this prospectus.

## DIVIDENDS AND DIVIDEND POLICY

We had declared dividends of approximately S$12.7 million, S$9.6 million and nil being 57.1%, 60.4% and nil of the cumulative retained earnings before dividend for each of the three years ended 31 December 2019 respectively. The dividends declared during the two years ended 31 December 2018 had been settled as at the Latest Practicable Date. Dividends declared and paid in the past should not be regarded as an indication of the future dividend payment to be adopted by our Group following the Listing.

Our Directors proposed the dividend amount which our management deems reasonable to the level of our retained earnings, taking into account the need for preserving sufficient capital for business development and providing our Shareholders with reasonable returns for their investment. Since Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng took up the core management role of Ngai Chin from 1 January 2011, our Group has consistently declared dividend every financial year since 2013 and the dividend payout ranged from approximately 25.0% to 60.0% of cumulative retained earnings before dividend.

Our Directors intend to recommend dividends which would amount in total to not less than 35.0% of the retained earnings before dividends declared but subject to, among other things, our operational needs, earnings, financial condition, working capital requirements and future business plans as our Board may deem relevant at such time. Such intention does not amount to any guarantee or representation or indication that our Company must or will declare and pay dividend in such manner or declare and pay any dividend at all.

## CONTROLLING SHAREHOLDERS

Our group of Controlling Shareholders comprise of Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat, Mr. Ng and Ultimate Global. Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account the allotment and issue of Shares upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme), Ultimate Global will beneficially own 75.0% of the entire issued share capital of our Company. For the purpose of the Listing, Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng executed the Controlling Shareholders' Confirmation. Please refer to the sections headed "History, Reorganisation and Group Structure" and "Relationship with Our Controlling Shareholders" of this prospectus for more information.

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

| | |
|---|---|
| "Accountant's Report" | the accountant's report prepared by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus |
| "affiliate" | in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being |
| "Application Form(s)" | **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them relating to the Public Offer |
| "Articles of Association" or "Articles" | the amended and restated articles of association of our Company conditionally adopted on 30 March 2020 with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus, and as amended, supplemented or otherwise modified from time to time |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "bizSAFE" | the bizSAFE administered by the Workplace Safety and Health Council in Singapore, which serves to assist companies in Singapore to build up their workplace safety and health capabilities |
| "BCA" or "Building and Construction Authority" | the Building and Construction Authority of Singapore, a statutory board established under the Ministry of National Development of Singapore that is responsible for the development and regulation of the building and construction industry in Singapore |
| "BLS" or "Builders Licensing System" | the Builders Licensing Scheme administered by BCA, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency |
| "Board" or "Board of Directors" | the board of Directors of our Company |
| "Business Day" or "business day" | any day (other than Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business |

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| "BVI" | the British Virgin Islands |
| "Capitalisation Issue" | the allotment and issue of 749,999,900 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "Further information about our Company and its subsidiaries — 4. Resolutions in writing of our sole Shareholder passed on 30 March 2020" in Appendix IV to this prospectus |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "CCASS Clearing Participant" | a person admitted to participate in CCASS as a direct clearing participant or general clearing participant |
| "CCASS Custodian Participant" | a person admitted to participate in CCASS as a custodian participant |
| "CCASS Investor Participant" | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation |
| "CCASS Operational Procedures" | the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force |
| "CCASS Participant" | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant |
| "close associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "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 |
| "Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "Companies (WUMP) Ordinance" | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |

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| "Company", or "our Company" | Raffles Interior Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 7 January 2019 |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "connected transaction" | has the meaning ascribed to it under the Listing Rules |
| "Controlling Shareholder(s)" | has the meaning ascribed to it under the Listing Rules and in the case of our Company, refers to Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat, Mr. Ng and Ultimate Global. They are collectively a group of Controlling Shareholders of our Company |
| "Controlling Shareholders' Confirmation" | the confirmation dated 11 March 2019 executed by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng, whereby they confirmed they are a group of Controlling Shareholders, as further detailed in the section headed "Relationship with our Controlling Shareholders" of this prospectus |
| "core connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Corporate Governance Code" | the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as amended, supplemented or otherwise modified from time to time |
| "CRS" or "Contractors Registration System" | Contractors Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in construction tenders for the public sector are required to register under this system |
| "Deed of Indemnity" | a deed of indemnity dated 30 March 2020 and executed by each of our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), the particulars of which are set out in the paragraph headed "Other information — 15. Tax and other indemnities" in Appendix IV to this prospectus |
| "Director(s)" | the director(s) of our Company |
| "F&B" | Food and beverage |

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| "Flourishing Honour" | Flourishing Honour Limited (芊榮有限公司), a company incorporated in the BVI with limited liability on 27 July 2018 and a direct wholly-owned subsidiary of our Company after the completion of the Reorganisation |
| "Frost & Sullivan" | Frost & Sullivan Limited, a market research company and an Independent Third Party |
| "Frost & Sullivan Report" | a market research report commissioned by us and prepared by Frost & Sullivan on the overview of the industry in which our Group operates |
| "FWL" | the foreign worker levy imposed by the MOM on employers of foreign workers, which is a pricing mechanism administered by the MOM to regulate the number of foreign workers (including foreign domestic workers) in Singapore |
| "FY2017" | the financial year ended 31 December 2017 |
| "FY2018" | the financial year ended 31 December 2018 |
| "FY2019" | the financial year ended 31 December 2019 |
| "FY2020" | the financial year ending 31 December 2020 |
| "**GREEN** Application Form(s)" | the application form(s) for the Public Offer Shares to be completed by **HK eIPO White Form** Service Provider |
| "Group", "we, "us" or "our" | our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries pursuant to the Reorganisation, our present subsidiaries and the businesses operated by such subsidiaries |
| "HK dollars" or "HK$" and "cents" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "HKSCC" | Hong Kong Securities Clearing Company Limited |
| "HKSCC Nominees" | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC |
| "Hong Kong" or "HKSAR" or "HK" | the Hong Kong Special Administrative Region of the People's Republic of China |

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| "**HK eIPO White Form**" | the application for Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at ***www.hkeipo.hk*** or the IPO App |
| "**HK eIPO White Form** Service Provider" | the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at ***www.hkeipo.hk*** or in the IPO App |
| "Hong Kong Branch Share Registrar" | Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong |
| "Hong Kong Stock Exchange" or "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Independent Third Party(ies)" | an individual(s) or a company(ies) who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are independent of and not connected with (within the meaning of the Listing Rules) our Company and our connected persons |
| "IPO App" | the mobile application for **HKeIPO White Form** services which can be downloaded by searching "IPO App" in App Store or Google Play or downloaded at ***www.hkeipo.hk/IPOApp*** or ***www.tricorglobal.com/IPOApp*** |
| "Joint Bookrunners" | Kingsway Financial Services Group Limited, Lego Securities Limited, Shanxi Securities International Limited and Guotai Junan Securities (Hong Kong) Limited |
| "Joint Lead Managers" | Kingsway Financial Services Group Limited, Lego Securities Limited, Shanxi Securities International Limited, Guotai Junan Securities (Hong Kong) Limited, Quasar Securities Co., Limited and Grand China Securities Limited |
| "Latest Practicable Date" | Sunday, 12 April 2020, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication |
| "Listing" | listing of the Shares on the Main Board |
| "Listing Committee" | the listing sub-committee of the directors of the Stock Exchange |
| "Listing Date" | the date, expected to be on or about Thursday, 7 May 2020, on which dealings in the Shares first commence on the Main Board |

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| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time |
| "Main Board" | the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange |
| "Memorandum" or "Memorandum of Association" | the amended and restated memorandum of association of our Company adopted on 30 March 2020 with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus, and as amended, supplemented or otherwise modified from time to time |
| "MOM" | the Ministry of Manpower, a ministry of the Government of Singapore which is responsible for the formulation and implementation of labour policies related to the workforce in Singapore |
| "Mr. Chua" | Mr. Chua Boon Par, our chief executive officer, chairman, executive Director and a Controlling Shareholder |
| "Mr. Ding" | Mr. Ding Hing Hui (陳明輝先生), our executive Director and a Controlling Shareholder |
| "Mr. Leong" | Mr. Leong Wai Kit (alias: Liang Weijie) (梁偉杰先生), our executive Director and a Controlling Shareholder |
| "Mr. Lo" | Mr. Lo Lek Chew (盧立洲先生), a Controlling Shareholder and the brother of Mr. Low Lek Hee and Mr. Low Lek Huat |
| "Mr. Low Lek Hee" | Mr. Low Lek Hee (盧立喜先生), a member of our senior management, a Controlling Shareholder and the brother of Mr. Lo and Mr. Low Lek Huat |
| "Mr. Low Lek Huat" | Mr. Low Lek Huat (盧立發先生), a Controlling Shareholder and the brother of Mr. Lo and Mr. Low Lek Hee |
| "Mr. Ng" | Mr. Ng Foo Wah（吳富華先生), a member of our senior management and a Controlling Shareholder |

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| "MYE" | man-year entitlements, which is a work permit allocation system established by MOM that sets out the total number of work permit holders a main contractor is entitled to employ based on the value of projects or contracts awarded. The MYE applies to the construction sector workers from NTS countries and China |
| "NTS" | Non-Traditional sources, being countries from which foreign workers can be employed by Singapore entities, which include India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines |
| "Ngai Chin" | Ngai Chin Construction Pte. Ltd., a company incorporated in Singapore with limited liability on 30 June 1986, which is owned as to 33.0%, 15.0%, 12.0%, 10.0%, 10.0%, 10.0% and 10.0% by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng, respectively, prior to the Reorganisation and will become an indirect wholly-owned subsidiary of our Company after the Reorganisation |
| "Offer Price" | the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.65 per Offer Share and expected to be not less than HK$0.50 per Offer Share, to be agreed upon by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or about the Price Determination Date |
| "Offer Share(s)" | the Public Offer Shares and the Placing Shares |
| "Over-allotment Option" | the option expected to be granted by our Company under the Placing Underwriting Agreements to the Placing Underwriters, exercisable by the Joint Bookrunners (on behalf of the Placing Underwriters) pursuant to which our Company may be required to allot and issue up to an aggregate of 37,500,000 additional Offer Shares (representing 15.0% of the initial number of Offer Shares being offered under the Share Offer) at the Offer Price to, among other things, cover over-allocations (if any) in the Placing |

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| "Placing" | the conditional placing of the Placing Shares, at the Offer Price to selected professional, institutional and other investors as set out in the section headed "Structure and Conditions of the Share Offer" of this prospectus |
| "Placing Shares" | 225,000,000 Shares being initially offered by our Company for subscription under the Placing, subject to re-allocation and the Over-allotment Option as described in the section headed "Structure and Conditions of the Share Offer" of this prospectus |
| "Placing Underwriters" | the underwriters of the Placing which are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares |
| "Placing Underwriting Agreement" | the conditional underwriting agreement relating to the Placing expected to be entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, and the Placing Underwriters, the particulars of which are summarised in the section headed "Underwriting" of this prospectus |
| "PRC" or "China" | The People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| "Price Determination Agreement" | the agreement to be entered into by our Company and the Joint Bookrunners (for themselves and on behalf of the other Underwriters) on the Price Determination Date to record and fix the Offer Price |
| "Price Determination Date" | the date, expected to be on or around Friday, 24 April 2020, or such other date as may be agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), on which the Offer Price is determined by entering into the Price Determination Agreement, but in any event not later than Monday, 27 April 2020 |
| "Public Offer" | the conditional offering of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms |

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| "Public Offer Shares" | 25,000,000 Shares being initially offered for subscription under the Public Offer, subject to re-allocation as described in the section headed "Structure and Conditions of the Share Offer" of this prospectus |
| "Public Offer Underwriters" | the underwriters of the Public Offer |
| "Public Offer Underwriting Agreement" | the conditional underwriting agreement dated Monday, 20 April 2020 relating to the Public Offer entered into between, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, and the Public Offer Underwriters, the particulars of which are summarised in the section headed "Underwriting" of this prospectus |
| "Renminbi" or "RMB" | the lawful currency of the PRC |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Reorganisation" | the corporate reorganisation of our Group in preparation for the Listing, the particulars of which are summarised in the section headed "History, Reorganisation and Group Structure — Reorganisation" of this prospectus |
| "S$" | Singapore dollars, the lawful currency of Singapore |
| "Settlement Agent" | Quasar Securities Co., Limited |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company |
| "Share Offer" | the Public Offer and the Placing |
| "Share Option Scheme" | the share option scheme conditionally adopted by our Company on 30 March 2020, the principal terms of which are summarised in the paragraph headed "Further information about our Directors and substantial shareholders — 14. Share Option Scheme" in Appendix IV to this prospectus |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Singapore" | The Republic of Singapore |

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| "Singapore Government" | the government of Singapore |
| "Singapore Legal Counsel" | Rajah & Tann Singapore LLP, the legal advisers to our Company as to Singapore laws |
| "Sole Sponsor" or "Kingsway Capital Limited" | Kingsway Capital Limited, a licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, acting as the sponsor of the Listing and an independent third party |
| "Stabilising Manager" | Lego Securities Limited |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under Listing Rules |
| "substantial shareholder(s)" | has the meaning ascribed to it under the Listing Rules and details of our substantial shareholders are set out in the section headed "Substantial Shareholders" in this prospectus |
| "Takeovers Code" | the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong, as amended, supplemented or otherwise modified from time to time |
| "Track Record Period" | comprises FY2017, FY2018 and FY2019 |
| "Ultimate Global" | Ultimate Global Enterprises Limited (終極環球企業有限公司), a company incorporated in the BVI on 8 November 2018 with limited liability and owned by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng as to 33.0%, 15.0%, 12.0%, 10.0%, 10.0%, 10.0% and 10.0%, respectively, and a Controlling Shareholder |
| "Underwriters" | the Public Offer Underwriter(s) and the Placing Underwriter(s), details of which are set out in the section headed "Underwriting" of this prospectus |
| "Underwriting Agreements" | the Public Offer Underwriting Agreement and the Placing Underwriting Agreement |
| "United States" or "U.S." | the United States of America |
| "U.S. Securities Act" | the United States Securities Act of 1993 (as amended, supplemented or otherwise modified from time to time) |
| "U.S. dollars" or "US$" | United States dollars, the lawful currency of the United States |

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| "**WHITE** Application Form(s)" | the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant's own name(s) |
| "Work Injury Compensation Act" | the Work Injury Compensation Act, Chapter 354 of the Laws of Singapore |
| "Workplace Safety and Health Act" | the Workplace Safety and Health Act, Chapter 354A of the Laws of Singapore |
| "**YELLOW** Application Form(s)" | the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS |
| "sq.ft." | square foot |
| "sq.m." or "$m^2$" | square metre(s) |
| "%" | per cent. |

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

*No representation is made that any amounts in S$ or HK$ can be or could have been converted at the related dates at the above rates or any other rates or at all. Unless otherwise stated, the conversion of S$ into HK$ in this prospectus is based on the exchange rate of S$1.00 to HK$5.41.*

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

*In this prospectus, if there is any inconsistency between English names and their Chinese translations, the English names shall prevail. The Chinese translation of the names in English or another language which are marked "*" are translations provided for identification purpose only.*

*This glossary contains certain definitions of technical terms used in this prospectus in connection with our Company and our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of these terms.*

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| "ACMV" | Air-conditioning and mechanical ventilation works, including the installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, cooling towers, heating and ventilation systems |
| "AV" | Audio visual |
| "Design and Build" | Construction projects where the contractor carries out both the design and construction work |
| "Design Consultant" | Professionals or experts who are responsible for the overall planning, coordination and control of all aspects of the interior design process, including the decorating and design of the architectural details of the space, such as moldings and woodwork accents |
| "Electrical Engineering" | Electrical engineering works including the installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators. It also includes the electrical installations (e.g. lightings) in building |
| "EMA" | Energy Market Authority of Singapore |
| "Fire Protection" | Fire prevention and protection systems, including the installation and maintenance of fire alarm, prevention and protection systems |
| "GFA" | Gross floor area |
| "IT" | Information Technology |
| "Metal Works" | An aspect of the construction project which involves the building of metal structures |
| "M&E" | Mechanical and electrical engineering |
| "MEP" | Mechanical, electrical and plumbing |
| "MRT" | Mass Rapid Transit, the public transport railway system of Singapore |

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| "New Rented Property" | the property to be rented by our Group for use as a factory and office space as part of our business expansion plans, details of which are set out in the section headed "Business — Business strategies" in this prospectus |
| "Plumbing" | Plumbing and other sanitary works including the installation, repairs and servicing of water and gas pipes, sanitary works and plumbing fixtures |
| "Professional Consultants" | Professionals, experts, consultants and/or project managers, which typically comprise of members including architects, Design Consultants, services engineers, structural engineers and information managers |
| "P&S" | Plumbing and sanitary works |
| "QA/QC" | Combination of quality assurance, the process or set of processes used to measure and assure the quality of a product, and quality control, the process of ensuring products and services meet consumer expectations |
| "QS" | Quantity Surveyor |
| "Shop drawings" | A detailed set of drawings produced by a contractor, supplier, manufacturer, subcontractor or fabricator that show the proposed material, shape, size and assembly of the parts and how the works will be done or installed |
| "Wet Works" | An aspect of the construction project which involves cement screen, plastering, skim coating, brick wall, block wall and tiling work |
| "workhead" | work category as sub-classified under the seven major categories of registration under the CRS in Singapore; further details of which are set forth in the section headed "Regulatory Overview" in this prospectus |

## 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", "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", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would", "wish" 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 numerous 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 business prospects, 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 operations and business prospects, including new locations of expansion;

— our overall financial condition and performance;

— our planned projects;

— 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 government of Singapore to manage economic growth and general economic trends in Singapore;

— general political and economic conditions in Singapore and Hong Kong and overseas;

— 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 fake or misleading or that any fact has been omitted that would render such forward-looking statements fake 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 or our management with respect to future events and are not a guarantee of future performance.

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

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Subject to the requirements of applicable laws, rules and regulations and the Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result 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.

In preparation for the Listing, we have sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

## MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since the core business, major assets and operations of our Group are located in Singapore and will continue to be based in Singapore, our executive Directors and members of our senior management are and will continue to be based in Singapore. At present, our Group does not have any business activities in Hong Kong and none of our executive Directors is ordinarily resident in Hong Kong. As each of our executive Directors has a vital role in our business and operations, it is of paramount importance that they remain to be based in Singapore and be physically close to our operations. Moreover, it may not be in the best interest of our Company and Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong for the sole purpose of satisfying the management presence requirements as such arrangement will increase our administrative expenses and reduce the effectiveness and responsiveness of the Board in making decisions. We have therefore applied to the Stock Exchange for, and have obtained, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(a) we have appointed two authorised representatives pursuant to Rules 2.11 and 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange and ensure that our Group comply with the Listing Rules at all times. The two authorised representatives are Mr. Chua, our executive Director and Ms. Lam Wing Chi, our company secretary. Ms. Lam Wing Chi is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by his or her telephone number, email address and correspondence address (if the authorised representative is not based at the registered office), facsimile number, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorised representatives has been duly authorised to communicate with the Stock Exchange on our behalf. Mr. Chua has confirmed that he possesses a valid travel document to Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;

(b) each of the authorised representatives has means to contact all of our Directors and members of our senior management promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance communication between the Stock Exchange, the authorised representatives and our Directors, our Company has implemented a policy whereby (i) each Director will provide his telephone number, facsimile number and email address to the authorised representatives; (ii) each

Director will provide a valid telephone number or means of communication to the authorised representatives when he travels; and (iii) all Directors will provide their telephone numbers, email addresses and facsimile numbers to the Stock Exchange;

(c) our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Kingsway Capital Limited as its compliance adviser, who will act as an additional channel of communication with the Stock Exchange. The compliance adviser will advise the on-going compliance requirements and other issues under the Listing Rules and obligations for companies listed in Hong Kong for the period commencing on the Listing Date and at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year commencing after the Listing Date;

(d) we will ensure that our compliance adviser will have access to our authorised representatives, Directors and members of the senior management at all times. We will also procure such persons to promptly provide any information and assistance as our compliance adviser may need or may reasonably request in connection with the performance of its duties as set forth in Chapter 3A of the Listing Rules; and

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

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

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

## RISKS RELATING TO OUR BUSINESS

### We derive all of our revenue from our interior fitting-out services in Singapore during the Track Record Period and accordingly, we are subject to the cyclical nature of the property market and construction industry

We derive all of our revenue from our interior fitting-out services in Singapore during the Track Record Period. Consequently, we are vulnerable to any downturn in the property market and/or the construction industry in Singapore. Despite the growth of the property market in Singapore in the past, a downturn or a dampening of the general sentiments in the property market and/or construction industry in Singapore may result in fewer interior fitting-out projects being made available for award. This may lead to greater competition and an erosion of our profit margin for any interior fitting-out projects that we are successful in securing and will, accordingly, adversely affect our business, results of operations and prospects.

The property market and the construction industry are, in turn, affected by factors such as the prevailing state of the general economy, unemployment rates, interest rates, inflation and government plans and policies. For instance, the Singapore government had in the past implemented several rounds of measures to cool demand of property and increase supply for land so as to moderate the increase in property prices. For example, the Singapore government had previously implemented property cooling measures and curbs such as the imposition of seller stamp duty on industrial property purchased on and after 12 January 2013 and sold within three years. Such measures may dampen the general sentiments of the property market, leading to lower demand for construction activities and our interior fitting-out services. There is no assurance that measures introduced by the Singapore government will not continue to adversely affect the property market, or that the Singapore government will not introduce further measures to regulate the growth of the property market. Such measures and the introduction of any new measures may adversely affect our business, results of operations and prospects.

**Our engagements with our clients are non-recurrent in nature and there is no guarantee that we will be able to secure new projects**

During the Track Record Period, we provide our interior fitting-out services to our customers on a project-by-project basis and our engagements with our customers are non-recurrent in nature. Therefore, our customers are under no obligation to continue to award contracts to us 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 are affected by a series of factors including but not limited to changes in our clients' businesses, changes in market conditions and changes in Singapore Government policies.

Consequently, our revenue may vary significantly from period to period, and it may be difficult to forecast the volume of our future business. For each of the three years ended 31 December 2019, our tender success rates was approximately 27.2%, 34.1% and 32.3% respectively. Our tender success rate is affected by a range of factors including our pricing and tender strategy, our in-house capabilities, competitors' tender and pricing strategy, level of competition and our clients' evaluation standards. There is no guarantee that we will be able to achieve a tender success rate similar to those during the Track Record Period in the future.

Depending on the market condition and competitive landscape, we may have to lower our pricing or adjust our tender strategy in order to maintain the competitiveness of our tenders. In the event that our Group fails to secure new projects from our clients of contract values, size and/or margins comparable to existing ones, our business and financial performance and results of operations will be materially and adversely affected.

**We rely on our subcontractors to complete our projects and their implementation of safety measures or procedures and compliance of relevant laws and regulations**

During the execution stage of our projects, we engage subcontractors to provide us with interior fitting-out works and material suppliers to supply materials for the majority of our projects. As at the Latest Practicable Date, we have established a list of approved subcontractors that we have worked with over the years. We do not enter into any long-term contract with these subcontractors and we engage subcontractors on a project-by-project basis. Suitable subcontractors may not always be readily available when our projects require their services. If any suitable subcontractors are unavailable or we fail to find suitable subcontractors to carry out certain works on similar terms and pricing, our ability to complete our projects may be affected. If a sub-contractor's services do not meet our standards, the quality of works may be affected and we may not be able to rectify the substandard works delivered by our sub-contractor or engage a replacement sub-contractor in time or at all, which in turn may harm our reputation and expose us to litigation and claims for damages.

Our subcontractors are required to follow and adopt all the safety, construction and building measures and procedures as required under Singapore laws. If our subcontractors are subject to charges in the event of violation of safety, environmental and/or employment laws and regulations,

these may affect their ability to renew, and in the more serious case, may even result in revocation of their licences. If this happens in our projects, we will have to locate and appoint another sub-contractor(s) for replacement at additional cost. This may also lead to a lower profit margin of our Group.

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

We possess and rely on various licences and qualifications to operate our business in Singapore. In particular, we currently hold a General Builder Class 1 Licence and are registered with an L6 grading under the CR06 workhead for "Interior Decoration, and Finishing Works" under the CRS, which allows us to tender for projects of an unlimited contract value in the public sector. For details of the licences we possess, please refer to the section entitled "Business — Main Licences, Registrations and Certifications" of this prospectus. These registrations and/or licences may only be valid for a limited period of time and may be subject to periodic reviews and renewal by the relevant authorities of the Singapore Government. In order to maintain our workhead grading, we have to meet various requirements set out by the BCA, including but not limited to, minimum paid-up capital and net worth and qualified personnel with the necessary professional qualifications and experience, etc. There is no assurance that we would be able to renew the registrations and/or licences in a timely manner or at all. If we fail to do so, our ability to tender for projects may be affected, which would have a material adverse effect on our business and operating results. Further, the relevant authorities may remove us from their lists or take other disciplinary actions against us, for example, suspension or downgrading.

The occurrence of any of the above scenarios would damage our reputation in the interior fitting-out industry, limit our ability to compete for new projects and impair our exposure to potential customers, which in turn would have an adverse effect on our growth and operations.

**We may incur costs overrun which are not recoverable from our customers due to the failure to accurately estimate time and control costs**

Most of our contracts with customers have a fixed and pre-determined contract sum throughout the contract period. There may also be variation orders which require us to incur costs before being agreed with customers. We determine the price of our projects based on various factors, such as the duration of works, estimated costs including subcontracting costs and material costs required to be purchased to complete an interior fitting-out project, the scope and complexity of works, our previous tender records, the awarded tender prices or quotation prices of similar projects, our relationship with the potential customers, payment terms and prevailing market conditions at the time when we submit our tenders or quotations to our potential customers. For details of our pricing strategy, please refer to the section headed "Business — Pricing Strategy" in this prospectus. Significant deviation in any of these factors or other relevant factors from our expectation may lead to delay in completion and costs overrun by us or even unilateral termination of contracts by our customers due to unsatisfactory performance and hence adversely affect our performance and financial conditions. Cost overruns can also occur if we misinterpret the design and underestimate the costs required to implement the design. Also, where subcontractors do not

perform according to the required standard or schedule, we may have to incur additional costs to rectify defects or keep the project on schedule to avoid liquidated damages. In the event of any cost overrun, our profit margins for the project will be eroded, thereby negatively affecting our business, results of operations and prospects.

The actual costs incurred may be affected by various uncontrollable circumstances such as: (i) shortage and cost escalation of materials and subcontractors; (ii) variations of the design and plan as requested by our customers; (iii) disputes with our customers, material suppliers or subcontractors; (iv) change in the regulatory requirements, government policy and inflation rate; and (v) adverse weather condition and unforeseen problems and circumstances. Further, we are liable at our own expense for any defective works which is carried out during the defect liability period and therefore if there is any material rectification required on material defects, the costs involved with such rectification may not be recoverable from our customers, material suppliers or subcontractors and may have a material adverse effect on our Group's financial results.

**We may face liquidity risk in relation to our future business plans, which may not be successfully implemented**

Our business strategies include the purchase of machinery and equipment as well as expanding our workforce in order to increase our capacity to undertake additional interior fitting-out projects. To this end, we intend to purchase machinery and equipment such as dry filter suction hood, production equipment and forklift and will also hire additional employees such as MEP skilled personnel. The new machinery and equipment is expected to increase our depreciation charges by approximately S$78,000 and S$593,000 for the two financial years ending 31 December 2021. Further, the hiring of additional manpower to expand our workforce is estimated to be approximately S$1.7 million and S$4.3 million for the two financial years ending 31 December 2021. To accommodate the additional machinery and equipment we intend to purchase, as well as the additional employees, we intend to rent a new property in January 2021, which is estimated to cost approximately S$0.7 million in the year ending 31 December 2021. Should we fail to secure new projects or sufficient profitable projects, we may have to take measures to reduce our staff costs, and/or reduce our workforce. If we fail to do so in a timely manner, or if any such costs increased without a corresponding increase in revenue, our profitability will be adversely affected and we may also face liquidity risk as payment of salaries are required on a recurring basis irrespective of cash inflows from our projects. Please refer to the sections headed "Future Plans and Use of Proceeds" and "Business — Business strategies" in this prospectus for more details on our Group's business strategies and future plans.

**Our interior fitting-out business may be subject to disputes, claims and variation orders and may incur additional costs or liquidated damages**

Disputes may arise and claims may be made against us for our interior fitting-out projects on grounds such as defective workmanship, non-adherence to contract specifications and/or defects in the quality of materials used or supplied. These disputes and claims may lead to legal and other proceedings and may result in substantial costs and diversion of our management's resources and attention from our business. In the event that such disputes, claims and legal and other proceedings

are not concluded in our favour and we are made liable for the claims and/or damages and incur legal and other costs, or we accept settlement terms that are unfavourable to us, our business, reputation, results of operations, financial condition and prospects will be adversely affected. There were no claims received by our Group in respect of our interior fitting-out projects during the Track Record Period.

Our customers typically withhold between 2.5% and 10.0% of each interim payment amount as retention monies and accumulated until generally 5.0% of a total contract amount is reached. These retention monies will be applied in respect of any defective work that may surface during the defects liability period. The retention monies will generally be released as to 50.0% upon the issue of the certificate of completion and as to the remaining 50.0% upon issuance of certificate of maintenance after the expiry of the defects liability period of around 12 months.

During the defects liability period, we are required to perform any defect rectification at no additional cost to our customers. We may, hence, run the risk of incurring additional costs not budgeted for to make good the defective work under dispute. In the event that our customers withhold the retention monies for an unduly long period of time beyond the defects liability period, we may then have to commence legal or other proceedings to claim for the retention monies. We may therefore encounter difficulties in collecting the full sum or any part of the retention monies due. The above circumstances would result in an erosion of our profit margin or losses for the project. There can be no assurance that there will not be any material disputes or claims or additional costs not budgeted for that may adversely affect our business, results of operations, financial condition and prospects.

We may experience delays in the completion of a project due to unforeseen circumstances including labour or raw material shortage, a delay in the delivery of supplies on the part of our suppliers, a delay in the completion of works on the part of our subcontractors, social unrests and work stoppages due to industrial accidents. In the event of any delay in the completion of a project due to factors within our control, we could be liable to pay liquidated damages under the contract and incur additional costs that will adversely affect our results of operations and erode or reduce our profit margin. Such liquidated damages will usually be chargeable for each day of delay. If the delay is due mainly to factors beyond our control, we may not be liable to pay for liquidated damages and the stipulated project time may be extended with the mutual agreement between our customer and us to take into consideration such inadvertent factors. Notwithstanding, regardless of whether the delay was due to factors beyond or within our control, our customer may still be able to claim for liquidated damages and other losses suffered by them by off-setting the same from the retention monies or enforcing the performance bond or performance guarantee taken out in favour of our customer with the relevant financial institution or seeking legal redress for any other breach of contract, and may be able to enforce their rights to the stipulated date of completion of the project. If the performance bond or performance guarantee is called upon by our customer, we will be required to indemnify the relevant financial institution for such payment. Any of the above events will have an adverse effect on our business, reputation, results of operations, financial condition and prospects.

In addition, during the course of our projects, our customers may require us to perform certain works not specified in the contract or to carry out variations not in the specifications stipulated in the contract. In order to facilitate the completion of the project within the stipulated time, the variation orders may be carried out before additional charges for such variation orders are agreed upon between our customers and us. We will bill our customers based on the estimated value of the works done. However, the final value of the works carried out may be subject to negotiations between our customers and us, which usually take place after the completion of a project. During the three financial years ended 31 December 2019, the variation orders of the projects undertaken by our Group amounted to approximately S$3.5 million, S$9.7 million and S$1.7 million respectively. In the event that there is a dispute over the costs of variations, such that we are required to bear part of the variation costs, our results of operations and profit margins would be adversely affected.

Disputes and claims may also similarly arise between us, our suppliers as they may arise between us and our customers for various reasons such as defective workmanship, non-adherence to the contract specifications, defects in the quality of materials used or supplied, disagreement over the scope or cost of variation orders, delay in delivery or completion of the works, breach of contract by us or them or other losses suffered by us or them.

**We are dependent on the services rendered by our suppliers**

We purchase certain materials used in the provision of our interior fitting-out services such as glass, tiles, hardware, sanitary ware, wallpaper, marble or environmentally friendly wood from our suppliers. We also engage sub-contractors to provide various services including the MEP services, Metal Works and Wet Works, IT and AV services. We are dependent on these suppliers to deliver the materials or complete their works in a timely and reliable manner. However, as we do not sign any long term agreement with our suppliers, there is no assurance that they will be able to continue to provide materials and services to us at prices acceptable to our Group or that our Group can maintain our relationship with them in the future. In the event that any of our major suppliers is unable to provide the required materials and/or services to our Group and we are unable to obtain alternative providers with similar or favourable terms, our business, results of operations and profitability will be adversely affected.

Our suppliers may either be selected by us or nominated by our customers. In the case where the suppliers are selected by us, the selection criteria will be based on, amongst others, their market reputation, quality of services/materials, their competitiveness in terms of their pricing, and timeliness in delivery and completion. We cannot be assured that the materials and services rendered by our suppliers will meet our requirements for quality, or that they will be able or willing to continue providing materials and services to us. If these suppliers experience financial or other difficulties that affect their ability to supply the products or carry out the services for which they were contracted whether in terms of quantity, quality, timeliness in delivery or otherwise, thus delaying the completion of or failing to complete our projects, this may result in additional costs for us or expose us to the risk of liquidated damages.

Although certain of subcontractors provide us with a warranty/defects liability period and we in turn provide our customers with a defects liability period for the rectification of any defective products or works, we cannot be assured that they will be able or willing to perform their obligations satisfactorily or at all during the defects liability period.

In general, in the event of any defect in the materials or services or any loss or damage suffered by our customers which arises from the default of the suppliers engaged by us, and if they are not able or willing to make good the default or defect, we, being the main contractor, will nevertheless be liable for our suppliers' default and will have to make good any default or defect to our customers at our own cost which will erode our profit margins for the projects. If we are unable to pass such costs on to our suppliers, our business, results of operations, financial condition and prospects may be adversely affected.

In addition, the services provided by our subcontractors could be interrupted by unforeseen events beyond our control, such as natural disasters, social unrest and labour strikes. Since our subcontractors do not have any contractual relationship with our customers, our Group will be solely responsible for the risks associated with the non-performance, sub-standard services or products or delayed delivery. As a result, we may experience deterioration in the quality of our works, incur additional costs, or exposed to liabilities in relation to such under-performance of our subcontractors. In such circumstances, our profitability, financial performance and reputation will be adversely affected.

**Our inability to attract and retain qualified personnel could impair our ability to operate and grow successfully**

Our future success will depend to a significant extent on the continued efforts of our Directors and members of the senior management. Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng, had provided significant contributions to our Group throughout our track record, including business strategies and development and maintenance of relationships with our suppliers and subcontractors. Our Group's success and growth depends on our ability to identify, recruit, train and retain experienced and skilled personnel. We cannot assure you that our key employees will not voluntarily terminate their employment with us. The loss of key employees, in particular, Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng, who are together responsible for our overall operation, strategic and financial planning of our Group, could impair our ability to operate and make it difficult to execute our internal growth strategies. We may be unable to replace our key employees with another person who possesses equivalent expertise and experience within a reasonable period of time or at all. Failure of which may result in severe disruption of our business and results of operations.

**We may not be able to successfully implement our business plans**

The successful implementation of our business strategies depends on a number of factors including, *inter alia*, the continued growth of the interior fitting-out market generally, the availability of funds, market competition and relevant government policies. We cannot assure you

that our business strategies can be implemented successfully as we have contemplated, or at all. Any delays or failure to successfully implement these business strategies could result in the loss or delayed receipt of revenue, an increase in financing costs or the failure to grow our business.

In particular, our business strategy to equip ourselves with the capability to provide interior design related services through the strategic acquisition of the Potential Target Company (as detailed in the section headed "Business Strategies — Acquisition of a Singapore-based interior design company") involve uncertainties and a number of risks, including:

- Due to our Group's lack of experience in providing interior design services, we may face difficulties in managing the business and operations of the Potential Target Company. We may also be unable to exercise proper control and supervision over the Potential Target Company.

- We may face challenges in integrating the assets, operations and technologies of the Potential Target Company, including their employees, corporate cultures, managerial systems, processes and procedures and management information systems and services. Any failures to integrate our existing business effectively with the Potential Target Company could lead to operational inefficiencies.

- Following the completion of the acquisition of the Potential Target Company, it would not be necessary for us to work exclusively with external interior designers to provide designs for the Design and Build projects which we intend to tender for. This may affect our existing relationships with our external interior designers with whom we currently work with for our Design and Build projects. In the event our in-house interior design team does not have the capacity and resources to undertake all the interior design related work in the Design and Build projects, we may still have to engage external interior designers, who may offer us a less competitive pricing as they may view us as their competitors.

- As detailed in the section headed "Business — Business Strategies — Acquisition of a Singapore-based interior design company — Identification and selection of Potential Target Company" of this prospectus, one of the criteria in identifying and selecting the Potential Target Company is that the target company must be overall profit-making for the past three financial years with EBITDA of approximately S$0.45 million or above for the latest financial year. Notwithstanding the foregoing, following completion of the acquisition of the Potential Target Company, the Potential Target Company would have to work exclusively with our Group and can only undertake projects involving interior design which our Group undertakes. The Potential Target Company may not be able to derive any profit from the customers it used to work with prior to the acquisition, and may consequently not be able to maintain its financial results.

Considering the above, in the event that we are unable effectively integrate the newly acquired Singapore-based interior design company, we may be unable to achieve the objectives or anticipated benefits of the acquisition, which may adversely impact our business, financial condition and results of operations.

**We may experience delays or defaults in collecting our receivables, and failure to receive payment on time and in full, or that delay in the release of retention monies or that retention monies are not fully released to us after expiry of the defect liability period may affect our liquidity position**

For some of our projects, we make monthly progress claims to our customers in respect of the value of the work we have performed in the preceding month, and subject to our customer's confirmation, thereafter we will issue the invoices with a credit term. Our gross trade receivables as at 31 December 2017, 31 December 2018 and 31 December 2019 were approximately S$16.0 million, S$15.7 million and S$7.2 million, respectively, and our trade receivables turnover days for the same periods were approximately 68, 71 and 54 days, respectively. There were no material trade receivables being written off during the Track Record Period. Please refer to the section headed "Financial Information — Analysis of Certain Items on the Combined Statements of Financial Position — Trade and other receivables, deposits and prepayment" in this prospectus and to the paragraph headed "Notes to the Historical Financial Information — Trade and Other Receivables" in Appendix I to this prospectus for more information.

In addition, a portion of the contract value of between 2.5% and 10.0% will be withheld by our customers as retention money, of which 50.0% will generally be released upon the issue of the certificate of completion and the remaining 50.0% released upon expiry of the defects liability record of around 12 months. As at 31 December 2017 and 31 December 2018 and 31 December 2019, retention monies of in aggregate approximately S$4.3 million, S$3.3 million and S$3.2 million, respectively, was retained by our customers. If our customer delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, financial position, results of operations and prospects. During the Track Record Period, we have not encountered any material delay in interim payments and release of retention money by our customers. However, there can be no assurance that such payments will be made on time by our customers in the future. Any failure by our customers to make payment to us in a timely manner may have an adverse effect on our future liquidity position.

**We may experience delays or defaults in recovering our contract assets, and failure to bill and settle our contract assets on a timely basis may affect our liquidity position and financial performance**

Contract assets represent our Group's right to the receipt of consideration from our customers for the provision of interior fitting-out services that is not yet due for billing as at the end of the reporting period. Contract assets may arise when (i) our Group has completed the relevant contract works and such works are pending certification by our customers; and (ii) our customers may

withhold certain amounts payable to our Group as retention monies to secure the due performance of the contracts until the expiry of the defects liability period, being generally 12 months, after the completion of the relevant contract works. Please refer to the section headed "Financial Information — Analysis of Certain Items on the Combined Statement of Financial Position — Contract assets and liabilities" in this prospectus and to the paragraph headed "Notes to the Historical Financial Information — Contract Assets and Liabilities" in Appendix I to this prospectus for more information.

The contract assets recorded at the end of the relevant reporting period may not be fully recoverable. As at 31 December 2017, 2018 and 2019, we recorded approximately S$14.4 million, S$15.6 million and S$27.9 million as contract assets, respectively. With the exception of retention monies, as more particularly described in the paragraph headed "We may experience delays or defaults in collecting our receivables, and failure to receive payment on time and in full, or that delay in the release of retention monies or that retention monies are not fully released to us after the expiry of the defect liability period may affect our liquidity position" of this section, the contract assets for the two years ended 31 December 2018 have been fully billed and settled as at the Latest Practicable Date, whereas approximately 50.4% of the contract assets for the year ended 31 December 2019 have been billed and yet to be settled as at the Latest Practicable Date. Our average trade receivables and contract assets turnover days for the three years ended 31 December 2019 was approximately 141 days, 139 days and 158 days, respectively. There can be no assurance that our Group's contract assets can be billed to and settled by our customers on a timely basis, and the settlement of our contract assets is subject to factors such as certification of our works and the financial condition of our customer. During the Track Record Period, we have not encountered any material delay in receiving payments from our customers. However, any failure to bill our customers as per scheduled and/or our customers delay or fail to settle their outstanding billings with us in a timely manner may have an adverse effect on our future liquidity position and our financial performance may be materially and adversely affected.

**We may be affected by accidents and/or violation of workplace safety and health regulatory requirements**

Accidents or mishaps may occur at our project sites and our production facility even though we have put in place certain safety measures as may be required. As such, we are subject to personal injury claims by workers and/or third parties who are involved in accidents at our project sites and production facility during the course of their work from time to time. In addition, any accidents or mishaps resulting in significant damage to our premises, machinery, equipment or inventory may result in work stoppages and cause us to incur significant losses.

Besides having to incur any costs to make good our premises, machinery, equipment or inventory or to relocate to alternative premises, such accidents or mishaps may severely disrupt our operations and lead to delays in the completion of our projects, and in the event of such delay, we could be liable to pay liquidated damages under the contract with our customers.

We are also liable under the Work Injury Compensation Act for the injuries of our employees and our subcontractors' employees who are engaged to work on our projects. We may incur fines and penalties imposed by the MOM in relation to any breaches of workplace safety and health regulations at our worksites and production facility. In such an event, our business, results of operations and prospects may be materially and adversely affected. Further, such accidents or mishaps may subject us to claims from workers or other persons involved in such accidents or mishaps for injury or damages suffered by them or even death, or we may submit claims under our insurance policies in respect of such claims. Should any claims against us fall outside the scope and/or limit of our insurance coverage, our financial position may be adversely affected.

**Shortage in skilled workers and increase in labour costs could increase our operational cost and affect our profitability**

As the interior fitting-out business is labour intensive in nature, we will need to maintain a stable supply of skilled workers at a competitive price. In the event of labour shortages, we may have difficulties recruiting or retaining skilled workers or may face increasing labour costs. We cannot assure you that we can retain and attract significant workers and subcontractors on commercially reasonable terms, or at all. Any failure to attract qualified and skilled workers at a reasonable cost and in a timely manner could reduce our competitive advantage, undermining our ability to expand and our growth in revenue and profits, and affect our profitability.

**Our ability to secure performance bonds or performance guarantees for the performance of our obligations will affect our ability to undertake projects**

In line with industry practice, certain of our projects require a performance bond or performance guarantees to be furnished by an acceptable financial institution to guarantee our contractual performance of the project. Generally, the performance bonds or performance guarantees for such projects covers up to approximately 10.0% of the contract value of the project. In the event that we default on our contractual obligations, our customer would be entitled to call on the performance bond or performance guarantee with the financial institution. If the performance bond or performance guarantee is called upon, we will be required to indemnify the relevant financial institution for such payment, and our liquidity, business, reputation, results of operations, financial position and prospects may be adversely affected.

During the Track Record Period and up to the Latest Practicable Date, none of the performance bonds or performance guarantees that we have taken out in favour of our customers from financial institutions have been called on and we have not encountered any problems in securing performance bonds or performance guarantees for all our projects. There is no assurance that the performance bonds or performance guarantees for our projects will not be called on or that we can continue to secure performance bonds or performance guarantees for our new projects in the future or that the performance bonds or performance guarantees may be secured on terms that are acceptable to us or on terms as favourable as those previously obtained. If the performance bonds or performance guarantees for our projects are called on or we are unable to secure performance

bonds or performance guarantees from acceptable financial institutions such that we are unable to secure new projects, this would adversely affect our business, financial position, results of our business operations and prospects.

**We may not be adequately insured**

We have subscribed for, among others, contractors' all risks insurance for our projects, work injury compensation insurance, medical and personal accidents insurance for our foreign workers who hold a valid employment pass and fire insurance. In addition, as a main contractor, we are responsible for the safety of our subcontractors at our work site. However, we may be subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. If any significant property damage or personal injury occurs in our work site or office or to our employees due to events that are not covered or inadequately covered by our insurance policies, our business may be adversely affected, potentially leading to a loss of assets, litigation, employee compensation obligations, or other forms of economic loss.

Moreover, the terms of the insurance policy are subject to renewal by our insurers and we cannot guarantee that we 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 prospects.

**We may record net cash outflow in operating activities in the future and we are also exposed to interest rate risks which may affect our cash flows**

We cannot assure that we will not experience negative cash flow from our operating activities or negative cash balance in the future. In the event that we are unable to generate positive operating cash flow or have sufficient working capital to meet our present and future financial needs, we may be required to obtain external financing and such financing activities may increase our finance costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. If we are unable to do so, we will be in default of our payment obligations and may be unable to execute our business strategies as planned. We may also be forced to abandon our development and expansion plans. As a result, our business, financial conditions and results of operations may be materially adversely affected.

As at 31 December 2019, our Group had total borrowings amounting to approximately S$5.3 million which were secured and repayable on demand, in which trade financing amounting to approximately S$3.3 million, which bore average effective interest rates ranged from 3.7% to 4.01% per annum as at 31 December 2019, and bank loans amounting to approximately S$2.0 million, which bore an average effective interest rate of 4.84–4.96% per annum as at 31 December 2019. Our Group has not hedged against interest rate risks. Should there be an increase in the interest rate, our interest expenses may increase and our cash flows and profitability may be adversely affected.

## RISKS RELATING TO OUR INDUSTRY

### Our financial performance is heavily dependent on the state of the economy in Singapore

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

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

Since the outbreak of COVID-19 in Singapore, the Singapore Government has announced measures, including travel restrictions and safe distancing measures, in order to reduce the risk of local transmission of COVID-19. On 3 April 2020, the Singapore Government announced an elevated set of safe distancing measures, which includes closing most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home from 7 April 2020 to 4 May 2020, save for those providing essential services and in selected economic sectors which are critical for local and global supply chains. Our business and operations may be disrupted if we are required to further suspend our operations due to extension of such measures imposed by the Singapore Government or if any of our employees or employees of our subcontractors are issued quarantine orders or stay-home notices, as this may require us and our subcontractors to quarantine some or all of our employees and disinfect our workplace and facilities used for our operations. In particular, as most of our foreign workers are housed in several units at a workers dormitory in Singapore, in the event any person staying at the same workers dormitory is, or is suspected to be, a carrier of an infectious disease or if any of our foreign workers come into contact with such person who is confirmed to have an infectious disease, all our foreign workers staying in the affected unit(s) at the workers dormitory may be issued quarantine orders and will not be able to report to work. In such event, our business and operations may be materially and adversely affected if a significant number of our foreign workers are unable to report to work for a prolonged period of time.

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

details of the potential effects of COVID-19 on our business and operations, please refer to the section headed "Summary — Recent developments — Outbreak of novel coronavirus (COVID-19)".

Our Group is dependent on the construction industry in Singapore, which is subject to cyclical and seasonal fluctuations. A downturn in the Singapore construction industry is likely to have an adverse impact on our business and profitability due to the possibility of postponement, delay or cancellation of construction projects and delay in recovery of receivables.

**We face competition from existing companies in the interior fitting-out industry**

We face competition from existing reputable contractors or newcomers who may be able to offer services of higher quality at lower prices. Some of our competitors may have stronger brand names, greater access to capital, longer operating histories, longer and more established relationships with their customers and greater marketing and other resources than we do. Our competitors may be able to reduce our market share by adopting more aggressive pricing policies than we do, develop services that gain wider market acceptances than our services do, or develop relationships with our customers in a manner that could significantly harm our ability to secure new contracts. There can be no assurance that the competition in the tendering process will not intensify in the future and if we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition and results of operations may be adversely affected.

**There is a shortage of labour in Singapore and relevant regulatory changes may affect our ability to recruit and retain manpower**

According to the Frost & Sullivan Report, there is a labour shortage problem in Singapore. The number of work permits for foreign construction workers in Singapore has experienced a decline from 318,900 workers in 2013 to 280,500 workers in 2018, representing a CAGR of –2.5%. This may result in operational constraints in employing foreign workers for interior fitting-out companies in Singapore. Given that we rely on our employees for our business operations, if we are unable to recruit and retain sufficient and qualified manpower including foreign workers for us to execute our business, or we have to increase our staff costs to attract and maintain such manpower, our results of operations and financial performance may be materially and adversely affected and our future growth may be inhibited.

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

Our operations are subject to laws and regulations in Singapore that relate to matters such as licensing, workplace health and safety, and environmental protection, with certain material laws and regulations summarised in the section headed "Regulatory Overview" in this prospectus. Such laws and regulations are subject to amendments by the relevant authorities from time to time. In the event that our operations fail to meet such legal requirements, we may be subject to penalties or required to take remedial measures, and our ability to obtain new projects may be affected. If any

of these events occurs or if there are any changes in the legal landscape that results in our Group incurring additional costs to comply with them, it may increase our operating costs and thereby adversely affect our reputation, business, financial condition and results of operations.

## RISKS RELATING TO THE SHARE OFFER

### There is no assurance of liquidity of our Shares and the price and/or trading volume of our Shares may be volatile

Prior to the Share Offer, there has been no public market for the Shares. The Offer Price has been determined through negotiation between our Company and the Joint Bookrunners (for themselves 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. Following the Listing, 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. In addition, investors may not be able to sell their Shares at or above the Offer Price.

The pricing and/or 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, which may be beyond the control of our Group:

(i) actual or anticipated fluctuations in our results of operations;

(ii) changes in investors' perception of our Group and the investment environment generally;

(iii) changes in the analysis and recommendations of financial analysts;

(iv) addition or departure of key management personnel;

(v) changes in pricing made by us or our competitors;

(vi) changes in market valuations and share prices of companies with businesses similar to that of our Company that may be listed in Hong Kong;

(vii) the liquidity of the market for the Shares;

(viii) announcements of competitive developments, acquisitions or strategic alliances in our industry;

(ix) our ability to successfully implement our investment plans and growth strategies;

(x) fluctuations of exchange rates;

(xi) involvement in potential litigation or regulatory investigations and proceedings;

(xii) general changes and/or developments in rules or regulations with regards to the Singapore interior fitting-out market that our Group operates in, including those that affect the demand for our products;

(xiii) changes in conditions affecting the interior fitting-out market, the general economic conditions or stock market sentiments or other events or factors.

Furthermore, the stock market of Hong Kong generally has experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies in recent years.

**Future sales of substantial amounts of the Shares or the availability thereof in the public market may adversely affect the prevailing market price of the Shares and our Group's ability to raise further capital**

Except pursuant to the Share Offer, the Capitalisation Issue, the Over-allotment Option, and the Share Option Scheme, our Company has undertaken to the Sole Sponsor, Joint Bookrunners, Joint Lead Managers and the Underwriters not to issue any of the Shares or securities convertible into or exchangeable for the Shares within six months from the Listing Date without the prior written consent of the Sole Sponsor, Joint Lead Managers and Joint Bookrunners (for themselves and on behalf of the Underwriters). Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings in respect of their Shares in our Company. Please refer to the section headed "Underwriting" in this prospectus for a more detailed discussion of restrictions that may apply to future issuances and sales of the Shares.

After these restrictions lapse, the market price of the Shares may decline as a result of the future issuance of the new Shares or other securities relating to the Shares, sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, or the perception that such issuances or sales may occur. This may also materially and adversely affect our Group's ability to raise capital in the future at a time and at a price we deem appropriate.

**Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins**

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few business days after the Price Determination Date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

**Shareholders' interests may be diluted in the future as a result of additional equity fund raising**

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

Our Company will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or securities convertible into equity securities of our Company (subject to certain exceptions) may be issued or form the subject of any agreement to be issued within six months from the Listing Date. Upon expiry of such six-month period, our Group may raise additional funds by way of issue of new equity or equity-linked securities of our Company to finance further

expansion of our business, joint ventures or other strategic partnerships and alliances. Such fund-raising exercises may not be conducted on a pro-rata basis to existing Shareholders. As such, the shareholding of the then Shareholders may be reduced or diluted, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

**The interests of our Controlling Shareholders may not always coincide with the interests of our Company's public shareholders**

Immediately upon completion of the Share Offer and Capitalisation Issue (without taking into account the allotment and issue of Shares pursuant to the exercise of the Over-allotment Option or options to be granted under the Share Option Scheme), our Controlling Shareholders will own 75.0% of our enlarged share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, influence the Board composition and affect the issue of dividends. Our Controlling Shareholders may take actions, and exercise influence that favours their interests over the interests of us or our public shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with our and/or your interests, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with our and/or your interests, Shareholders, including you, may be disadvantaged as a result.

**Termination of the Public Offer Underwriting Agreement**

Prospective investors should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by giving written notice to our Company upon the occurrence of any of the events stated in the paragraph headed "Grounds for termination" under the "Underwriting" section of this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flooding, hurricanes, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lockouts. Should the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) exercise their rights and terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse.

**There can be no assurance that we will declare or distribute any dividends in the future**

Subject to the Companies Law and the Articles, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by our Board. The declaration and payment of future dividends will depend on our operating results, financial position, other cash requirements including capital expenditure, the terms of borrowing arrangements (if any) and other factors deemed relevant by our Directors. We may be unable to record profits and have sufficient funds above our funding requirements, other obligations and

business plans to declare dividends to our Shareholders. As such, there is no assurance that dividend distributions will be made by our Company in the future. Our future declaration of dividends will be at the absolute discretion of the Board.

**Holders of our Offer Shares are subject to the risk that the price of our Offer Shares could fall during the period before trading of our Offer Shares begins**

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

**The sale or availability for sale of substantial amounts of our Shares could adversely affect their trading price**

Sales of substantial amounts of our Shares in the public market after the completion of the Share Offer, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. There can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

**The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong**

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Islands Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. This may mean that the remedies available to our minority shareholders may be different from those they would have under the laws of other jurisdictions. A summary of Cayman Islands law is set out in Appendix IV to this prospectus.

## RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

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

Certain facts, statistics, and data presented in the section headed "Industry overview" and elsewhere in this prospectus relating to the industry in which we operate have been derived, in part, from various publications and industry-related sources prepared by Singapore Government departments or independent third parties. In addition, certain information and statistics set forth in that section have been extracted from a market research report commissioned by us and prepared by Frost & Sullivan, an independent market research agency. Our Company believes that the sources of the information are appropriate sources for such information, and the Sole Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry related sources in this prospectus. 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 statistics and information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by our Company, the Sole Sponsor, Joint Bookrunners and Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers or any other party involved in the Share Offer. Therefore none of them makes any representation as to the accuracy or completeness of these facts, statistics and data and such facts, statistics and data should not be unduly relied on. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes. 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.

### Investors should read the prospectus in its entirety and are cautioned not to place undue reliance on and information contained in press articles or media regarding our Group or the Share Offer

There may be press and media coverage regarding our Group or the Share Offer which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sole Sponsor and the Underwriters, or the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "**Professional Parties**") involved in the Share Offer has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such

information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility and liability whatsoever in connection therewith or resulting therefrom. 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 "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would", "wish" or similar expressions or the negative of these words or other similar expressions or statements. Those statements include, among other things, the discussion of our Group's growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking statements" in this prospectus for further details.

## 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, 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.

## INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriter(s), any of their respective directors, officers, agents, employees or advisers or any other party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

## UNDERWRITING

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 Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement, on a conditional basis. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us. The Share Offer is managed by the Joint Bookrunners.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and behalf of the Underwriters) on or around the Price Determination Date, the Share Offer will not proceed and will lapse. For further information about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

## RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

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

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and the related Application Forms may not be used for the purpose of, and do not constitute, an offer or invitation, nor are they 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 Application Forms, 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.

The Offer Shares are offered to the public in Hong Kong for subscription 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 Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, 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 the laws 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.

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 and the Capitalisation Issue (including any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme).

No part of our Shares 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 25.0% 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 25.0% of the enlarged issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may 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) will be made available under the Share Offer.

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

## ELIGIBILITY 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 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 Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, 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, or the exercise of any rights in relation to the Shares.

## HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our register of members will be maintained by our Cayman Islands share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands, and our branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong. 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 at our branch register of members in Hong Kong will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the vendor on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.

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.

## PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are 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, are set out under the section headed "Structure and conditions of the Share Offer" in this prospectus.

## COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 7 May 2020, it is expected that the dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 7 May 2020. The Shares will be traded in board lots of 8,000 Shares each. The stock code of the Shares will be 1376.

## 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, this prospectus 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.

## 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 rates:

S$1.00 : HK$5.41

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

| Name | Residential address | Nationality |
|---|---|---|
| *Executive Directors* | | |
| Mr. Chua Boon Par | 252 Belgravia Drive<br>Singapore 804631 | Singaporean |
| Mr. Ding Hing Hui<br>(陳明輝先生) | 2C Hong San Walk<br>#17-09<br>Singapore 689049 | Malaysian |
| Mr. Leong Wai Kit<br>(alias: Liang Weijie)<br>(梁偉杰先生) | 16 Luxus Hill Avenue<br>Singapore 804882 | Singaporean |
| *Independent Non-executive Directors* | | |
| Mr. Chia Kok Seng<br>(謝國成先生) | 31 Lentor Grove<br>Singapore 789205 | Singaporean |
| Mr. Gay Soon Watt<br>(倪順發先生) | 8 Siglap Plain<br>Singapore 455997 | Singaporean |
| Mr. Wong Heung Ming Henry<br>(黃向明先生) | Flat G, 33/F, Block A<br>La Rossa A<br>Tung Chung Waterfront Road<br>Tung Chung, New Territories<br>Hong Kong | Chinese |

Please note that further information regarding our Directors can be found in the section headed "Directors and Senior Management" of this prospectus.

## PARTIES INVOLVED IN THE PUBLIC OFFER

| | |
|---|---|
| **Sole Sponsor** | **Kingsway Capital Limited**<br>7th Floor, Tower 1<br>Lippo Centre<br>89 Queensway<br>Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities* |
| **Joint Bookrunners and Joint Lead Managers** | **Kingsway Financial Services Group Limited**<br>7th Floor, Tower 1<br>Lippo Centre<br>89 Queensway<br>Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities* |
| | **Lego Securities Limited**<br>Room 301, 3/F<br>China Building<br>29 Queen's Road Central<br>Central, Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity* |
| | **Shanxi Securities International Limited**<br>Unit A, 29/F<br>Admiralty Centre Tower 1<br>18 Harcourt Road, Admiralty<br>Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity* |
| | **Guotai Junan Securities (Hong Kong) Limited**<br>27/F, Low Block<br>Grand Millennium Plaza<br>181 Queen's Road Central<br>Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities* |

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| **Joint Lead Managers** | **Quasar Securities Co., Limited**<br>Unit A, 12/F<br>Harbour Commercial Building<br>122–124 Connaught Road Central<br>Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity*<br><br>**Grand China Securities Limited**<br>Room 503, 5/F<br>Loke Yew Building<br>50–52 Queen's Road Central<br>Hong Kong<br>*A licensed corporation under the SFO to carry out type 1 (dealing in securities) regulated activity* |
| **Legal advisers to our Company** | *As to Hong Kong law*<br>**Robertsons**<br>57th Floor, The Center<br>99 Queen's Road Central<br>Hong Kong<br><br>*As to Singapore law*<br>**Rajah & Tann Singapore LLP**<br>9 Straits View<br>#06–07<br>Marina One West Tower<br>Singapore 018937<br><br>*As to Cayman Islands law*<br>**Conyers Dill & Pearman**<br>PO Box 2681<br>Grand Cayman KY1-1111<br>Cayman Islands |
| **Legal adviser to the Sole Sponsor and the Underwriters** | *As to Hong Kong law*<br>**Luk & Partners in Association with Morgan, Lewis & Bockius**<br>Room 1902–09, 19th Floor<br>Edinburgh Tower<br>The Landmark<br>15 Queen's Road Central<br>Hong Kong |

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| **Auditor and reporting accountant** | **PricewaterhouseCoopers**<br>Certified Public Accountants and<br>Registered Public Interest Entity Auditor<br>22nd Floor, Prince's Building<br>Central<br>Hong Kong |
| **Industry consultant** | **Frost & Sullivan Limited**<br>Suite 1706<br>One Exchange Square<br>8 Connaught Place<br>Hong Kong |
| **Internal control consultant** | **Baker Tilly Consultancy (Singapore) Pte Ltd**<br>600 North Bridge Road<br>#05-01 Parkview Square<br>Singapore 188778 |
| **Receiving bank** | **DBS Bank (Hong Kong) Limited**<br>11th Floor, The Center<br>99 Queen's Road Central<br>Hong Kong |

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|---|---|
| **Registered office** | Cricket Square, Hutchins Drive<br>P.O. Box 2681<br>Grand Cayman KY1-1111<br>Cayman Islands |
| **Headquarters and principal place of business in Singapore** | 59 Sungei Kadut Loop<br>Singapore 729490 |
| **Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance** | Level 54, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong |
| **Company's website address** | ***www.rafflesinterior.com***<br>*(information contained in this website does not form part of this prospectus)* |
| **Company secretary** | Ms. Lam Wing Chi, *ACS*, *ACIS*<br>Level 54, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong |
| **Authorised representatives** | Mr. Chua Boon Par<br>252 Belgravia Drive<br>Singapore 804631<br><br>Ms. Lam Wing Chi, *ACS*, *ACIS*<br>Level 54, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong |
| **Audit committee** | Mr. Wong Heung Ming Henry *(Chairman)*<br>Mr. Chia Kok Seng<br>Mr. Gay Soon Watt |
| **Remuneration committee** | Mr. Gay Soon Watt *(Chairman)*<br>Mr. Chia Kok Seng<br>Mr. Wong Heung Ming Henry |
| **Nomination committee** | Mr. Chia Kok Seng *(Chairman)*<br>Mr. Gay Soon Watt<br>Mr. Wong Heung Ming Henry |

| | |
|---|---|
| **Principal share registrar and transfer office in the Cayman Islands** | **Conyers Trust Company (Cayman) Limited**<br>Cricket Square, Hutchins Drive<br>P.O. Box 2681<br>Grand Cayman KY1-1111<br>Cayman Islands |
| **Hong Kong Branch Share Registrar** | **Tricor Investor Services Limited**<br>Level 54, Hopewell Centre<br>183 Queen's Road East<br>Hong Kong |
| **Compliance Adviser** | **Kingsway Capital Limited**<br>7th Floor, Tower 1<br>Lippo Centre<br>89 Queensway<br>Hong Kong |
| **Principal banker(s)** | **United Overseas Bank Limited**<br>100 Jalan Sultan #01-29<br>Singapore 199001<br><br>**Oversea-Chinese Banking Corporation Limited**<br>63 Chulia Street #06-00 OCBC Centre East<br>Singapore 049514 |

*The information and statistics in this section, unless otherwise indicated, are derived from various private and official governmental publications, publicly available sources and the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan and commissioned by our Group. We believe that the sources of the information in this section are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer (which, for the purpose of this paragraph, excludes Frost & Sullivan) and they do not give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.*

## SOURCE AND RELIABILITY OF INFORMATION

Our Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on, the interior fitting-out services market in Singapore for use in this prospectus. Frost & Sullivan is an independent global consulting firm founded in 1961, and offers industry research, market strategies and provides growth consulting and corporate training on a variety of industries. The information from Frost & Sullivan disclosed in this prospectus is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of HK$670,000 and is disclosed with the consent of Frost & Sullivan.

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

- Singapore's economy is expected to grow at a steady rate supported by favourable government policies as well as global economic recovery, among other factors; and

- The social, economic and political environment of Singapore is likely to remain stable during the forecast period, which will ensure a sustainable and steady development of the interior fitting-out services market in Singapore.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, the sources of information used in this section, which are extracted from the Frost & Sullivan Report, are reliable and not misleading as Frost & Sullivan is an independent professional market research

agency with extensive experience, and there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

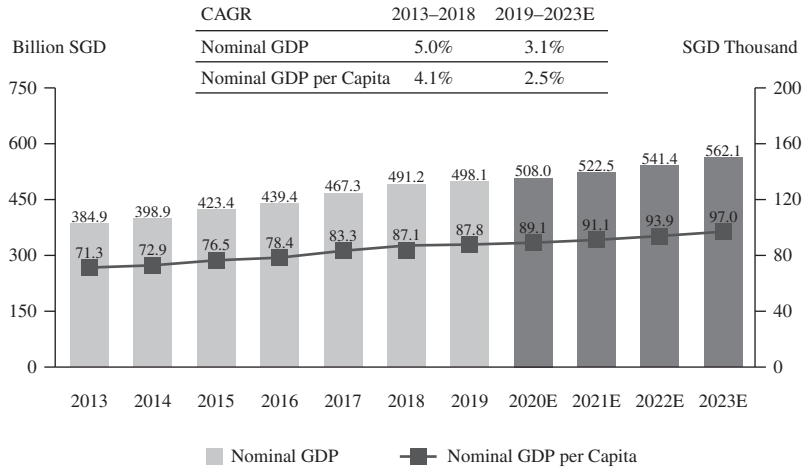
## OVERVIEW OF MACROECONOMIC ENVIRONMENT IN SINGAPORE

### Nominal GDP and Nominal GDP per capita

According to International Monetary Fund ("**IMF**"), the nominal GDP of Singapore has recorded a steady growth from SGD384.9 billion in 2013 to SGD491.2 billion in 2018, representing a CAGR of 5.0%. The continuous trade and industrial development together with economic activities are expected to drive the growth of GDP in Singapore. The nominal GDP is expected to grow at a CAGR of 3.1% during 2019 to 2023, reaching SGD562.1 billion by 2023.

The nominal GDP per capita has registered a growth from SGD71.3 thousand in 2013 to SGD87.1 thousand in 2018, representing a CAGR of 4.1%. The nominal GDP per capita is estimated to grow at a CAGR of 2.5% during 2019 to 2023.

**Nominal GDP and Nominal GDP per Capita (Singapore), 2013–2023E**



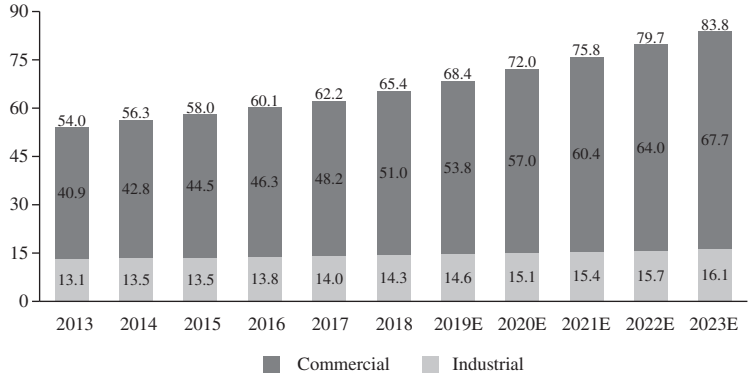

*Source: International Monetary Fund, Frost & Sullivan*

## Available Commercial and Industrial Spaces

According to the Department of Statistics Singapore, the available commercial spaces have registered a positive growth in recent years, representing a CAGR of 4.5% from 2013 to 2018. It is primarily attributable to the increasing demand for office space. Due to the oversupply of industrial spaces in Singapore, it has recorded a moderate growth from 2013 to 2018, with a CAGR of 1.7%. Owing to the positive future outlook of the construction sector in Singapore, the spaces in the commercial and industrial sector available is predicted to rise further in 2019 to 2023, representing a CAGR of 5.2%.

**Available Commercial and Industrial Spaces (Singapore), 2013–2023E**

| CAGR | 2013–2018 | 2019E–2023E |
|---|---|---|
| Total | 3.9% | 5.2% |
| Commercial | 4.5% | 5.9% |
| Industrial | 1.7% | 2.4% |



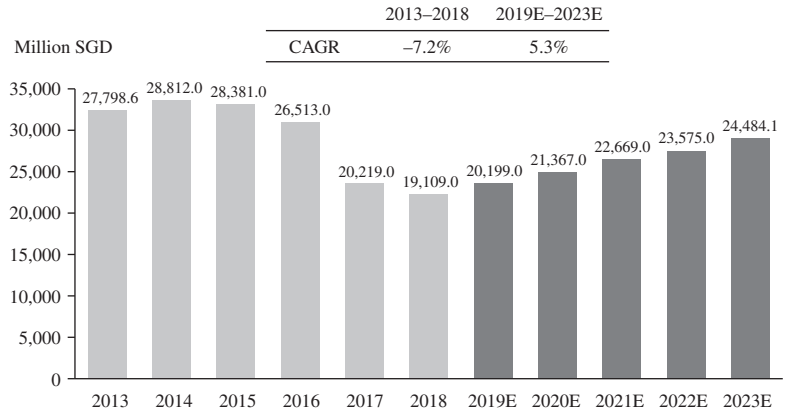

*Source: Department of Statistics Singapore, IMF, Frost & Sullivan*

*Note:* Industrial spaces refer to warehouses and factories.

### Value of Progress Payment

According to the Building and Construction Authority of Singapore, the value of progress payment certified in Singapore recorded a decline from approximately SGD27,798.6 million in 2013 to approximately SGD19,109.0 million in 2018, representing a CAGR of –7.2%. The decline was mainly attributable to the previous economic downturn in the global and domestic environment, as well as the slowdown in sales of private residential properties resulted from implementation of government's cooling measures on property market, such as imposing additional buyer's stamp duty and sellers' stamp duty on property transaction. The value of progress payment is estimated to increase at a CAGR of 5.3% from 2019 to 2023, as a result of the rising housing supply and continued development in commercial segment.

**Value of Progress Payment of Building Works (Singapore), 2013–2023E**




*Source: Building and Construction Authority Singapore, Frost & Sullivan*

## OVERVIEW OF INTERIOR FITTING-OUT SERVICES MARKET IN SINGAPORE

### Definition

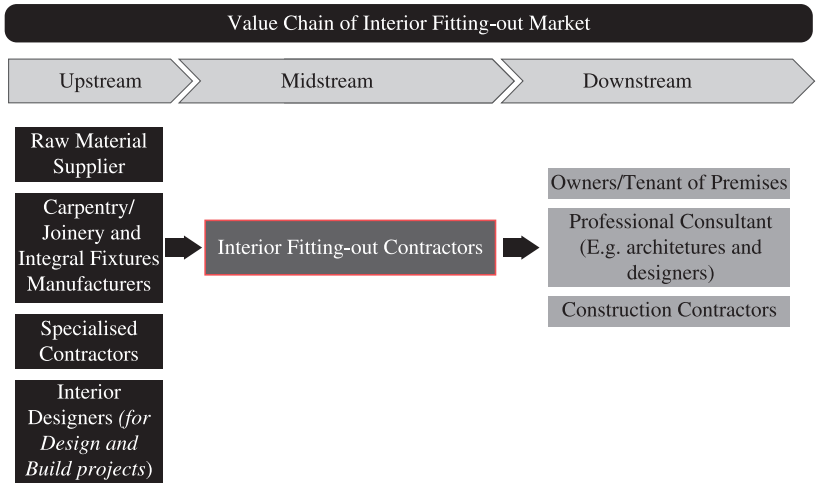
- Interior fitting-out works, as the process of making interior space suitable for occupation, generally includes site preparation work, partitioning work, steel and metal work, woodwork, marble work, stone work, plastering and painting work, certain Building Services, such as mechanical and electrical works and plumbing and drainage system installation.

- Customising, manufacturing and supply of carpentry/joinery and integral fixtures is also predominant in the interior fitting-out services.

- Interior design services from sizable market players are usually also provided before execution of the interior fitting-out works.

## Value Chain Analysis

The value chain of interior fitting-out market in Singapore consists of upstream, midstream and downstream participants. Interior fitting-out contractors source the raw materials and other ancillary building products from suppliers and manufacturers. Specialised contractors may be involved for the provision of glazing, laminating and MEP works. Interior designers may also be involved in Design and Build projects if the interior fitting-out contractor does not have the in-house interior design capability. In the midstream, main contractors are the dominating player while there are large numbers of subcontractors. Some firms could be both main contractors and subcontractors, based on the project scale and its capabilities. Interior fitting-out contractors are also responsible for the overall project management works. The interior fitting-out works are generally initiated by the downstream participants, including, owners or tenants of premises, professional consultant, such as architectures and designers, and construction contractors. It is not uncommon for the interior fitting-out contractors to establish long-term business relationship with the downstream participants. It is not uncommon for owners/tenant to engage professional consultants to handle interior fitting-out projects for them, and thus interior fitting-out contractors usually award tenders or being invite to tender from these consultants and have stable working relationship with them and the owners/tenants of premises.




*Source: Frost & Sullivan*

## Market size

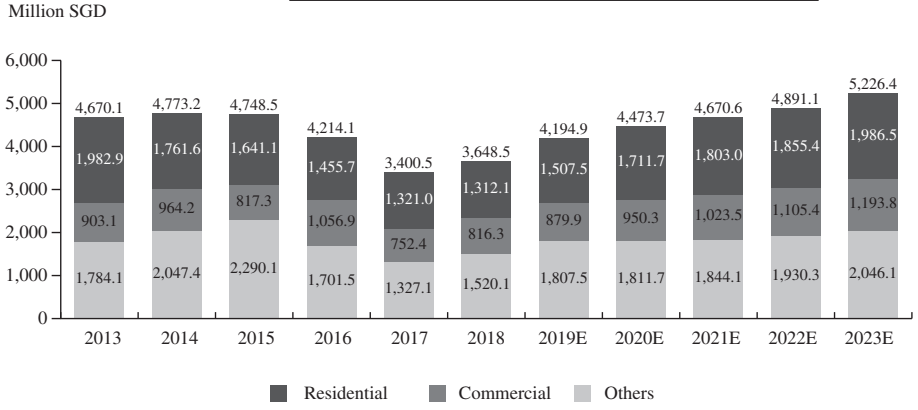
The estimated market size of interior fitting-out in Singapore decreased from SGD4,670.1 million in 2013 to SGD3,648.5 million in 2018, representing a CAGR of –4.8%. The decline in 2016 and 2017 was mainly attributable to the slowdown in property development and the decrease in contracts awarded by building works. The contracts awarded by residential and commercial building works decreased from SGD7,770.1 million and SGD2,183.5 million in 2015 to SGD6,249.9 million and SGD1,859.2 million in 2017.

In the commercial sector, the market size experienced the decrease from approximately SGD903.1 million in 2013 to SGD816.3 million in 2018, representing a CAGR of –2.0%.

With the ongoing urban renewal, supportive government policies in promoting home improvement and shortening renovation cycle of commercial properties, the estimated market size of interior fitting-out in Singapore is expected to receive the impetus and reach SGD5,226.4 million in 2023, at a CAGR of 5.7% from 2019 to 2023.

**Market Size of Interior Fitting-out by Revenue (Singapore), 2013–2023E**

| CAGR | Total | Commercial | Residential | Others |
|---|---|---|---|---|
| 2013–2018 | –4.8% | –2.0% | –7.9% | –3.2% |
| 2019E–2023E | 5.7% | 7.9% | 7.1% | 3.1% |




*Source: Frost & Sullivan*

*Note:* Others comprise factories, warehouses and industrial facilities such as petrochemical and pharmaceutical plants, educational facilities such as school buildings, healthcare facilities such as hospitals and polyclinics, religious and non-profit institutions and other buildings such as airport terminals and multi-storey car parks.

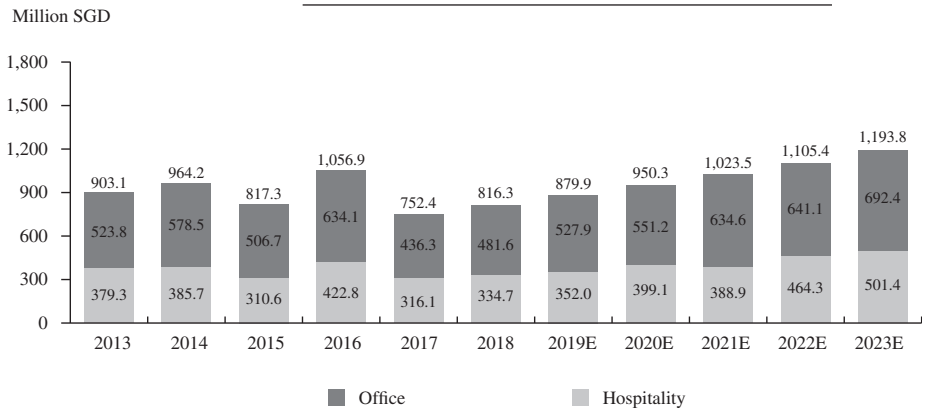
The commercial sector could be further divided into office and hospitality segment. The estimated market size of interior fitting-out in office segment decreased from SGD523.8 million in 2013 to 481.6 million in 2018 at a CAGR of –1.7% while the hospitality sector recorded the decrease at a CAGR of –2.5% from SGD379.3 million in 2013 to SGD334.7 million in 2018.

It is expected that the estimated market size of commercial interior fitting-out would grow a CAGR of 7.9% from 2019 to 2023. The commercial interior fitting-out market in Singapore is driven by the surging demand derived from upgrading works performed in the office segment and

the increase in the area of retail and office space in urban renewal, and shortening renovation cycle of commercial property. Please refer to paragraph headed "Industry Overview — Market Drivers" in this prospectus for details.

**Market Size of Commercial Interior Fitting-out by Revenue (Singapore), 2013–2023E**

| CAGR | Total | Office | Hospitality |
|---|---|---|---|
| 2013–2018 | –2.0% | –1.7% | –2.5% |
| 2019E–2023E | 7.9% | 7.0% | 9.2% |




*Source: Frost & Sullivan*

**Impact Analysis of COVID-19 in Singapore Construction Industry**

Despite the current outbreak of the COVID-19, according to the IMF official, the PRC's economy would return to normal in the second quarter of 2020, whose impact on the global economy would be relatively minor and short-lived. IMF has lowered the GDP growth forecast of the PRC to 5.6 percent in 2020, which is 0.4 percentage point lower than predicted in IMF's World Economic Outlook in January.

In response to the worldwide spread of COVID-19, on 3 April 2020, the Singapore Government announced that the Multi-Ministry Taskforce has implemented an elevated set of safe distancing measures which are currently ordered to be in place for four weeks from 7 April 2020 to 4 May 2020 (both dates inclusive) as a circuit breaker to pre-empt the trend of increasing local transmission of COVID-19 ("Circuit Breaker Measures"). The Circuit Break Measures include closing most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home, save for those providing essential services and in selected economic sectors which are critical for the local and the global supply chains. The general construction works in Singapore would be suspended for one month.

With the global spread of COVID-19, the Singapore government has launched supportive measures to minimize the impact on economy. Combined with the Unity Budget released on 18 February 2020, the Singapore government announced the Resilience Budget on 26 March 2020, a SGD48.5 billion COVID-19 stimulus package. The Resilience Budget focuses on saving jobs and supporting workers, helping businesses overcome immediate challenges brought by the COVID-19, and strengthening economic and social resilience. The government measures also include enhanced rental waivers and cash flow support for hotels and related businesses. In particular, the property

tax rebate of qualified commercial properties, such as hotels, serviced apartments, tourist attractions, shops and restaurants, has been increased up to 100 percent. With the stimulus package, economic fundamentals in Singapore are solid enough to withstand its blow.

The outbreak of COVID-19 has negatively impacted the global economy, especially the retail sales, transportation, tourism and manufacturing sectors. The COVID-19's impact on the construction sites is expected to be minimal in Singapore. Regarding to the effect of the outbreak of the COVID-19 in Singapore, based on the Circuit Breaker Measures, the general construction works in Singapore is expected to resume in one month and a number of construction plans, ranging from roads, housings, shopping malls and offices, are in the pipeline to be built in the following years. Considering a series of measures has been launched by the government such as Resilience Budget and special measures to help local corporation to survive, the construction industry in Singapore is expected to recover soon. The current forecast of the interior fitting-out market in Singapore already taken into account the potential effect of the current outbreak of the COVID-19 and no negative adjustment is required for the time being.

**Interior Fitting-out Services Market Outlook**

Supported by a strong pipeline of new commercial development projects, such as construction of a new entertainment arena and hotel tower in Marina Bay Sands and the extension of Universal Studios Singapore in Resorts World Sentosa, more positive market sentiment arising from the improved economic climate, the commercial interior fitting-out market in Singapore is expected to benefit from the rising demand and grow in the future. The upcoming hospitality projects include the construction of Northshore Plaza, Canberra Plaza, Le Quest and the Woodleigh Mall, and the upgrade of Great World City. In addition, the Clan Hotel and the EDITION Hotel are under construction, providing a total of over 500 rooms.

The outlook of commercial interior fitting-out services market remains positive in the near future. According to Urban Renewal Authority ("URA"), the office space would maintain a stable growth with an average of approximately 150,000 sq. metre gross floor area ("GFA") under construction each year from 2019 to 2023. The growth of office space is due to the surging demand from the grade A offices and continued business activities. Major office projects include the ASB Tower at Robinson Road, CapitaSpring at Chulia Street and Woods Square at Woodlands Square. The hospitality sector is also expected to grow from 2019 to 2023. The retail space and office space under construction each year, is estimated to record an increase at a CAGR of 6.8% and 7.6% respectively from 2019 to 2023.

**Commercial Buildings Under Construction[(1)] by Types (Singapore), 2019E–2023E**

| | | 2019E | 2020E | 2021E | 2022E | 2023E | CAGR (2019E–2023E) |
|---|---|---|---|---|---|---|---|
| **Office Space** | GFA Thousand Sq. metre | 140.7 | 150.8 | 161.1 | 174.5 | 188.6 | 7.6% |
| **Retail Space[(2)]** | GFA Thousand Sq. metre | 297.8 | 320.4 | 341.6 | 367.5 | 387.4 | 6.8% |

*Notes:*

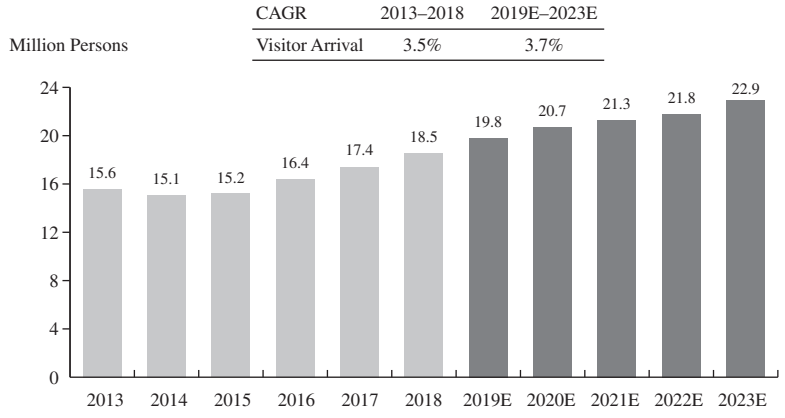
(1) Commercial buildings under construction refers to new development and redevelopment projects with planning approvals.

(2) Refers to space used for shop, food & beverage (F&B), entertainment and health & fitness purposes.

*Source: Urban Redevelopment Authority, Frost & Sullivan*

Over the past few years, the number of total international visitors arrivals in Singapore has recorded steady growth from 15.6 million in 2013 to 18.5 million in 2018, representing a CAGR of 3.5%. The increase in number of visitors arrivals will further contribute to the rising demand in the hospitality sector including retail shops, food and beverage stores, hotels etc. Owing to the growth of visitors from Mainland China, the total number of visitor arrivals is predicted to reach 22.9 million persons by 2023, growing at a CAGR of 3.7% from 2019 to 2023.

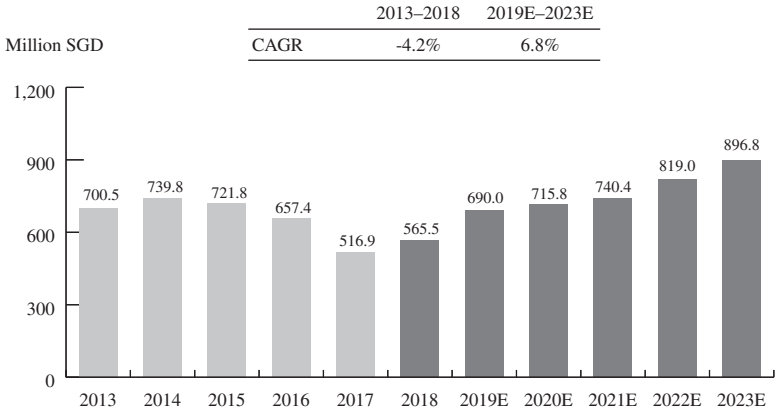
**Total International Visitor Arrivals (Singapore), 2013–2023E**




*Source: Department of Statistics Singapore, Frost & Sullivan*

The market trend for design and build segments for interior fitting-out market generally followed the trend of interior fitting-out market for the years 2013 to 2018. Since 2018, the rising project complexity and demand for customized design have given a rise to the design and build projects in Singapore, as a result the market size of design and build segment for interior fitting-out in Singapore is expected to increase from SGD690.0 million in 2019 to SGD896.8 million in 2023, at a CAGR of 6.8%.

**Market Size of Design and Build Segment for Interior Fitting-out by Revenue (Singapore), 2013–2023E**




*Source: Frost & Sullivan*

## Market drivers

- *Increase number of construction projects in Singapore*

There will be more construction projects in both private and public sector in the near future according to the Building and Construction Authority, which accounts for more than SGD30.0 billion of construction contracts in 2018. In the private sector, there will be a high demand for residential, commercial and industrial construction. Examples of some commercial projects include construction of Yotel Changi Jewel and Village Hotel Sentosa in Outside City Centre, Park Mall redevelopment in Orchard Road and Afro-Asia building redevelopment in Shenton Way. The strong demand in construction industry offers plenty of potential projects for interior fitting-out contractors in Singapore.

- *Surging Demand from the Office Segment*

The overall outlook for the office segment of interior fitting-out market in Singapore remains positive. Due to the rising demand from co-working operators and technology firms as well as a pick-up in demand from financial institutions, more fitting-out and upgrading works are performed in the office segment. Offices relocation would create demand for interior design and fit-out services as interior layout is redesigned. The demand for interior fitting-out in Singapore is forecasted to rise accordingly.

- *Demand Underpinned by Urban Renewal*

The rising number of ageing building in Singapore acts as the driving force for interior fitting-out market. As set out in the Master Plan 2014, URA considers the West Region as the major developing area to introduce the mixed-use Jurong Lake District that can provide an estimated 500,000 $m^2$ and 250,000 $m^2$ for office and retail uses respectively. Meanwhile, as estimated there were more than 1,000 buildings aged 30 years or above in Singapore in 2018 and these aging buildings may eventually undergo redevelopment, which requires interior fitting-out works.

**Market trends**

- *Shortening Renovation Cycle of Commercial Property*

In light of increased competition and ever-changing business environment, the retailers are adopting products diversification and individualisation, which require the new interior layouts and decoration. Increasing number of refurbishment projects are performed for the launching of promotional campaigns and new themes of the retail layout. In addition, interior fitting-out projects are performed by the property developers and managers to improve the existing facilities and enhance the overall valuation and rent of the shopping centers. The renovation cycle for commercial buildings has been shortening, which in turn increase the demand for interior fitting-out services in Singapore.

- *Trend in Market Consolidation*

With increasing complexity of the construction projects, the interior fitting-out contractors are extending their service cope to fulfill the rising of client's expectations. As the market develops into a mature stage, large contractors are seeking expansion opportunities through horizontal or vertical integration and business portfolio diversification which leads to an increase in merger and acquisition activities in Singapore interior fitting-out market. Some established interior fitting-out contractors in Singapore have been consistently seeking opportunities that can further expand its business scale and diversify its revenue stream thorough merger and acquisition. The interior fitting-out market in Singapore is expected to be more consolidated in the near future.

- *Rise of Environmental-friendly and Sustainable Designs*

Incorporating environmental-friendly practices into building development is trending in Singapore. Customers in Singapore are a lot more aware of having a green and eco-friendly design. On the other hand, Singapore government has been playing an active role in driving the green building construction in both public and private sector. According to the BCA, the number of Green Mark Building Project reached 3,200 in 2018 with a total gross floor area of over 94 million meters squares. Incentive schemes for green mark certified projects have been introduced. Singapore Green Building Product (SGBP) labelling scheme-certified products are preferred for their environmental performance by the authorities, developers, specifiers, architects, thus promoting the use of green building products. Environmental-friendly and sustainable designs are forecasted to be increasingly adopted in the interior fitting-out market.

**Market opportunities**

- *Rising Trend in Design and Build*

An increasing number of interior fitting-out companies are embracing the business model of Design and Build in the overall project implementation, including design planning, coordination, monitoring and supervision for the whole construction period until completion. Design and build model is becoming the mainstream whereby contract responsibility is assumed by a single party to minimise risks for the project owners and facilitate the delivery schedule by overlapping the design phase and construction phase of a project. In addition, qualities of services to clients are guaranteed

and the clients' needs are better met, giving an edge to the multiservice providers who have the capability in both design and project execution. The penetration rate of design and build projects in the Singapore construction industry increased from 5.8% in 2017 to 6.1% in 2018. In 2018, the contract sum of design and build projects in Singapore is estimated to be more than SGD6 billion. The ongoing development of design and build projects include the development at Lorong Kismis, mixed development, which comprises of apartment, shops and communal facilities, at Sims Avenue, and the construction of two blocks of apartment buildings at Silat Avenue, with the total gross floor area of over 200,000 square meters. It is a market practice that contractors with in-house design and build capability are preferred by project owners and developers. According to Building & Construction Authority, in 2018, over 80% of the design and construction projects were awarded to contractors with in-house design capability. It is increasingly common for project owner to engage single fitting-out contractor to provide integrated fitting-out services, instead of engaging various services provider. In response to the rising needs, some contractors are expanding the services offering to interior designs to receive the impetus.

- *Integrated Solutions Becoming in The Mainstream*

An increasing number of interior fitting-out services providers are integrating the business model as one-stop solution providers in the overall project implementation, including design planning, coordination, monitoring and supervision for the whole construction period until completion. With one-stop solution becoming the mainstream in the industry, quality of services to clients are guaranteed and the needs client are better met, giving a rise to the multiservice providers who consistently winning remarkable and sizable projects, industry awards and press attention, as well as the trust of client. The comprehensive service offered by being a one-stop solutions provider for contracting service coupled with project management service ensures the consistency and quality of work which offers convenience to the clients by saving the need to engage different parties for the execution of a project.

**Market challenges**

- *Imbalance between demand and supply of labour*

With the labour shortage problem in Singapore, companies find it difficult to hire talents. Moreover, the criteria for the Employment Pass (EP) foreign labour is raised by the Ministry of Manpower, and such amendment is expected to affect the number of successful applicants and workers. The number of work permits for foreign construction workers in Singapore has experienced a decline from 318,900 workers in 2013 to 280,500 workers in 2018, representing a CAGR of –2.5%. This may result in operational constraints in employing foreign workers for interior fitting-out companies in Singapore, thus hindering the growth and development of the overall interior fitting-out market.

- *Cyclical industry nature affecting the demand for construction works*

The construction industry is considered as a cyclical industry as it is affected by the business cycle and the current macroeconomic outlook, government policies and the speculation in the market. Therefore it poses uncertainties to the interior fitting-out services industry when recessions

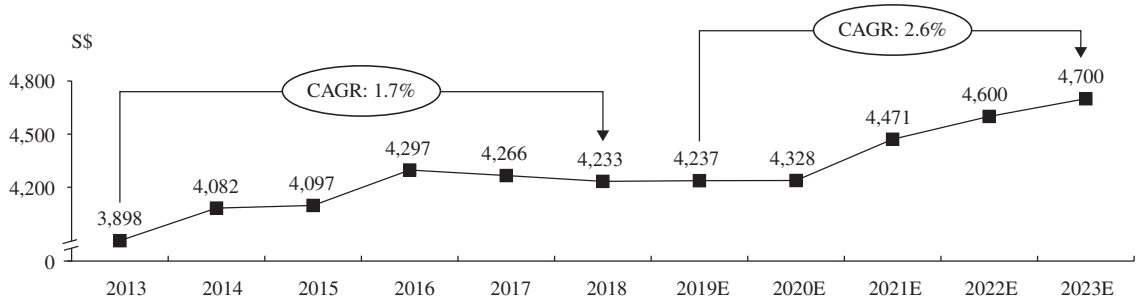
happen. Once recessions hit the market, the demand for related construction works will be lowered, and thus, it is critical for industry participants to have a contingency plan in case of economic downturn.

**Cost structure analysis**

The average monthly wage of workers in interior fitting-out industry recorded a steady growth from approximately S$3,898 in 2013 to approximately S$4,233 in 2018, representing a CAGR of 1.7%. The growth was primarily attributable to substantial demand for workers due to rapid growth of interior fitting-out industry during 2013 to 2014, while the growth rate of average monthly wage of workers in interior fitting-out industry witnessed a moderate decline during 2015 to 2016 due to slowdown of the economic growth and construction industry.

With the restriction of work permit holders in construction industry in Singapore, the wage level of interior fitting-out workers in Singapore is expected to increase further at a CAGR of 2.6% from 2019 to 2023.

**Average Monthly Wage of Workers in Interior Fitting-out Industry (Singapore), 2013–2023E**




*Source: Frost & Sullivan*

The price indexes of major materials for interior fitting-out, including glass, marble and ceiling materials, have all recorded an increase for the past 5 years, at a CAGR of 0.9%, 4.3%, and 0.9% respectively.

The increases in major material price implies the growth of interior fitting-out industry in Singapore. On the ride of rising demand for construction works, the price indexes of major construction materials for interior fitting-out are expected to rise accordingly in the near future.

**Price Index of Major Materials for Interior Fitting-out (Singapore), 2013–2023E**

| 2013=100 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019E | 2023E | CAGR 2013–2018 | CAGR 2019E–2023E |
|---|---|---|---|---|---|---|---|---|---|---|
| Glass | 100 | 101.3 | 101 | 103.3 | 104.1 | 104.8 | 105.6 | 109.1 | 0.9% | 0.8% |
| Marble | 100 | 101.4 | 113.6 | 119.4 | 120 | 123.4 | 127.1 | 142.9 | 4.3% | 3.0% |
| Ceiling Materials | 100 | 90.3 | 80.8 | 77.6 | 103.7 | 104.7 | 105.7 | 109.9 | 0.9% | 1.0% |

*Source: Building and Construction Authority*

## COMPETITIVE LANDSCAPE IN SINGAPORE

### Ranking and Market Share

The interior fitting-out industry in Singapore is considered competitive with approximately 1,500 market participants and relatively fragmented with the top five market participants accounting for market share of 10.9% in 2018. The Group is the third largest player by revenue in the interior fitting-out market in Singapore, accounting for 2.2% of market share. The following table sets forth the rankings of the top 5 interior fitting-out contractors by revenue and their market share in 2018.

**Ranking and Market Share of Leading Interior Fitting-out Contractors by Revenue (Singapore), 2018**

| Rank | Company | Estimated Revenue in 2018 *(SGD Million)* | Approximate Market share in 2018 | Company Description |
|---|---|---|---|---|
| 1 | Company A | 96.1 | 2.6% | A private company that is specialised in interior fitting-out and addition and alteration works in Singapore. |
| 2 | Company B | 84.1 | 2.3% | A private company that provides property and construction services including interior fitting-out and engineering services. |
| 3 | The Group | 81.2 | 2.2% | Our Group is specialised in interior fitting-out works in Singapore. |
| 4 | Company D | 75.6 | 2.1% | A listed company in Singapore that provides interior fitting-out solutions together with manufacturing business to various sectors in Singapore. |
| 5 | Company E | 62 | 1.7% | A listed company in Singapore with business segments including retail and corporate interiors fitting-out, exhibitions and thematic and other marketing business. |
| | **Top Five Total** | 399 | 10.9% | |
| | **Total Market Size** | 3,648.5 | 100% | |

*Source: Frost & Sullivan*

### Competition Overview

Reputation, ability to meet specific requirements and sound industry expertise, proven track record in large scale projects are the key criterion for selecting contractors in the Singapore interior fitting-out industry. The market participants who are capable of delivering interior fitting-out solutions and associated works, such as MEP works, are preferred by the customers in Singapore. The MEP works are associated with the interior fitting-out works in the later stage of building development. Therefore, engineering design capability, market know-how and skills are commonly applicable in the fields of both interior fitting-out and MEP works. More importantly, engagement in interior fitting-out and MEP works enables the contractors to be more involved in the master planning of the entire projects, which increases the possibility of awarding contracts.

The market demands for servicing and maintenance of MEP systems in Singapore are relatively stable because projects owners are inclined to maintain their spending to ensure the safety and functionality of the MEP systems installed in this premises, and hence the level of such spending is less likely to be affected the conditions in the overall construction industry and the economy as a whole.

With increasing complexity of the projects, the interior fitting-out services providers are extending their service cope to fulfill the rising the client's expectations. As the market develops into a mature stage, leading market participants are seeking expansion opportunities through vertical integration and product portfolio diversification. Some interior fitting-out service providers acquire production or process facilities to leverage operational efficiency. With the vertically integrated business model, the interior fitting-out services providers are able to control production costs and product quality more effectively and to respond to market demand more quickly. Specifically, this strength offers the market participants unparalleled capabilities to drive revenue growth and expand market shares. The number of interior fitting-out services providers who have own production or process facilities in Singapore is limited.

**Entry Barrier**

- *Initial Capital Requirements*

It is essential for interior fitting-out contractors to have a substantial initial capital for operational needs. Such capital is critical for prepayments and deposits for subcontractors, suppliers and manufacturers. Failure to make timely payments may delay project schedules and affect the contractor's credibility. Moreover, contractors may also need a certain amount of capital for the issuance of performance bonds to customer. New entrants without sufficient cash flow may therefore encounter difficulties in sustaining in such industry.

- *Well-established Network*

Interior fitting-out contractors are usually in an established business relationship with the key clients, such as major professional consultants and construction contractors. With the long-established partnership with clients, some contractors are on preferred tender lists of these professional consultants and construction contractors and are eligible for tender submission. In addition, other contractors may secure service contracts through their own network in Singapore. Hence new entrants may need extra effort and time to acquire business from clients.

- *Industry Reputation and Expertise*

Industry expertise with extensive experience of the market is one of the major considerations when selecting interior fitting-out contractors. Well-recognised contractor with a reputable track record in various industries often stand out against other industry players, raising the chance of scoring a project. This will act as a barrier for new market entrants as it may take certain time to recruit experienced employees and train new hires.

## LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

Having made all reasonable enquiries and to their best knowledge, our Directors confirm that save as disclosed in this section and the sections headed "Risk Factors" and "Business" in this prospectus, our Group has complied with all material applicable laws and regulations in Singapore, where our Group operated during the Track Record Period and as at the Latest Practicable Date and has obtained all necessary permits, licences and certificates for our operations. Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore.

### Licensing regime for contractors in Singapore

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

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

There are two types of builder's licences, namely, (i) the general builder's licence for builders ("**GB Licence**") undertaking general building works which exclude works that have been designated as specialist works to be carried out by a specialist builder, and (ii) specialist builder's licence for builders undertaking any of the six types of specialist building works, namely: (a) piling works; (b) ground support and stabilisation works; (c) site investigation work; (d) structural steelwork; (e) pre-cast concrete work; and (f) in-situ post-tensioning work. GB Licences are further sub-divided into two classes, namely the General Builder Class 1 Licence ("**GB Class 1 Licence**") and the General Builder Class 2 Licence ("**GB Class 2 Licence**"). A GB Class 1 Licence authorises the holder thereof to carry on the business of a general builder generally without any restriction as to the estimated final price, while a GB Class 2 Licence authorises the holder thereof to carry on the business of a general builder restricted to contracts or engagements for an estimated final price each of not more than S$6 million.

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

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

On 6 March 2020, the Singapore Parliament passed the Building Control (Amendment) Bill, which seeks to strengthen the building control regulatory framework and to improve accessibility of Singapore's built environment. The Building Control (Amendment) Bill is expected to be implemented progressively from the second half of 2021, and seeks to amend the Building Control Act for the following purposes: (i) to transfer the scheme for ensuring proper maintenance of buildings and exterior features presently in the Building Maintenance and Strata Management Act, Chapter 30C of Singapore, to the Building Control Act; (ii) to enhance the regulation of works for lifts, escalators and mechanised car parking systems (called fixed installations) and the maintenance of fixed installations; (iii) to provide for the retrofitting of fixed installation; (iv) to regulate persons who carry out installation, major alteration, inspection, testing or maintenance of fixed installation; (v) to require mandatory reporting of safety incidents and safety risks due to the use of certain building products in buildings; (vi) to clarify the expression "builder" used in the Building Control Act; and (vii) to provide for the periodic inspection of building facades.

As at the Latest Practicable Date, we hold a GB Class 1 Licence, the expiry date of which is on 25 June 2021, which enables us to undertake general building work with a contract value of any amount.

To maintain the GB Class 1 Licence, the following conditions must be met:

| **Financial** | **Approved Person[1]** | | **Technical Controller[2]** | |
|---|---|---|---|---|
| **Minimum Paid-up Capital** | **Course** | **Practical Experience** | **Course** | **Practical Experience** |
| S$300,000 | A course leading to a diploma in a construction and construction related fields, or a Bachelor's degree or post-graduate degree in any field | At least five (5) or three (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 five (5) years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification |
| | OR<br>A course conducted by BCA known as "Essential Knowledge in Construction Regulations & Management for Licensed Builders" | At least ten (10) years (in aggregate) of practical experience in the execution of construction projects in Singapore | | |

*Notes:*

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

(2) The technical controller appointed will oversee the execution and performance of any building works undertaken by the builder. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities of a partner/director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a licensee whose licence has been revoked in the 12 months preceding the date of application. The appointed technical controller is not acting, and for so long as he is the technical controller for the licensee that he does not intend to act, as a technical controller for any other holder of licence. The technical controller must give his consent that he is to carry out the duties of a technical controller for the licensee.

Our Directors confirm that as at the Latest Practicable Date, Ngai Chin has, in its employment, one approved person, being Mr. Chua, and two technical controllers, being Ms. Marifel Lafuente Pedro and Ms. Melanie Barcelona, who possess the requisite qualifications and experience as set out above, and to the best of their knowledge, they are not aware of any impediments in renewing the GB Class 1 Licence.

**Contractors Registration System ("CRS")**

The CRS is administered by the BCA and registration with the CRS is a pre-requisite to tendering for projects in the public sector in Singapore. A company involved only in private sector projects need not register with the CRS and will only require a builder's licence under the BLS. At present, there are seven major categories of registration: Construction (CW), Construction-Related (CR), Mechanical and Electrical (ME), Maintenance (MW), Trade Heads for Subcontractors (TR), Regulatory Workhead (RW) and Supply (SY). These seven categories are further divided into a total of 65 workheads. Each major category of registration is also subject to up to seven financial grades. With effect from 1 April 2020, the MW workhead will be renamed the Facilities Management (FM) workhead. A new FM01 workhead will be introduced with four financial grades, while the existing MW02, MW03 and MW04 workheads will be renamed as FM02, FM03 and FM04, respectively.

Registration is dependent on the fulfilment of specific requirements, including the value of previously completed projects, personnel resources, and consistent and continuous good performance. In order to qualify for a particular grade, companies must satisfy the respective grade requirements in terms of (i) financial capability (valid audited accounts, paid-up capital, net worth, etc.); (ii) relevant technical personnel (full-time employed, recognised professional, 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 documentary proof, endorsed and assessed by clients).

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

| Tendering Limit | Single Grade | L6 | L5 | L4 | L3 | L2 | L1 |
|---|---|---|---|---|---|---|---|
| 1 July 2019 to 30 June 2020 | Unlimited | Unlimited | S$13 million | S$6.5 million | S$4 million | S$1.3 million | S$0.65 million |

As at the Latest Practicable Date, we are registered with the BCA under the following workhead:

| Workhead Reference | Workhead Description | Scope of Work | Grade | Expiry Date |
|---|---|---|---|---|
| CR06 | Interior Decorating, 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 | L6 | 1 July 2020 |

Accordingly, as a contractor registered under CR06 workhead with an L6 grade, we are able to directly tender for public sector projects of an unlimited contract value.

In order for our Group to maintain its existing workhead and grading, we are required to comply with, *inter alia*, the following requirements:

| Workhead/Grade | Requirements | |
|---|---|---|
| CR06/L6 | Minimum paid-up capital and minimum net worth | S$1.5 million |
| | Track record | Secure, over a three (3) year period, projects with an aggregate contract value of at least S$30 million, of which a minimum of S$7.5 million worth of the projects are executed in Singapore, S$3 million worth of the projects are from main contracts including nominated sub-contracts, and S$3 million worth of the projects are from a single main contract or sub-contract. |
| | Personnel | Employ at least two (2) professionals[(1)] ("**P**"), both with at least five (5) years of relevant experience and of which a minimum of one (1) P having obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy. |

*Note:*

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

Our Directors confirm that as at the Latest Practicable Date, Ngai Chin has, in its employment, 2 Ps, Mr. Chua and Mr. Lagman Maiggrette De Leon, who possess the requisite qualifications and experience as set out above.

**Building Plans**

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

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

Minimum buildability and productivity standards are also prescribed under the Building Control (Buildability and Productivity) Regulations 2011 and the Code of Practice on Buildability. The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, among others, submission and approval of plans of building works, design and construction of buildings and installation of external features.

If the CBC is of the opinion that any building works are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property; (ii) will cause, or will be likely to cause, or may have caused a total or partial collapse of the building in respect of which building works are or have been carried out or any building, street or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works, or any part of such building, street or land; or (iii) will render, or will be likely to render, or may have rendered the building in respect of which the building works are or have been carried out or any

building, street, slope or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works so unstable or so dangerous that it will collapse or be likely to collapse (whether totally or partially), he may, by order, direct the developer of those building works to immediately stop the building works or to take such remedial or other measures as he may specify.

**Building and Construction Industry Security of Payment Act**

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

Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. The provisions of the BCISPA shall have effect notwithstanding any provision to the contrary in any contract, and any contractual provision which attempts to exclude, restrict, modify or in any way prejudice the operation of the BCISPA shall be void. A "pay when paid" provision of a contract is unenforceable and has no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISPA also contains provisions relating to, *inter alia*, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. In addition, the BCISPA endorses the following rights:

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

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

(iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction

work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

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

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

During the Track Record Period and up to the Latest Practicable Date, Ngai Chin has not been involved in any payment adjudication under the BCISPA.

**Singapore Institute of Architects Building Contracts**

The Singapore Institute of Architects ("**SIA**") Lump Sum Contract ("**SIA Building Contracts**") was developed by the SIA to establish a standard contract form to be used in all private sector construction projects. The SIA Building Contracts contain terms relating to, among others, the contractors' obligations, the architects powers and duties, the programme for commencement, suspension and completion of the works, possession of site, quality of work and

materials, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, termination, progress payments and final account and settlement of disputes.

**Environmental laws and regulations**

The Environmental Public Health Act, Chapter 95 of Singapore ("**EPHA**") is administered by the National Environment Agency ("**NEA**"). Under the EPHA, a person who, during the erection, alteration, construction or demolition of any building or at any time, fails to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance shall be guilty of an offence.

The EPHA also regulates, *inter alia*, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Director-General of Public Health and authorised officers may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA and if satisfied of the existence of a nuisance, serve a nuisance order on the person by whose act, default or sufferance the nuisance arises or continues, or if the person cannot be found, on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with summarily under the EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an environmental control officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPHA and any regulations made thereunder.

The Environmental Protection and Management Act, Chapter 94A of Singapore ("**EPMA**") is administered by the NEA and relates to environmental pollution control, and seeks to provide for the protection and management of the environment and resource conservation. It is an offence under Section 17 of the EPMA to discharge, or cause or permit to be discharged, any toxic substance or hazardous substance into any inland water so as to be likely to cause pollution of the environment.

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

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

**Workplace safety**

The Workplace Safety and Health Act, Chapter 354A of Singapore ("**WSHA**") is administered by the Ministry of Manpower ("**MOM**") and provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include, but are not limited to: (i) providing and maintaining for employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work; (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees; (iii) ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer; (iv) developing and implementing procedures for dealing with emergencies that may arise while employees are at work; and (v) ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

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

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

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

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

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

**Health and Safety Management Systems**

Pursuant to the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009, the occupier of every worksite shall implement a safety and health management system for the purpose of ensuring the safety and health of persons at work in the work place. Where a workplace is, *inter alia*, a worksite with a contract sum of S$30 million or more, the occupier must appoint a workplace safety and health auditor to audit the safety and health management system of the workplace at least once every six months. Where a workplace is, *inter alia*, a worksite with a contract sum of less than S$30 million, the occupier shall conduct an internal review of the safety and health management system of the workplace at least once every six months.

The Workplace Safety and Health (Construction) Regulations 2007 sets out specific duties relating to, *inter alia*, the duty of the occupier of every worksite to appoint a workplace safety and health coordinator in respect of every worksite, where the contract sum of the building operation or works of engineering construction carried out therein is less than S$10 million, to assist in identifying any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice.

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

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

**Demerit Points System**

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

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

As at the Latest Practicable Date, our Group has not accumulated any demerit points.

**Work Injury Compensation Act**

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

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

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

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

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

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

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

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

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

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

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

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

Our Directors confirm that, as at the Latest Practicable Date, Ngai Chin has in place adequate insurance policies under the provisions of the WICA.

**Employment Act**

The Employment Act, Chapter 91 of Singapore ("**Employment Act**") is the main legislation governing employment in Singapore and is administered by the MOM. It sets out the basic terms and conditions at work for employees covered under the Employment Act, such as payment of salary, paid public holidays, sick leave and maternity leave.

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, amongst others, any person employed in a managerial or executive position (subject to the exceptions set out below). The definition of "employee" under the Employment Act does not extend to freelance contractors who have entered into a contract for service. Accordingly, freelance contractors are not considered to be employees of our Group.

A workman is defined under the Employment Act as including, amongst others, (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; and (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.

Core employment provisions of the Employment Act, such as public holiday and sick leave entitlements, minimum days of annual leave, payment of salary and allowable deductions and release for wrongful dismissal, cover all employees, including persons employed in a managerial or executive position, except public servants, domestic workers, seafarers and those who are covered separately.

In addition to the core employment provisions of the Employment Act, Part IV of the Employment Act contains provisions relating to, amongst others, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplements and other conditions of work or service ("**Part VI**"). However, such Part VI provisions only 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$2,600.

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

From 1 April 2016, employers are required to issue to its employees who are covered by the Employment Act and who are employed for 14 days or more a written record of the key employment terms ("**KETs**") of the employee. The KETs required to be provided (unless

inapplicable to such employee) include, among others, working arrangements (such as daily working hours, number of working days per week and rest day(s)), salary period, basic salary, fixed allowances and deductions, overtime rate of pay, types of leave and other medical benefits.

**Employment of foreign manpower**

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

The EFMA provides that no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass from MOM in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012, which allows the foreign employee to work for him. A work pass includes the following: (i) employment pass, for foreign professionals, managers and executives earning at least S$3,600 per month and who have acceptable qualifications; (ii) S pass for mid-level skilled staff who earn at least S$2,400 per month and who meet the assessment criteria; and (iii) work permit for foreign worker, for semi-skilled foreign workers. In addition, legally married spouses and/or unmarried children under 21 years of eligible employment pass or S pass holders are also permitted to work in Singapore under a dependent's pass, subject to certain requirements. With effect from 1 May 2020, the minimum qualifying salary for new applications of employment passes will be raised to S$3,900 a month.

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

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

(a) approved source countries;

(b) the imposition of security bonds and levies;

(c) dependency ceilings based on the ratio of local to foreign workers; and

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

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

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

**Work Pass Applications**

With effect from 31 January 2020, the MOM will reject all new work pass applications for foreign workers from mainland China until further notice. Renewal applications for existing work pass holders will not be affected.

With effect from 23 March 2020, 2359 hours, (i) Short term visitors: all short-term visitors from anywhere in the world will not be allowed to enter or transit through Singapore, and (ii) Work pass holders: the MOM will only allow the entry/return of work pass holders, including their dependents, for those providing essential services (including those via land and sea crossings between Malaysia and Singapore as set out below), and with effect from 20 March 2020, 2359 hours, (iii) Singapore Citizens, Permanent Residents and Long Term Pass Holders: all Singapore citizens, Permanent Residents and Long Term Pass holders returning to Singapore will be issued a 14-day Stay-Home Notice ("**SHN**") and must remain in their place of residence at all times. Long Term Pass holders include work passes, Student's Pass, Dependent's Pass and Long-Term Visit Pass. As all employers are strongly urged to defer bringing pass holders into Singapore, the MOM will automatically extend the validities of all in-principle approvals by two months to facilitate this.

The Singapore-Malaysia Special Working Committee has agreed that the transport of all types of goods between Malaysia and Singapore will be facilitated during the duration of Malaysia's Movement Control Order, and those conveying essential services, or supplies (such as lorry drivers, vegetable supply truckers, frozen supply truckers) via land and sea crossings will be exempted from the MOM's entry approval and SHN requirements.

With effect from 29 March 2020, 2359 hours, all Long Term Pass holders, as well as those who have been granted in-principle approval for the Long Term Pass, who are planning to enter or return to Singapore, must also obtain permission from the Immigration & Checkpoints Authority before they commence their journey to Singapore.

Under the Leave of Absence Support Programme, eligible employers will be able to apply for S$100 daily per affected worker for the required duration of the SHN, including Singapore citizens, Permanent Residents and work pass holders who were placed on SHN upon their return to Singapore. Eligible employers will also qualify for levy waiver for affected foreign workers for the SHN period.

Our Directors confirm that as at the Latest Practicable Date, our Group has not been affected by any of the restrictions imposed by the MOM on short term visitors, work pass holders, Singapore citizens, Permanent Residents and Long Term Pass Holders.

*Requisite certification and safety courses*

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

| Certificates | Source countries |
|---|---|
| Skills Evaluation Certificate ("**SEC**") or Skills Evaluation Certificate (Knowledge) ("**SEC(K)**")[(1)] | NTS, PRC and NAS |
| Sijil Pelajaran Malaysia or its equivalent, the SEC or SEC(K) | Malaysia |

*Note:*

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

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

As at the Latest Practicable Date, the work permit holders under the employment of Ngai Chin have valid work passes issued by the MOM and possess the abovementioned certification required by the BCA and the MOM before they are allowed to work in Singapore. In addition, as at the Latest Practicable Date, the Directors confirm that the work permit holders under the employment of Ngai Chin have attended the relevant course(s) required under their work permits.

*Security Bonds and Levies*

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

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

*Notes:*

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

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

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

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

As at the Latest Practicable Date, the levy rates payable for workers in the manufacturing sector are set out in the table below:

| Tier | Monthly (S$) | Daily[(1)] (S$) |
|---|---|---|
| Tier 1 — Basic Skilled[(2)] | 370 | 12.17 |
| Tier 1 — Higher skilled | 250 | 8.22 |
| Tier 2 — Basic Skilled | 470 | 15.46 |
| Tier 2 — Higher skilled | 350 | 11.51 |
| Tier 3 — Basic Skilled | 650 | 21.37 |
| Tier 3 — Higher skilled | 550 | 18.09 |

*Notes:*

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

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

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

As at the Latest Practicable Date, Ngai Chin has, in its employment, a total of 256 work permit holders, comprising 0, 237 and 7 work permit holders who are from NAS countries, NTS countries and PRC respectively, and 12 work permit holders who are from Malaysia. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, Ngai Chin has furnished all the necessary security bonds for the relevant foreign employees.

*Dependency Ceilings*

As at the Latest Practicable Date, Ngai Chin is an employer in both the construction and manufacturing sectors. The dependency ratio ceiling for the construction sector is currently seven work permit holders for every full-time local employee. The dependency ratio ceiling for the manufacturing sector is currently one-and-a-half foreign workers for every full-time local employee, which means, for every two local employees in the manufacturing sector, a company may hire a maximum of three foreign employees. The manufacturing sector is further subject to different sub-quotas: (i) sub-quota for foreign workers from the PRC; and (ii) sub-quota for foreign workers under each different levy tier:

(i) Sub-quota for foreign workers from the PRC:

For workers from the PRC, the sub-quota is calculated using the following formula:

PRC quota = 25.0% × (company's total workforce + 1)

(ii) Foreign workers under each levy tier:

| Levy Tiers | Manufacturing Sector |
|---|---|
| Tier 1 | $T_1$ = 25.0% x total workforce |
| Tier 2 | $T_2$ = (50.0% x total workforce) – $T_1$ |
| Tier 3 | $T_3$ = (Actual number of foreign workers) – $T_1$ – $T_2$ |

For the purposes of determining the foreign employee entitlement of a company only, the MOM regards (i) Singaporeans and Permanent Residents ("**PRs**") who earn at least S$1,100 per month as full-time employees; (ii) Singaporeans and PRs who earn S$550 to below S$1,100 per

month as part-time employees; and (iii) two part-time employees count as one full-time employee. The MOM uses the company's CPF account to determine the company's full-time employees. From 1 July 2019 onwards, the salary threshold to be considered a local full-time employee will be increased to at least S$1,300 whilst that for a part time employee will be adjusted to between at least S$650 and below S$1,300 per month. For these purposes, two part-time employees count as one full-time employee, and employees who received CPF contributions from three or more employers are not counted.

As at the Latest Practicable Date, Ngai Chin employed 45 full-time local employees, 238 work permit holders and 35 S-Pass holders in the construction sector. Based on the dependency ratio ceiling for the construction sector of one full-time local worker to seven foreign workers, the maximum number of foreign workers Ngai Chin can hire is 315, which means we can hire 42 additional foreign workers based on the dependency ceilings.

From 1 January 2018, at least 10.0% of an employer's construction work permit holders must be Higher-Skilled ("**R1 Minimum Criteria**") before such employer can hire any new Basic-Skilled construction workers or renew the work permits of existing Basic-Skilled construction workers. From 1 January 2019, firms that do not meet the R1 Minimum Criteria will not be able to hire or renew any Basic-Skilled construction workers and will also have the work permits of any excess Basic-Skilled construction workers revoked. As at the Latest Practicable Date, the proportion of Higher-Skilled workers to the total number of work permit holders of our Group is approximately 65%. Our Directors are of the view that the R1 Minimum Requirement has no impact on our Group based on (i) the proportion of Higher-Skilled workers to the total number of work permit holders for the construction sector of our Group being approximately 65% as at the Latest Practicable Date; and (ii) our Group having and ensuring that there will be a sufficient number of Higher-Skilled workers.

As at the Latest Practicable Date, Ngai Chin employed 13 full-time local employees, 18 work permit holders and 1 S-Pass holders in the manufacturing sector. Based on the dependency ratio ceiling for the manufacturing sector of one full-time local worker to one-and-a-half foreign workers, the maximum number of foreign workers Ngai Chin can hire is 19, which means we can hire 0 additional foreign workers based on the dependency ceilings. During the Track Record Period, Ngai Chin was subject to foreign worker levies for the manufacturing sector under Tiers 1 to 3.

*MYE*

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

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

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

*Housing of foreign workers*

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

*Additional Conditions*

Other conditions of the work permits which employers of foreign construction workers are also required to comply with include the following: (i) ensuring that the foreign worker performs only those activities specified in the conditions; (ii) ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions; (iii) providing safe working conditions for their foreign workers; (iv) insuring and maintaining workmen's compensation insurance in respect of the foreign worker; and (v) purchasing and maintaining medical insurance with coverage of at least S$15,000 per 12-month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than twelve 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.

**Infectious Diseases Act**

The Infectious Diseases Act, Chapter 137 of Singapore ("**IDA**") relates to the quarantine and the prevention of infectious diseases. Under the IDA, if the Director of Medical Services ("**DMS**") has reason to believe that there exist on any premises conditions that are likely to lead to the outbreak or spread of any infectious disease, he may, amongst others, by written notice order the closure of the premises for a period not exceeding 14 days, and require the owner or occupier of the premises to cleanse or disinfect the premises in the manner and within the time specified in the notice or carry out such additional measures as the DMS may require in the manner and within the

time specified in the notice. Such notice directing the owner or the occupier of the premises to close the premises may be renewed by the DMS from time to time for such period, not exceeding 14 days, as the DMS may, by written notice, specify.

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

In addition, the DMS may order any person who is, or is suspected to be, a case or carrier or contact of an infectious disease to be detained and isolated in a hospital or other place for such period of time and subject to such conditions as the DMS may determine ("**Quarantine Order**").

Any person who, without reasonable excuse, fails to comply with any requirement of such notice or direction given to that person by the DMS shall be guilty of an offence. While there are no specific penalties for such office, any person guilty of an offence under the IDA for which no penalty is expressly provided shall (i) in the case of a first offence, be liable on conviction to a fine not exceeding $10,000 or to imprisonment for a term not exceeding 6 months or to both; and (ii) in the case of a second or subsequent offence, be liable on conviction to a fine not exceeding $20,000 or to imprisonment for a term not exceeding 12 months or to both.

*Quarantine Order*

A Quarantine Order is issued to quarantine or isolate an individual who is, or is suspected to be, a carrier of an infectious disease or a contact of a person confirmed to have an infectious disease. This is with the aim of limiting the spread of the virus in the community. Quarantine usually occurs in the home but can also be served in dedicated Government Quarantine Facilities or hospitals, should the individual not have suitable accommodation in Singapore. Persons under quarantine are required to monitor their temperature and report their health status at least three time a day, inform the Quarantine Order Agent if he/she feels unwell or needs any assistance and will be monitored by video calls at least three times a day. Spot checks will be carried out to ensure that they strictly adhere to the conditions under the Quarantine Order during the period specified. If they are found to be non-compliant, the DMS may require them to wear an electronic tag or order that they be detained and isolated in a hospital or in any other suitable place. It is an offence if they do not comply with the conditions listed in accordance with the Quarantine Order.

Employees who are served a Quarantine Order will be deemed to be on paid sick leave. Under the Quarantine Order Allowance Scheme, which was set up to mitigate financial impact for those who have been served Quarantine Orders under the IDA, claims of S$100 per day can be made by: (i) a self-employed persons, who is a Singapore Citizen or Permanent Resident, able to show proof of employment and must not break the Quarantine Order; or (ii) an employer who has employees issued with Quarantine Orders, who is a registered company in Singapore, such employees must be

Singapore Citizens, Permanent Residents or work pass holders, able to show proof of payment to employees when they are under quarantine and such employees must not break the Quarantine Order.

On 26 March 2020, the Ministry of Health of Singapore promulgated the Infectious Diseases (COVID-19 — Stay Orders) Regulations 2020 (the "**SHN Regulations**") and the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020 (the "**Safe-Distancing Regulations**") under the Infectious Diseases Act to give legal force to the safe distancing measures announced by the Multi-Ministry Taskforce of Singapore.

**SHN Regulations**

With effect from 20 March 2020, 2359 hours, all travellers, including Singapore citizens, Permanent Residents and Long Term Pass holders returning to Singapore are issued a 14-day SHN. With effect from 25 March 2020, 2359 hours, returnees from the United Kingdom and United States of America will service their 14-day SHN in dedicated facilities.

Under the SHN Regulations, (a) anyone issued an SHN must not leave their place of accommodation for the duration of the SHN; and (b) any individual who is issued a medical certificate by a medical practitioner certifying that he/she has acute respiratory symptoms must not, without reasonable excuse, leave the individual's place of accommodation for five days starting on the day the medical certificate is issued. The penalty for an offence under the SHN Regulations is a fine of up to S$10,000 or imprisonment of up to six months or both.

Our Directors confirm that as at the Latest Practicable Date, none of our employees have been issued SHNs and/or are subject to the SHN Regulations.

**Safe-Distancing Regulations**

*Work Place Measures:*

On 13 March 2020, 20 March 2020 and 24 March 2020, the Ministry of Health of Singapore ("**MOH**") had announced various safe distancing measures to be taken to reduce the risk of local spread of COVID-19, including at workplaces. Employers are strongly advised to put in place measures to reduce close physical interactions amongst employees and all employers should facilitate telecommuting for their employees to work from home and tele-conferencing should be used in place of physical meetings where possible. For employees undertaking job roles or functions where telecommuting is not possible, employers should take the following precautions: (a) stagger working hours (for both reporting and ending times) with minimally three one-hourly blocks and no more than 50% of total employees reporting to work within each one-hour block; and (b) reduce duration and proximity of physical interactions by providing for physical spacing (of at least one metre apart) between work stations and seats in meeting rooms. All events and mass gatherings such as conferences, exhibitions and trade fairs must be deferred or cancelled, regardless of size.

In addition, the MOM had also issued an advisory on safe distancing measures at the workplace that the MOM, the National Trade Union Congress and the Singapore National Employers Federation expect employers to adopt strict safe distancing measures at the workplace so as to provide a safe working environment for their employees. The MOM and MOH will take enforcement actions against employers who do not implement safe distancing measures, including ordering employers or occupiers to cease operations until the measures are put in place.

On 1 April 2020, the Infectious Diseases (Workplace Measures to Prevent Spread of COVID-19) Regulations 2020 ("**Workplace Safe Distancing Regulations**") were issued to give legal force to prevention measures against the spread of COVID-19 at the workplace, which apply throughout the control period of 2 April to 30 April (both dates inclusive). The Workplace Safe Distancing Regulations apply to employers, principals and occupiers, and set out prevention measures against the spread of COVID-19 to be put in place at the workplace. These include (i) telecommuting measures, such as providing the facilities necessary for every worker to work in the worker's place of residence in Singapore and directing every worker to work in the worker's residence in Singapore; and (ii) safe distancing measures, such as segregating workers into two or more groups to avoid or minimise physical interaction between the groups, staggering reporting and dismissal times, ensuring that any worker who exhibits any specified symptom or is otherwise physically unwell must immediately report it to the employer, and taking reasonable steps to ensure that there is a distance of at least one metre between any two individuals in the work place and telecommuting. A contravention without a reasonable excuse carries penalties of a fine of up to S$10,000 and/or a jail term of up to six months.

*Others:*

With effect from 26 March 2020, 2359 hours, the Multi-Ministry Taskforce has decided to enforce stricter measures that would limit gatherings outside of work and school to 10 persons or fewer, and ensure that physical distancing of at least one metre can be achieved in settings where interactions are non-transient. There measures are expected to be in place throughout the control period of 27 March 2020 to 30 April 2020 (both dates inclusive), but may be extended.

Under the Safe Distancing Regulations, any organiser of any event that is not prohibited by regulation 3 of the Safe Distancing Regulations and is held during the control period and in or on any premises in Singapore commits an offence if the organiser allows or causes more than 10 individuals to be present at or take part in that event in person. This regulation does not apply to any event that is conducted in the ordinary course of business at a workplace or providing education in an educational institution. The penalty for an offence under the Safe-Distancing Regulations is a fine not exceeding S$10,000 or to imprisonment for a term not exceeding six months or to both.

**COVID-19 (Temporary Measures) Act 2020**

On 7 April 2020, the Singapore Parliament passed the COVID-19 (Temporary Measures) Act ("**COVID-19 Act**"), which came into force partially on the same day. Among other measures, the COVID-19 Act provides the Singapore Government the legal basis to enforce the Circuit Breaker

Measures. The Minister for Health is empowered to make temporary control orders which may require an individual to stay at a specified place and not to leave except for certain purposes, require the closure of premises such as workplaces, and impose restrictions such as those relating to the manner of carrying on business or work or the gathering of individuals in any place. This provision came into effect on 7 April 2020, and will remain in force for one year.

Under Section 34(1) of the COVID-19 Act, the Minister of Health may make regulations (a control order) for the purpose of preventing, protecting against, delaying or otherwise controlling the incidence or transmission of COVID-19 in Singapore if the Minister is satisfied that the incidence and transmission of COVID-19 in the community in Singapore constitutes a serious threat to public health, and a control order is necessary or expedient to supplement the Infectious Diseases Act and any other written law.

*COVID-19 (Temporary Measures) (Control Order) Regulations 2020*

On 7 April 2020, the Control Order Regulations were issued under the COVID-19 Act to implement the Circuit Breaker Measures. The Control Order Regulations are in force from 7 April 2020 to 4 May 2020 (inclusive) and impose restrictions on premises and businesses in relation to the closure of premises and the respective controls on essential and non-essential service providers, and the movement of people, both in public places and in places of residence.

The Control Order Regulations sets out the restrictions on movement of people and the restrictions in relation to premises and businesses. These include (i) restrictions on leaving or entering place of residence, such that every individual must stay at or in, and not leave, his or her ordinary place of residence in Singapore only to the extent necessary for any of the prescribed purposes; (ii) prohibitions on social gatherings, such that a person must not meet another individual not living in the same place of residence for any social purposes unless otherwise permitted under the Control Order Regulations; and (iii) closure of premises, such that an owner or occupier of any premises other than residential premises must ensure that the premises are closed to entry by any individual, save as otherwise provided under the Control Order Regulations.

Under the Control Order Regulations, an essential service provider may continue to carry out the business, undertaking or work of the essential service provider at the permitted premises of the essential service provider, with the prior permission of the Minister of Trade and Industry of Singapore, and in accordance with the prescribed restrictions for that type of business, undertaking or work or any conditions imposed in the aforementioned permission. Such owner or occupier of the permitted premises may allow any employee, contractor, customer or other individual to enter the premises only for the purposes of working for or dealing with the essential service provider (including procuring the provision of the essential service).

*Control Order Regulations Amendments*

Subsequently, the Minister of Health issued the COVID-19 (Temporary Measures) (Control Order) (Amendment) Regulations 2020 and the COVID-19 (Temporary Measures) (Control Order) (Amendment No. 2) Regulations 2020 (collectively, the "**Control Order Regulations**

**Amendments**''), which came into force on 10 April 2020. The Control Order Regulations Amendments introduced additional obligations and requirements, including in relation to essential service providers, essential service workers, occupiers and owners of permitted premises, and operators of specified dormitories. These additional obligation and requirements include, but are not limited to, implementing certain safe distancing measures at permitted premises, directing essential service workers to work from their place of residence as much as practicable, providing facilities to essential services workers necessary for them to work from their place of residence, and essential service providers must not require or permit an essential service worker subject to a movement control measure to enter permitted premises.

The penalty for an offence under the Control Order Regulations is a fine of up to S$10,000 or imprisonment of up to six months, or both, for first time offenders. For second or subsequent offences, the penalty is a fine of up to S$20,000, or imprisonment of up to 12 months, or both.

### Central Provident Fund Act

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

## SINGAPORE TAXATION

### Corporate tax

The prevailing corporate tax rate in Singapore is 17.0% with effect from year of assessment 2010. In addition, the partial tax exemption scheme applies on the first S$300,000 of normal chargeable income for years of assessment 2010 to 2019; and specifically 75.0% of up to the first S$10,000 of a company's normal chargeable income, and 50.0% 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 17.0%. Further, companies will be granted a corporate income tax rebate of 50.0% of the tax payable for the years of assessment 2016 and 2017, subject to a cap of S$20,000 for year of assessment 2016 and S$25,000 for year of assessment 2017. Companies will also be granted a corporate income tax rebate of (i) 40.0% of the tax payable for year of assessment 2018, subject to a cap of S$15,000; (ii) 20.0% of tax payable for year of assessment 2019, subject to a cap of S$10,000; and (iii) 25% of the tax payable for the year of assessment 2020, subject to a cap of S$15,000. From year of assessment 2020 onwards, the partial tax exemption scheme applies on the first S$200,000 of normal chargeable income; and specifically 75.0% of up to the first S$10,000 of a company's normal chargeable income, and 50.0% of up to the next S$190,000 is exempt from corporate tax.

### Dividend distributions

*One Tier corporate taxation system*

Singapore adopts the one-tier corporate taxation system (the "**One-Tier System**"). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

*Withholding taxes*

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

### Goods and Services Tax ("GST")

GST in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7.0%.

## GOVERNMENT SCHEMES

### Productivity and Innovation Credit ("PIC") Scheme

Under the PIC Scheme, businesses enjoy 400.0% tax deductions or allowances on up to S$400,000 of their expenditure per year in each of the six qualifying activities from the Years of Assessment 2011 to 2018. As announced in Budget 2014, from Years of Assessment 2015 to 2018, qualifying businesses can enjoy 400.0% tax deductions or allowances on up to S$600,000 of their expenditure per year in each of the six qualifying activities. Eligible businesses can apply to convert up to S$100,000 of their total expenditure for each year of assessment in all the six qualifying activities into a non-taxable cash payout, instead of claiming tax deduction. The cash payout rate is 60.0% of the qualifying expenditure incurred till 31 July 2016. For qualifying expenditure incurred on or after 1 August 2016, the cash payout rate will be at 40.0%. As announced in Budget 2016, the PIC Scheme will lapse after Year of Assessment 2018.

### Special Employment Credit Scheme

Under the Special Employment Credit Scheme (the "**SEC Scheme**"), employers who hire Singaporean employees aged 50 and above earning up to S$4,000 a month from 2012 to 2014, and make regular CPF contributions for them, will receive a wage set-off of up to 8.0% of the employee's monthly wages. It was announced at Budget 2015 that from 2015 to 2016, the wage set-off would be increased to up to 11.0% of the employee's monthly wages, with the wage set-off percentage to be tiered by age. As announced at Budget 2017, the SEC Scheme, with a modified age-tiering model, will be extended from 1 January 2017 to 31 December 2019 to grant employers who hire Singaporean employees aged 55 and above and earning up to S$4,000 a month a wage set-off of up to 11.0%. Employers hiring Persons with Disabilities (PWDs) will receive a wage off-

set of up to 16.0% of the PWD's monthly wage from 2012 up till 31 December 2019, regardless of age, capped at a monthly sum of S$240. As announced at Budget 2019, the SEC Scheme will be extended for one more year until end-2020.

**Wage Credit Scheme**

Under the Wage Credit Scheme (the "**WCS**"), employers paying wage increases in the years 2013 to 2020 to Singapore citizen employees who are earning a gross monthly wage of S$4,000 and below, have received CPF contributions from a single employer for at least three calendar months in the preceding year, have been on the employer's payroll for at least three calendar months in the qualifying year, have at least S$50 in gross monthly wage increase and is not the business owner of the same entity can qualify for co-funding of a portion of that wage increase. For 2013 to 2015, 40.0% of the wage increases can be co-funded. For 2016 to 2018, 20.0% of the wage increases can be co-funded. For 2019, 15.0% of the wage increases can be co-funded, and for 2020, 10.0% can be co-funded. In addition, gross monthly wage increases (of at least S$50) previously given in 2015 and 2016 by the same employer will continue to be co-funded at 20.0% if they are sustained in 2016 and 2017, and gross monthly wage increases (of at least S$50) given in 2017, 2018 and 2019 by the same employer will continue to be co-funded at the respective levels of co-funding if they are sustained in 2018, 2019 and 2020. As announced in the Singapore Budget 2020, the WCS will be enhanced for the years 2019 and 2020 and the gross monthly wage ceiling will be raised from S$4,000 to S$5,000 for qualifying wage increases in 2019 and 2020.

**Temporary Employment Credit Scheme**

Under the Temporary Employment Credit Scheme (the "**TEC Scheme**"), employers that employ Singapore citizens and Singapore permanent residents, and make timely and complete CPF contributions for them, are eligible for the TEC Scheme. For 2015, the wage off-set is 1.0% up to the Ordinary Wage ceiling of S$5,000 per month or up to the CPF Annual Limit of S$85,000 per year (which includes Ordinary Wages and Additional Wages earned within the year, if applicable). For 2017, the wage off-set is 0.5% up to the Ordinary Wage ceiling of S$6,000 per month or up to the CPF Annual Limit of S$102,000 per year. There are currently no plans to extend the TEC Scheme beyond 2017.

During the Track Record Period, Ngai Chin has received in aggregate of approximately S$54,000, S$34,000 and S$20,000 respectively from the Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme.

## REGULATORY REQUIREMENTS FOR REGISTRATION WITH THE CRS UNDER THE ME WORKHEAD

Our Group intends to broaden our scope of associated services by enhancing our capacity to provide MEP services in-house. Accordingly, we intend to recruit and train the relevant qualified personnel required to be able to apply for the following ME workheads in L3 grade: (i) ME01 (Air-conditioning, Refrigeration & Ventilation Works); (ii) ME05 (Electrical Engineering); (iii) ME06 (Fire Prevention & Protection Systems); and (iv) ME12 (Plumbing & Sanitary Works) for the provision of ACMV, Fire Protection, Electrical Engineering and Plumbing services respectively.

The following sets out the registration requirements for the ME12 workhead for L1 grade, and the ME01, ME05, ME06 and ME12 workheads for L3 grade as at the Latest Practicable Date:

| Grade | Financial | Track Record | Personnel | Certifications |
|---|---|---|---|---|
| L1 | Minimum paid-up capital and minimum net worth of S$10,000 | No track record required | Employ at least one (1) T[(2)] with at least one (1) RP[(3)]/P[(4)]/T[(2)] with BCCPE[(5)(6)(7)] | bizSAFE Level 3/ ISO45001/ OHSAS18001 |
| L3 | Minimum paid-up capital and minimum net worth of S$150,000 | Completed projects[(1)] in the past three (3) years with an aggregated contract value of at least S$3 million | Employ at least two (2) T[(2)] with at least one (1) RP[(3)]/P[(4)]/T[(2)] with BCCPE[(5)(6)(7)] | bizSAFE Level 3/ ISO45001/ OHSAS18001 |

*Notes:*

(1) Completed projects which are relevant to the particular workhead. Ongoing projects are acceptable for L1 grade. As part of the application process, applicants are required to submit a track record form which sets out the details of the project which is related to the particular workhead, including a description of the work done for the project, the contract value of the project, the date of commencement and date of completion of the project. The applicant will also be required to state the role of the applicant in the project. The form will also have to be endorsed by the applicant's client or representative, or a consultant (if the client is related to the applicant), who was responsible for the supervision of the project. Each project must be enclosed with supporting documents such as the award letter, certificate of completion, purchase orders or payment certificates.

(2) "T" refers to a personnel with a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by BCA from time to time.

(3) "RP" refers to a personnel with a minimum professional qualification with a degree in mechanical or electrical/electronics engineering recognised by the Professional Engineers Board, or other equivalent qualifications approved by BCA.

(4) "P" refers to a personnel with a recognised degree in mechanical or electrical/electronics engineering or equivalent.

(5) "BCCPE" refers to the Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy. A director with BCCPE (Certificate of Attendance) is acceptable for one company only (for L5 to L1 including ME07-L6 and ME13-L6).

(6) For the ME05 workhead, an electrician licensed by the Energy Market Authority ("**EMA**") can be considered as one of the "T" for grades L1 and L2 only. An EMA licensed electrical engineer/technician can be considered as one of the "T" for grades L3 to L5.

(7) For ME12, applicants must possess a full-time employee who either has a valid Public Utilities Board ("**PUB**") Licence or an EMA Gas Service Worker Licence. A valid plumber licence issued by the EMA, or the PUB can be considered for grades L1 and L2 only.

## HISTORY AND DEVELOPMENT OF OUR GROUP

We have more than 30 years of experience as an interior fitting-out services provider for different types of premises in the private commercial sector including office space, hotels and F&B outlet. The history of our Group can be traced back to 1978 when Mr. Low Chew, father of Mr. Lo, and Mr. Lo founded Ngai Chin Furniture Manufacturer, which was in the construction industry as well as the manufacture of furniture and fixtures of wood. By building on our relationships with Professional Consultants on our existing projects as a subcontractor, in 1986, we were invited to tender for a project for an interior fitting-out project. In order to do so Mr. Low Lek Huat, Mr. Ong Kian Heng Gary, Mr. Leong Nam Heng and Mr. Lo incorporated Ngai Chin on 30 June 1986 and became shareholders and directors of Ngai Chin. We were successfully awarded the tender as main contractor for an interior fitting-out project relating to an office space in Tung Centre Collyer Quay, Singapore for an international insurance broking and risk management firm. In the same year, we secured our first interior fitting-out project for an international hotel located at Scotts Road, Singapore. Subsequently, in 1988, we secured another interior fitting-out project for an international-hotel in Orchard Road, Singapore. In 1988, Mr. Ong Kian Heng Gary resigned as a director of Ngai Chin. Thereafter Mr. Lo, Mr. Low Lek Huat, Mr. Leong Nam Heng and Mr. Low Lek Guan, who joined Ngai Chin in 1991 (the "**Founders**"), carried on Ngai Chin's business as an interior fitting-out service provider. In 2009, we undertook a project involving the interior fitting-out works for a 120,000 square feet corporate office of a multinational energy corporation. Following the completion of the project, we received a commendation letter from the customer for our high quality services, workmanship and project management skills, as well as our ability to accommodate the last minute changes in design to complete the project within the tight schedule.

Subsequently, Mr. Chua, Mr. Ding and Mr. Leong (who is the son of Mr. Leong Nam Heng) joined Ngai Chin as employees between 1986 and 1999 as Ngai Chin's project director, site supervisor and project supervisor, respectively. In 2011, Mr. Chua became our managing director ("**Managing Director**") and shareholder and Mr. Ding, Mr. Ng and Mr. Leong became the directors and shareholders of Ngai Chin. The Founders handed over the day to day management of the business to Mr. Chua, Mr. Ding, Mr. Ng and Mr. Leong collectively (the "**Current Management**") who then took a more active involvement in the operations of the business thereafter. Under the direction of the Current Management, Ngai Chin expanded its scale of services in the interior fitting-out industry which led to an increase in the number of projects awarded to Ngai Chin.

Following the Reorganisation and on Listing, pursuant to the Controlling Shareholders' Confirmation, Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat, Mr. Ng and Ultimate Global are collectively a group of Controlling Shareholders.

**Key milestones of our Group**

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

| Year | Milestones |
|---|---|
| 1986 | Ngai Chin was incorporated |
| 1986 | Ngai Chin was awarded the first tender for an international insurance broking and risk management firm in Collyer Quay, Singapore |
| 1986 | Ngai Chin secured its first interior fitting-out project in the hospitality sector for an international hotel at Scotts Road, Singapore |
| 2008 | Ngai Chin was awarded the ISO 9001:2000 for (1) Project Management and Interior Renovation & Construction and (2) Manufacturer of Interior Renovation & Construction Related Products |
| 2008 | Ngai Chin was accredited with the ISO 9001:2008 quality management system standard, the ISO 14001:2004 environmental management system standard and the OHSAS 18001:2007 occupational health and safety management system standard |
| 2009 | Ngai Chin was registered as the General Builders Class 2 with the BCA |
| 2009 | Ngai Chin was awarded the bizSAFE Level Star Certificate from the Workplace Safety and Health Council |
| 2013 | Ngai Chin moved into its current premises at 59 Sungei Kadut Loop, Singapore |
| 2013 | Ngai Chin was awarded the SMEs Asia Award for 2013/2014 issued by the Trade and Industry Association (Singapore), an award given to the top SMEs in Asia |
| 2016 | Ngai Chin was awarded the ISO 9001:2015 for interior renovation works and the ISO 14001:2015 in interior renovation works for its Environmental Management System |
| 2018 | Ngai Chin was registered as the General Builders Class 1 with the BCA |
| 2019 | Ngai Chin was awarded the ISO 9001:2015 for interior renovation works and the ISO 14001:2015 in interior renovation works for its Environmental Management System and the ISO 45001:2018 occupational health and safety management system standard. |

## CORPORATE HISTORY

As at the Latest Practicable Date, our Group comprised our Company, Flourishing Honour and Ngai Chin. The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

### Our Company

For the purposes of the Listing, our Company was incorporated on 7 January 2019 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 Shares. Upon its incorporation, one nil-paid initial Share (the "**Initial Share**") was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited. On the same day, the Initial Share was transferred to Ultimate Global at nil consideration. As a result, our Company became a wholly-owned subsidiary of Ultimate Global. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 21 March 2019.

On 30 March 2020, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank *pari passu* in all respects with the existing Shares. For details of changes in the share capital of our Group, please refer to the paragraph headed "Further information about our Company and its subsidiaries — 2. Changes in the share capital of our Company" in Appendix IV to this prospectus.

As a result of the Reorganisation, our Company has become the ultimate holding company of our Group. For further details of such transfers, please refer to the paragraph headed "Reorganisation" in this section below.

### Flourishing Honour Limited

On 27 July 2018, Flourishing Honour was incorporated in the BVI with limited liability. Flourishing Honour is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 par value each, of which one share of US$1.00 was allotted and issued to our Company for cash and at par on 18 January 2019. As a result, Flourishing Honour became a wholly-owned subsidiary of our Company.

Flourishing Honour is an investment holding company and the intermediate holding company of Ngai Chin.

### Ultimate Global

On 8 November 2018, Ultimate Global was incorporated in the BVI with limited liability. Ultimate Global is authorised to issue a maximum of 50,000 shares in a single class of US$1.00 par value each, of which 33, 10, 10, 15, 12, 10 and 10 shares were allotted and issued to Mr. Lo, Mr. Low Lek Huat, Mr. Low Lek Hee, Mr. Chua, Mr. Ding, Mr. Ng and Mr. Leong, respectively, for

cash at par on 2 January 2019. As a result, Ultimate Global became wholly-owned by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng as to 33.0%, 15.0%, 12.0%, 10.0%, 10.0%, 10.0% and 10.0%, respectively.

**Ngai Chin**

Ngai Chin, our indirect wholly-owned and principal operating subsidiary upon completion of the Reorganisation, undertakes the business of providing our interior fitting-out services in Singapore. It was incorporated in Singapore on 30 June 1986 with an issued share capital of S$4.00 comprising 4 shares of S$1.00 each, with each 1 share allotted to Mr. Low Lek Huat, Mr. Ong Kian Heng Gary, Mr. Leong Nam Heng and Mr. Lo each for a consideration of S$1.00 respectively.

From 1988 to 2014, the paid-up share capital of Ngai Chin increased from S$4.00 comprising of four shares of S$1.00 each to S$1,500,000 comprising 1,500,000 shares of S$1.00 each as a result of the below allotments.

On 1 November 1988, an aggregate of 49,996 shares were issued at a consideration of S$1.00 each to Mr. Lo, Mr. Leong Nam Heng and Mr. Low Lek Huat in the following manner: (i) 9,999 shares to Mr. Lo; (ii) 9,999 shares to Mr. Leong Nam Heng; and (iii) 29,998 shares to Mr. Low Lek Huat. Subsequent to such allotment, the issued share capital of Ngai Chin increased to S$50,000 comprising 50,000 shares of S$1.00 each.

On 29 July 1991, an aggregate of 50,000 shares were issued at a consideration of S$1.00 each to Mr. Lo, Mr. Leong Nam Heng and Mr. Low Lek Huat in the following manner: (i) 30,000 shares to Mr. Lo; (ii) 10,000 shares to Mr. Leong Nam Heng; and (iii) 10,000 shares to Mr. Low Lek Huat. Subsequent to such allotment, the issued share capital of Ngai Chin increased to S$100,000 comprising 100,000 shares of S$1.00 each.

On 30 June 1997, an aggregate of 200,000 shares were issued at a consideration of S$1.00 each to Mr. Lo, Mr. Leong Nam Heng, Mr. Low Lek Huat and Mr. Low Lek Guan in the following manner: (i) 118,000 shares to Mr. Lo; (ii) 40,000 shares to Mr. Leong Nam Heng; (iii) 40,000 shares to Mr. Low Lek Huat; and (iv) 2,000 shares to Mr. Low Lek Guan. Subsequent to such allotment, the issued share capital of Ngai Chin increased to S$300,000 comprising 300,000 shares of S$1.00 each.

On 5 December 1997, an aggregate of 200,000 shares were issued at a consideration of S$1.00 each to Mr. Lo, Mr. Leong Nam Heng, Mr. Low Lek Huat and Mr. Low Lek Guan in the following manner: (i) 118,000 shares to Mr. Lo; (ii) 40,000 shares to Mr. Leong Nam Heng; (iii) 40,000 shares to Mr. Low Lek Huat; and (iv) 2,000 shares to Mr. Low Lek Guan. Subsequent to such allotment, the issued share capital of Ngai Chin increased to S$500,000 comprising 500,000 shares of S$1.00 each.

On 1 January 2011, the following transfers were made by the shareholders set out below, with the consideration for each transfer determined based on the nominal value of S$1.00 for each share.

| Transferor | Transferee | Number of shares in Ngai Chin | Consideration |
|---|---|---|---|
| Lo Lek Chew | Chua Boon Par | 75,000 | S$75,000 |
| Lo Lek Chew | Ding Hing Hui | 10,000 | S$10,000 |
| Low Lek Huat | Ding Hing Hui | 50,000 | S$50,000 |
| Low Lek Guan | Ng Foo Wah | 50,000 | S$50,000 |
| Low Lek Guan | Leong Wai Kit | 50,000 | S$50,000 |
| **Total** | | 235,000 | S$235,000 |

Following such transfers, the shareholding structure of Ngai Chin was as follows:

| Name of Shareholder | Number of shares held in Ngai Chin | Shareholding percentage |
|---|---|---|
| Lo Lek Chew | 195,001 | 39.0% |
| Low Lek Huat | 69,999 | 14.0% |
| Chua Boon Par | 75,000 | 15.0% |
| Ding Hing Hui | 60,000 | 12.0% |
| Ng Foo Wah | 50,000 | 10.0% |
| Leong Wai Kit | 50,000 | 10.0% |
| **Total** | 500,000 | 100.0% |

On 18 February 2014, an aggregate of 1,000,000 shares were issued at a consideration of S$1.00 each to Mr. Chua, Mr. Ding, Mr. Low Lek Huat, Mr. Ng, Mr. Leong and Mr. Lo in the following manner: (i) 150,000 shares to Mr. Chua; (ii) 120,000 shares to Mr. Ding; (iii) 100,000 shares to Mr. Low Lek Huat; (iv) 100,000 shares to Mr. Ng; (v) 100,000 shares to Mr. Leong; and (vi) 430,000 shares to Mr. Lo. Subsequent to such allotment, the issued share capital of Ngai Chin increased to S$1,000,000 comprising 1,000,000 shares of S$1.00 each.

As a result of a series of aforementioned allotments and a series of transfers that occurred between 1988 and 2017, including but not limited to the transfer on 1 January 2011 and the transfer on 1 January 2017 as described below, Ngai Chin became jointly held by our Controlling Shareholders.

Subsequently. on 1 January 2017, Mr. Lo transferred 150,000 ordinary shares to his brother, Mr. Low Lek Hee for a total consideration of S$150,000, based on the nominal value of each share of S$1.00. As at 1 January 2017, the shareholding structure of Ngai Chin as held by our Controlling Shareholders was as follows:

| Name of shareholder | Number of shares held in Ngai Chin | Shareholding percentage |
|---|---|---|
| Lo Lek Chew | 495,000 | 33.0% |
| Chua Boon Par | 225,000 | 15.0% |
| Ding Hing Hui | 180,000 | 12.0% |
| Leong Wai Kit | 150,000 | 10.0% |
| Low Lek Hee | 150,000 | 10.0% |
| Low Lek Huat | 150,000 | 10.0% |
| Ng Foo Wah | 150,000 | 10.0% |
| **Total** | **1,500,000** | **100%** |

The share capital of Ngai Chin has remained unchanged after the foregoing and pursuant to the Reorganisation, Ngai Chin became and indirect wholly-owned subsidiary of our Company. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" below in this section.

## REORGANISATION

In preparation for the Listing, our Group has undergone the Reorganisation and the steps are as follows:

1. On 7 January 2019, 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. Upon its incorporation, the Initial Share was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited and was subsequently transferred to Ultimate Global on the same day.

2. On 27 July 2018, Flourishing Honour was incorporated in the BVI as a limited liability company. Flourishing Honour is authorised to issue a maximum of 50,000 shares of a single class with a par value of US$1.00 each. On 18 January 2019, Flourishing Honour allotted and issued one share to our Company for cash at par.

3. On 30 March 2020, a sale and purchase agreement was entered into among Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat, Mr. Ng and our Company, pursuant to which Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng transferred their entire shareholding interests in Ngai Chin to Flourishing Honour (being the nominee of our Company), in consideration of our Company (i) allotting and issuing 99 Shares to Ultimate Global (being the

nominee of Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng), credited as fully paid; and (ii) crediting the Initial Share as fully paid. On 30 March 2020, the transfer and the issue and allotment were properly and legally completed and settled.

## SHARE OFFER AND THE CAPITALISATION ISSUE

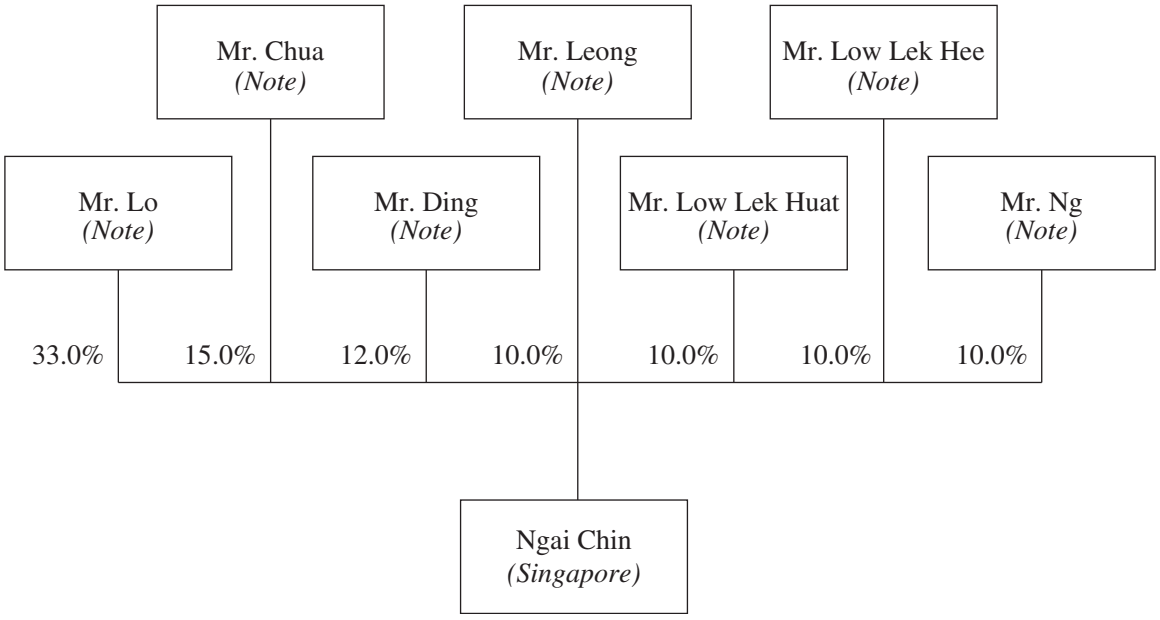
Upon completion of the Reorganisation but before the Share Offer and Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or options which may be granted pursuant to the Share Option Scheme), the entire issued share capital of our Company will be held by Ultimate Global, which is owned by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng as to 33.0%, 15.0%, 12.0%, 10.0%, 10.0%, 10.0% and 10.0%, respectively.

Conditional upon the creation of our Company's share premium account as a result of the issue of the new Shares pursuant to the Share Offer, an amount of HK$7,499,999 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 749,999,900 new Shares for the allotment and issue to the then existing Shareholders registered as such at the close of business on the date prior to the Listing Date (or as they may direct).

## CORPORATE STRUCTURE OF OUR GROUP

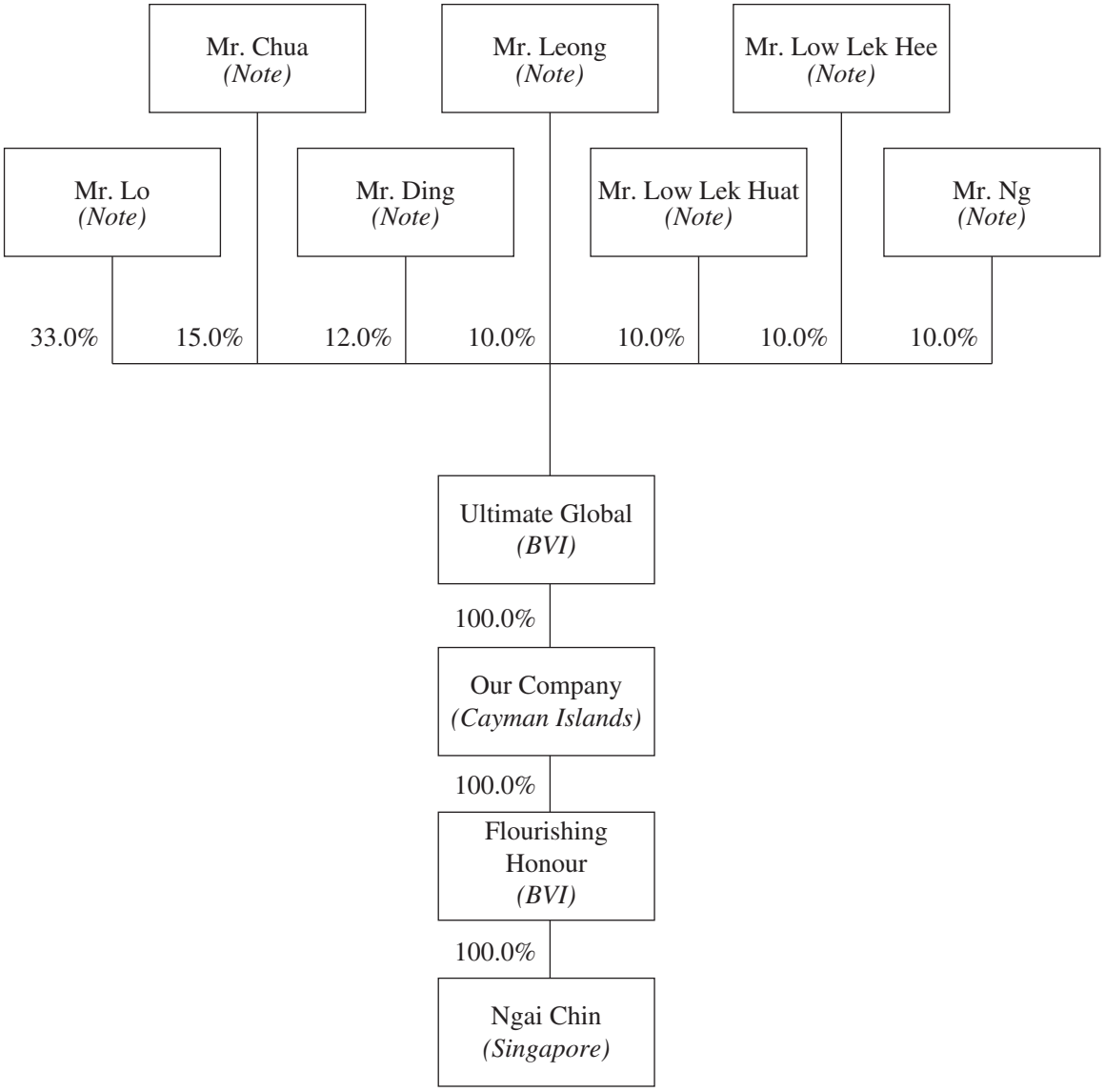
The following charts illustrate our corporate structure (i) immediately before the Reorganisation; (ii) immediately after the Reorganisation (but before the Share Offer, the Capitalisation Issue and without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme); and (iii) immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme):

The shareholding structure of our Group immediately before the Reorganisation is set out below:



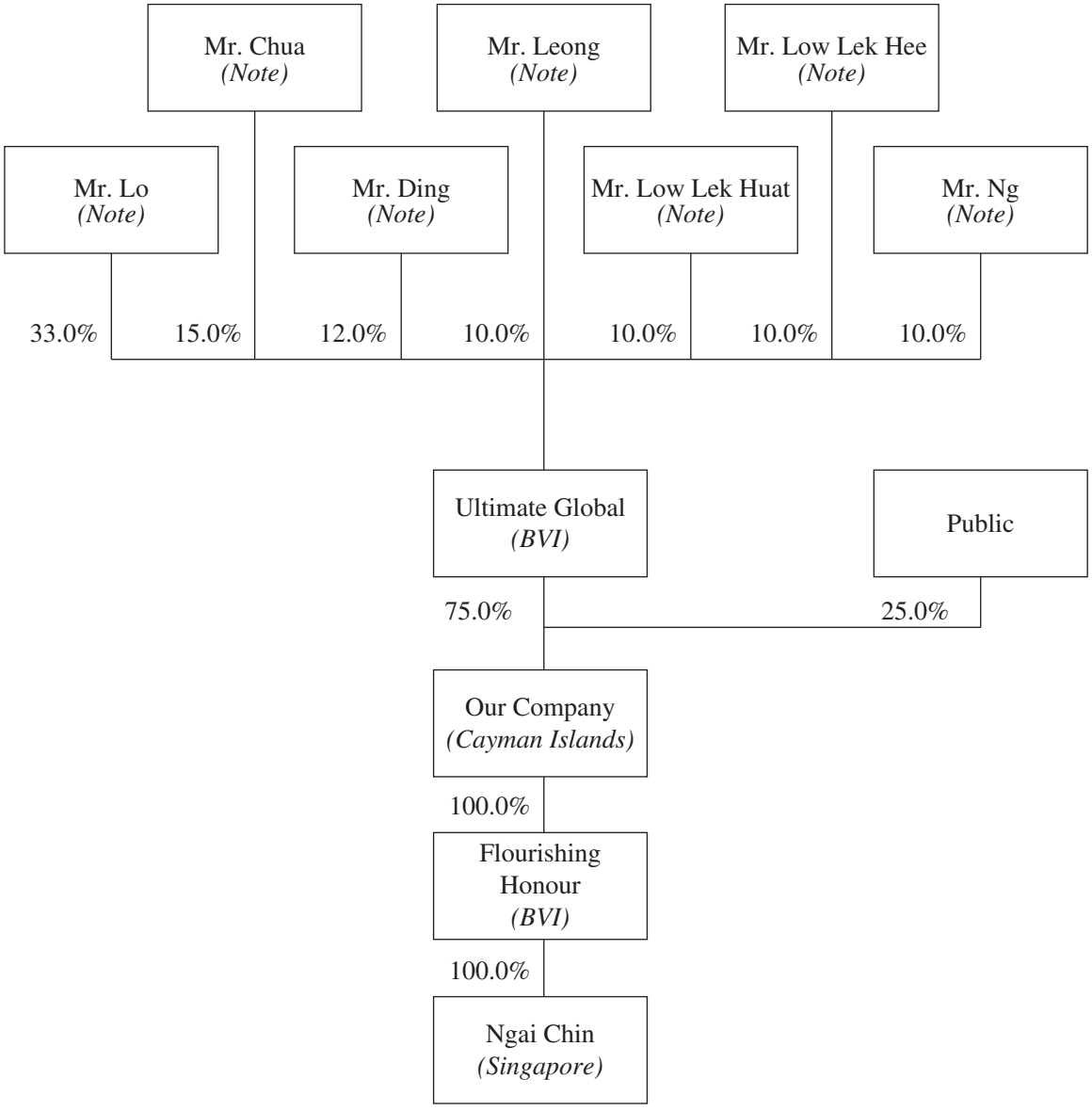

*Note:* Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng are a group of Controlling Shareholders during the Track Record Period and will continue to act as such upon Listing. Please refer to the paragraph headed "Our Controlling Shareholders" under the section headed "Relationship with our Controlling Shareholders" of this prospectus for further details.

The shareholding structure of our Group immediately after the Reorganisation (but before the Share Offer, the Capitalisation Issue and without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme) is set out below:




*Note:* Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng are a group of Controlling Shareholders during the Track Record Period and will continue to act as such upon Listing. Please refer to the paragraph headed "Our Controlling Shareholders" under the section headed "Relationship with our Controlling Shareholders" of this prospectus for further details.

The shareholding structure of our Group immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme) is set out below:




*Note:* Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng are a group of Controlling Shareholders during the Track Record Period and will continue to act as such upon Listing. Please refer to the paragraph headed "Our Controlling Shareholders" under the section headed "Relationship with our Controlling Shareholders" of this prospectus for further details.

## OVERVIEW

Established in 1986, we are a Singapore-based interior fitting-out services provider. As a testament to our success, we are ranked the third largest player by revenue in the interior fitting-out market in Singapore in 2018, according to the Frost & Sullivan Report. Interior fitting-out services typically involve the process of actualisation of designs in the interior space. Our interior fitting-out services include (i) project management and construction management of the interior fitting-out project; (ii) construction and installation of interior fitting-out works; (iii) customising, manufacturing and supply of carpentry/joinery and integral fixtures; and (iv) maintenance of the projects that we undertake on an ad-hoc basis.

Having a long operating history, we have amassed expertise in the interior fitting-out industry and have established a solid track record in providing interior fitting-out services in the private commercial sector. During the Track Record Period, our customers comprised (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors; and (iii) Professional Consultants, and our revenue was mainly derived from projects involving fitting-out works for office space.

Whilst we have, during the Track Record Period, mainly focused on providing interior fitting-out-services for office space, we have also, in the past, provided our interior fitting-out services for customers in the hospitality industry, including the interior fitting-out of hotel rooms and an F&B retail space. For instance, in 1986 and 1988, we had secured interior fitting-out projects for two international hotels located in Scotts Road and Orchard Road in Singapore. More recently, in 2016, we were awarded the tender for a Design and Build project involving guest rooms at a members club located in Stevens Road in Singapore. In 2017, we also undertook an interior fitting-out project for an F&B retail space at the Orchard Central shopping mall in Singapore. For more information, please refer to the section headed "History, Reorganisation and Group Structure" of this prospectus. Accordingly, we believe we have considerable experience in providing interior fitting-out services for a variety of private commercial projects including office space, F&B retail space and guest and hotel rooms.

We believe that one of the principal factors that has enabled us to operate in and continue to grow in the interior fitting-out industry is our ability to provide timely, efficient and effective solutions that meet the needs of our customers, which in turn has enabled our Group to garner the trust and appreciation from our customers and propelled our Group to become one of the reputable players in the interior fitting-out provider industry in Singapore. Equipped with our own factory and manufacturing premises, we are able to leverage on our in-house capacity and realise our customers' concepts so as to make them a reality with finesse and speed, which we believe has been critical to our success. We have our own workforce of construction and manufacturing workers for our project sites and our factory and manufacturing premises for our interior fitting-out projects which allows us to better control the quality and schedule of our works. As at the Latest Practicable Date, we have an aggregate of 350 employees. To achieve timely completion of our

projects, we leverage on our established relationships with our suppliers. Our established track record, experienced management team and good relationships with our major customers are key factors that allowed us to build up our strong reputation in the local interior fitting-out market.

During the Track Record Period, we provided our interior fitting-out services primarily in the following manner: (i) as the project and construction manager of the interior fitting-out project where we were responsible for, *inter alia*, the overall implementation of the interior fitting-out aspects of the projects which encompasses planning, coordinating, monitoring and supervising the project on-site, from the commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defects liability period; (ii) construction and installation of interior fitting-out works, where we were responsible for the actualisation of the designs; (iii) customising, manufacturing and supply of carpentry/joinery and integral fixtures; and (iv) providing maintenance of the interior fitting-out works after the defects liability period for the projects which we undertake on an ad-hoc basis.

Although we act as the main contractor in the majority of our interior fitting-out projects during the Track Record Period, there are also instances where we may be engaged as a subcontractor in an interior fitting-out project. For instance, our Group typically acts as a subcontractor when we are selected and engaged by the main contractor or the Professional Consultant through the nomination of the customer who had engaged that main contractor or Professional Consultant to oversee the project and/or carry out the works in connection therewith.

The following table sets forth a breakdown of our revenue by type of customers for the three years ended 31 December 2019:

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$'000 | % to total revenue | S$'000 | % to total revenue | S$'000 | % to total revenue |
| Owner/tenant | 55,772 | *77.7* | 65,153 | *80.3* | 62,064 | *81.0* |
| Construction contractor | 9,183 | *12.8* | 7,450 | *9.2* | 7,389 | *9.6* |
| Professional Consultant | 6,821 | *9.5* | 8,564 | *10.5* | 7,206 | *9.4* |
| **Total** | 71,776 | *100.0* | 81,167 | *100.0* | 76,659 | *100.0* |

The following table sets forth a breakdown of our revenue during the Track Record Period by our role as main contractors or subcontractors:

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$'000 | % to total revenue | S$'000 | % to total revenue | S$'000 | % to total revenue |
| Main contractor | 55,772 | *77.7* | 65,153 | *80.3* | 62,064 | *81.0* |
| Subcontractor | 16,004 | *22.3* | 16,014 | *19.7* | 14,595 | *19.0* |
| **Total** | 71,776 | *100.0* | 81,167 | *100.0* | 76,659 | *100.0* |

During the Track Record Period and up to the Latest Practicable Date, we undertook an aggregate of 144 interior fitting-out projects. As at the Latest Practicable Date, our Group had 19 projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced) with an aggregate of approximately S$62.0 million yet to be recognised as revenue after 31 December 2019, among which, approximately S$56.5 million and S$5.5 million are expected to be recognised as revenue for the year ending 31 December 2020 and the year ending 31 December 2021 and thereafter respectively.

According to the Frost & Sullivan Report, we expect to see a continued demand for interior fitting-out services in Singapore, due to factors including (i) the increase in the number of construction projects, which offers potential projects for interior fitting-out services; (ii) rising demand for the office segment of the interior fitting-out market; and (iii) rising number of aging buildings which require redevelopment. With our established market reputation and relationships with our customers and suppliers, we believe we are well-positioned to capture such growth. According to the Frost & Sullivan Report, with the increasing complexity of interior fitting-out projects, interior fitting-out service providers are extending their service scope to fulfil rising customers' expectations. In addition, we intend to implement our expansion plans (as detailed in the section headed "Business Strategies" of this prospectus) to become a comprehensive integrated interior fitting-out services provider who is able to provide our customers with a full suite of services for their interior fitting-out and ancillary needs. To achieve this business objective, we have plans to, *inter alia* (i) acquire a Singapore-based interior design company; (ii) establish an in-house MEP team which is registered under certain ME workheads; and (iii) strengthen our manpower, including setting up a Metal Works and Wet Works team. Leading market participants are seeking expansion opportunities through vertical integration and product portfolio diversification. Accordingly, we believe that diversifying our portfolio of services including interior design, MEP services, Metal Works and Wet Works services is crucial to our continued success in the current interior fitting-out market to garner market share and establish our reputation as an integrated interior fitting-out services provider.

Concurrently, we also intend to expand our existing customer base and take advantage of our past experiences in providing interior fitting-out services in the hospitality sector to explore more opportunities to increase our market share in the commercial interior fitting-out market in Singapore.

## COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our Group's success:

### We are one of the leading interior fitting-out companies in the industry in Singapore, specialising in the interior fitting-out services in the private commercial sector with an established and proven track record

Based on the Frost & Sullivan Report, we are ranked the third largest player by revenue in 2018 in the interior fitting-out market in Singapore. We have therefore established our market position as one of the leading interior fitting-out companies in Singapore.

We believe that our approach in striving to provide a comprehensive suite of interior fitting-out services gives our customers a convenient time and cost-saving option to obtain a comprehensive solution to their projects. Our range of interior fitting-out services includes the provision of project management and construction management services for the interior fitting-out project, interior fitting-out works, as well as the added capability, through our factory, to customise, manufacture and supply carpentry/joinery and integral fixtures in our projects. With our comprehensive services approach, we are able to manage and coordinate different aspects of an interior fitting-out project such as planning, sourcing, executing and coordinating with suppliers and subcontractors, and endeavour to deliver a result that meets or exceeds our customers' expectations.

We believe that with our track record of over 30 years in the interior fitting-out market, combined with our technical experience and strategic pricing, have been critical in enabling us to successfully compete against our competitors. During the Track Record Period, our revenue amounted to S$71.8 million, S$81.2 million and S$76.7 million, respectively. In this regard, we believe that such growth is primarily attributable to our established reputation and proven track record.

### We have long and well-established relationships with our major customers that include Professional Consultants and multinational corporations

Since our establishment in 1986, our Group has developed our relationships with customers who have appreciated our ability to produce quality results in a timely manner. During the Track Record Period, our portfolio of customers included (i) owners or tenants of commercial and light-industrial properties in Singapore; (ii) construction contractors; and (iii) Professional Consultants in Singapore. Certain of our Professional Consultants have worked with us for an average of five years and up to a term of 10 years, and have consistently invited us to participate in and/or submit tenders for their projects requiring interior fitting-out works. We believe it demonstrates the trust and understanding that our Professional Consultants have regarding our ability to meet their

requirements, as well as their customers' requirements for the project. Our Directors believe that an established relationship with our Professional Consultants would increase our recognition and visibility in the interior fitting-out industry in Singapore and increase our chances of being invited to participate in tenders.

Further, we believe that our ability to maintain good relationships with our customers will help to maintain a stable source of revenue to our Group. During the Track Record Period, apart from our Professional Consultants, our customers also include multinational corporations, major financial institutions and other multinational professional services firms. Our Directors believe that our Group can leverage on our existing relationships with these customers to further develop our reputation as a leading interior-fitting-out service provider and create new business opportunities in the future.

For further details in relation to our customers, please refer to the section headed "Business — Customers" in this prospectus.

**We manufacture carpentry/joinery and integral fixtures through our own production facility which enables us to achieve economies of scale and in turn lowers our production cost**

As customising, manufacturing and supply of carpentry/joinery and other integral fixtures is part and parcel of an interior fitting-out project, we believe that one of our strengths is in our ability to manufacture carpentry/joinery and integral fixtures through our own production facility located at 59 Sungei Kadut Loop, Singapore. We believe this distinguishes us from our competitors. According to the Frost & Sullivan Report, there is a limited number of interior fitting-out service providers who have their own production or process facilities in Singapore. We believe that the scale of our production enables us to achieve economies of scale which in turn lowers our production cost. Having our own manufacturing facility also enables us to actualise and realise the desired concepts of our customers or their consultants in a timely and efficient manner. We also believe that the manufacture of carpentry/joinery and integral fixtures through our own production facility would enable us to have greater flexibility in producing these carpentry/joinery and integral fixtures, which is one of the key materials in our projects. Further, our manufacture of millwork through our own production facility not only enables us to better manage the production schedule to help meet the timelines of our projects efficiently, but also enable us to control the quality of our products to ensure a high standard of quality and consistency. It also allows us to better control our cost structure since we are able to benefit from economies of scale and cost-effectiveness in our operations.

**We have an experienced and committed management team and each of our Executive Directors has over 15 years of experience in the interior fitting-out market**

Each of our Executive Directors has over 15 years of experience in the interior fitting-out market and they are instrumental in formulating our business strategies and spearheading the growth of our business operations. We believe that the combination of our strong management expertise,

together with our senior management team, have been and will continue to provide assurance to our customers that we are able to efficiently and effectively complete to our customers' satisfaction any project that we are contracted to perform.

Our experienced management team is overseen by our Executive Directors, namely Mr. Chua, Mr. Ding and Mr. Leong, who each has more than 15 years of experience in the interior fitting-out market. We believe that the combination of our Directors and our senior management team allows the Group to evaluate a project's specifications, resource needs and level of difficulty accurately. At the same time, it ensures that projects are carried out on a timely and reliable basis. For further details in relation to the qualification and experience of the Directors and our senior management team, please refer to the section headed "Directors and Senior Management" in this prospectus.

We believe that our Directors' experience and leadership together with a team of experienced staff operating together is the underlying backbone from which we can achieve our strategies and capture future growth and additional market share.

**We are able to effectively and efficiently manage our projects within our customers' time constraints and provide quality services to our customers**

We believe that we have built up a track record of completing projects on a timely basis and being able to consistently meet our customer's expectations and requirements. During the Track Record Period and up to the Latest Practicable Date, we have undertaken a total of 144 projects of which 125 projects were completed and the remaining 19 projects were still ongoing. As we typically undertake the project management and construction management aspects of our interior fitting-out projects, we were able to ensure that the projects are completed in a timely and efficient manner. Any delays may have a detrimental impact on our relationship with our customers and may tarnish our Group's track record. We believe that we have the sufficient experience and know-how to implement and manage our projects in a timely manner. Prior to accepting any potential projects, our management team will assess whether we have the ability to complete our customers' projects within their indicated timeframe.

To ensure the quality of our services, we have established a set of environmental, health and workplace safety ("**EHS**") policies and have committed to high safety standards and environmental impact control. For further details of our EHS policies, please refer to the section headed "Business — Environmental, health and workplace safety policy" in this prospectus. We have been continuously accredited with safety certifications such as ISO 14001:2004 and ISO 9001:2008 and bizSAFE STAR certifications for our interior fitting-out services, a testament to the systems and procedures that we have in place to deliver high quality services and that conform to Singapore's EHS regulations.

We believe that our ability to effectively and efficiently manage the delivery of services and materials from our suppliers under strict timelines while delivering high quality solutions has been a major factor that has enabled us to generate repeat customers.

## BUSINESS STRATEGIES

We are an established interior fitting-out services provider in Singapore. As a testament to our success, we are ranked as one of the top largest players amongst the interior fitting-out service providers in terms of revenue in Singapore in 2018. It is our aim to provide our customers with a full suite of quality services so as to be a comprehensive one-stop service provider for their interior fitting-out and associated needs. We believe that the ability to deliver a comprehensive suite of services is essential in maintaining and propelling our success in the interior fitting-out market in Singapore. This is supported by the fact that according to the Frost & Sullivan Report, market participants who are capable of delivering interior fitting-out solutions and associated works, such as interior design, MEP works, Metal Works and Wet Works, are preferred by customers in Singapore.

Leveraging on our success and the market sentiment as evidenced by the Frost & Sullivan Report, we intend to establish ourselves as an integrated interior-fitting-out service provider with the ability and capability to provide a wide range of interior fitting-out and associated services, including interior design services and MEP works.

We intend to achieve our business objectives by (i) acquisition of a Singapore-based interior design company; (ii) provision of MEP services in-house through talent recruitment and applying for registrations under certain ME workheads with the BCA; (iii) recruitment of new or additional skilled employees and support staff; (iv) rental of additional space to expand existing production facilities; (v) acquisition of new machinery and equipment; and (vi) investing in hardware and software to improve our technological capabilities.

Our key business strategies are as follows:

### 1. Acquisition of a Singapore-based interior design company

Our Directors believe that the interior design process is a crucial first step in most interior fitting-out projects. It involves working closely with the architects and customers to actualise a design which meets the customers' expectations and budgets in a functional and aesthetically pleasing manner. For our existing Design and Build projects, we work with external interior designers during the tender process and we undertake solely the interior fitting-out aspects of the scope of work, where we execute and actualise the design plans provided by the external interior designer. We therefore do not undertake any interior design-related works ourselves as we presently lack such capability.

We begin working together with the external interior designers at the tender stage. The external interior designer renders the initial designs required for the purposes of tendering, which we submit alongside our implementation proposal of such designs, in hopes that the tender would be awarded to us. This is premised upon the common understanding between the external interior designers and our Group, that if the tender were awarded to us, the design aspects of the tender will be sub-contracted by us to the said external interior designer. There are no separate contracts entered into between our Group and such external interior designer in

relation to the tender prior to the tender being awarded to us, and we are not required to pay or reimburse these external interior designers should we fail to be awarded the tender for the relevant contract. During the Track Record Period, the fees charged by external interior designers to our Group was approximately S$28,000, S$21,000 and S$142,500 for the three years ended 31 December 2019, respectively.

Our Group does not determine the fees charged by such external interior designers. Based on the experience and understanding of our Directors, the manner in which the external interior designers determine their fees is based on, amongst others, the complexity of the designs required by the customer and the amount of work required to be performed by the external interior designers, based on the design brief provided by the customer as part of the invitation to tender. We are informed of the proposed fee quoted by the external interior designer for the purposes of the tender, which in turn forms part of the overall tender bid submitted by us for the project to be considered by the customer.

Given that the interior design process is crucial in most of our projects, our Directors intend to use approximately HK$12.9 million (equivalent to approximately S$2.4 million), representing approximately 15.2% of the estimated net proceeds from the Share Offer to strategically acquire the entire or majority equity interest in a Singapore-based interior design company ("**Potential Target Company**") to attain synergistic benefits and position ourselves as an integrated interior fitting-out services provider (the "**Strategic Acquisition**"). In this regard, we have engaged an independent business advisory consultant (the "**Business Advisory Consultant**") to identify and shortlist suitable Potential Target Company in Singapore based on the selection criteria determined by us.

**(1)** ***Synergistic benefits of the Strategic Acquisition***

Based on our Directors' industry experience, when our customers such as Professional Consultants and building owners or tenants select their interior fitting-out providers, they would generally consider the in-house capabilities of the tenderers and their ability to provide a wide range of services, including in-house interior design services, involved in the interior fitting-out process. Given that we currently do not have in-house design expertise, as such, for Design and Build projects, which require us to come up with the design concept and drawings in addition to our usual interior fitting-out services, we would typically work with external interior designers to provide such designs before submitting the relevant documents for a tender of the Design and Build project. Acquisition of the Potential Target Company would help our Group achieve upstream growth, which would ultimately allow our Group to provide a more comprehensive and integrated suite of services to our customers. According to the Frost & Sullivan Report, it is increasingly common for customers to engage an interior fitting-out service provider which can provide integrated services, including interior design

works, for better overall project planning and implementation. Our Directors believe that it is a suitable time for the Strategic Acquisition having considered the following factors:

(a) *Growing opportunity cost incurred for lack of in-house design-related expertise*

Since 2017, our Group has received an increasing number of invitations to tender for Design and Build projects, and we believe that we have failed to secure Design and Build projects largely due to our lack of in-house design expertise and experience. From 2014 to 2017 (being three years prior to the Track Record Period), there were 15 Design and Build projects with a total contract sum of approximately S$13.9 million which we tendered for but failed to secure. During the Track Record Period and up to the Latest Practicable Date, there were 15 Design and Build projects with a total contract sum of approximately S$63.0 million which we tendered for but failed to secure. The contract sum for the Design and Build projects which we tendered but failed to secure has also risen over the Track Record Period, with the average contract sum for the two years ended 31 December 2018 amounted to approximately S$17.7 million per year, and increasing to S$27.7 for the year ended 31 December 2019 and up to the Latest Practicable Date.

We believe this indicates the growing opportunity cost to our Group stemming from the lack of in-house design capabilities. The total contract sums are estimated by our Directors based on the requirements of the work to be performed for these projects.

Particularly, in 2017, our Group failed to secure a sizeable Design and Build project with an estimated total contract sum of approximately S$19.0 million, as estimated by our Directors based on the requirements of the work to be performed.

Pursuant to feedback received by our Directors from such customer, the primary reason as to why we failed to secure the sizeable project was because we did not have the desired in-house design expertise which could support the demanding design services required. Based on the experience of our Directors, considerable customer interaction and coordination is required for the heavy design elements of such projects, in order to better conceptualise, finalise and deliver the design plans required throughout the whole project to the customer, and lack of an in-house design team has led to our Group being unable to secure this sizeable project.

(b) *Increased in competitiveness in the tender process*

Based on the experience of our Directors in tendering for Design and Build projects, having the relevant in-house design expertise is a key factor of consideration to our customers and possessing an in-house design team will be a

significant competitive advantage in securing Design and Build projects. Beyond the base expectation of service providers to efficiently consolidate and deliver on design-related instructions, customers also expect their feedback and input on design plans to be effected as quickly as possible; and at the same time have the ability to provide value-added design ideas such as space planning and utilisation. Our Directors consider that an externally-outsourced interior designer will be unable to respond to such customer feedback in a timely and efficient manner compared to having an in-house design team, given that we will be unable to control the priority in which external interior designers will place on our projects. By continuously relying on external interior designers for our tender submissions, our Group is and will continue to be comparatively disadvantaged to our competitors who can not only offer the same design terms and rates but are also able to produce a quicker and more efficient result for the customer. In addition, based on the experience of our Directors, there may be occasions where the external interior designers we collaborated with were asked to either submit their own bids or collaborate with other contractors in the tenders that we had participated in together. We do not have any exclusive arrangements with any exterior interior designers, and we are unable to obligate and prioritise their collaboration with us in participating in the tenders.

Furthermore, based on our Directors' experience and understanding, with a lack of in-house design expertise, the industry professionals/consultants engaged by our customers who evaluate Design and Build tenderers based on certain fixed criteria do not rank our Group as favourably as our competitors (who are able to provide in-house design services). As such, we are less competitive than other market players when it comes to securing such projects. According to the Frost and Sullivan Report, it is market practice that contractors with in-house design and build capability are preferred by Design and Build project owners and developers. According to the Building and Construction Authority, in 2018, over 80% of design and construction projects were awarded to contractors with in-house design capabilities. Therefore, our Directors consider it essential to possess an in-house design team to boost our service offerings and establish ourselves as an integrated interior fitting-out service provider and secure sizable Design and Build projects in the future.

(c) *Streamlining of business operations through vertical integration*

By acquiring an interior design company and subsuming interior design-related works as part of our core business, we will be able to achieve vertical integration in the design and production process, which can translate to, amongst others, improvements in efficiency, a better control over costs incurred, and improved quality of goods for our customers. We will also have better control over the terms of the tender bid (including design concepts) and the overall tender process, as coordination with external interior designer requires cooperation with said external interior designer over the preliminary designs submitted.

(d) *Market trends for Design and Build projects in the interior fitting-out market*

According to the Frost & Sullivan Report, the Design and Build segment for the interior fitting-out market is expected to grow at a CAGR of 6.8% from 2019 to 2023 due to rising project complexity and demand for customised design. There is an increasing number of interior fitting-out companies embracing the Design and Build business model in their overall project implementation, including design planning, coordination, monitoring and supervision for the whole construction period until completion. The number of Design and Build projects is also on the rise in the industry.

The following table sets forth a breakdown of the number of Design and Build projects and projects which only involve interior fitting-out works without the design aspect ("**Pure Interior Fitting-out**") with revenue recognised to our Group during the Track Record Period:

| | FY2017 | | | FY2018 | | | FY2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number of projects | Revenue recognised (S$'000) | % of total revenue | Number of projects | Revenue recognised (S$'000) | % of total revenue | Number of projects | Revenue recognised (S$'000) | % of total revenue |
| Design and Build | 8 | 8,690 | *12.1* | 9 | 7,912 | *9.7* | 11 | 7,927 | *10.3* |
| Pure Interior Fitting-out | 43 | 63,086 | *87.9* | 35 | 73,255 | *90.3* | 63 | 68,732 | *89.7* |
| **Total** | 51 | 71,776 | *100.0* | 44 | 81,167 | *100.0* | 74 | 76,659 | *100.0* |

Throughout the Track Record Period, the number of Design and Build projects we have worked on with revenue recognised to our Group has steadily increased from eight projects in the year ended 31 December 2017 to 11 projects in the year ended 31 December 2019, with the average revenue recognised per year for the three years ended 31 December 2019 at approximately S$8.2 million.

While our Group has been able to secure a consistent amount of Design and Build projects during the Track Record Period, these projects are generally smaller in nature with an average contract sum of approximately S$1.5 million and the designs required are relatively simple. For the Design and Build projects our Group had failed to secure, the design aspects of such Design and Build projects tend to form a more demanding aspect of the project and the designs required were generally more sophisticated in nature, with an average contract sum of approximately S$4.2 million. As a result, customers may select only the external interior designer based on their preliminary design concepts, without selecting our Group for the interior fitting-out aspects of the scope of work, even though our tender bid was submitted together.

The following table sets forth the gross profit margin of the Design and Build projects and the Pure Interior Fitting-out works which we undertook during the Track Record Period:

| | FY2017 | | | FY2018 | | | FY2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total revenue recognised (S$'000) | Gross Profit (S$'000) | Gross Profit margin (%) | Total revenue recognised (S$'000) | Gross Profit (S$'000) | Gross Profit margin (%) | Total revenue recognised (S$'000) | Gross Profit (S$'000) | Gross Profit margin (%) |
| Design and Build | 8,690 | 2,219 | *25.5* | 7,912 | 2,512 | *31.7* | 7,927 | 1,905 | *24.0* |
| Pure Interior Fitting-out | 63,086 | 13,050 | *20.7* | 73,255 | 12,835 | *17.5* | 68,732 | 13,985 | *20.3* |
| **Total** | 71,776 | 15,269 | *21.3* | 81,167 | 15,347 | *18.9* | 76,659 | 15,890 | *20.7* |

Based on the projects with revenue recognized to the Group during the Track Record Period, the gross profit margin of the Design and Build projects are consistently higher than the gross profit margin for the Pure Interior Fitting-out projects.

In light of the above, our Directors consider that it is a suitable timing to undertake the Strategic Acquisition now to value-add to our existing services offerings and potentially increase profit margins for our projects. Our Group had previously not considered the Strategic Acquisition as a viable option as we did not have sufficient financial resources to undertake the Strategic Acquisition whilst maintaining our existing scale and operations concurrently.

**(2)** ***Commercial rationale for Strategic Acquisition***

Our Directors have considered the viability of developing our team for interior design works internally either through recruitment of additional staff or provision of relevant trainings to our existing staff. However, taking into consideration (i) the time required and uncertainty involved in recruiting and/or training an established team of skilled workers in interior design works; and (ii) the lack of proven track record for directly undertaking interior design projects, our Directors consider that it is not commercially favourable for us to do so.

As confirmed by our Directors, it is a common industry practice for our customers such as Professional Consultants and building owners or tenants to consider the track record and/or operating history in the provision of interior design services during the tender process. Given that we have limited experience in interior design in the past, our Directors consider that it is difficult for us to build up our track record within a relatively short period of time. Furthermore, following the completion of the Strategic Acquisition, the experience which the management and skilled personnel in the Potential Target Company would possess could ensure that our Group provides high quality interior design services.

**(3)** ***Identification and selection of Potential Target Company***

In order to find a suitable company for the Strategic Acquisition, we have engaged the Business Advisory Consultant to identify and select the Potential Target Company, based on the following criteria:

(a) *Financial requirement*

- Overall profit-making for the past three financial years with EBITDA of approximately S$0.45 million or above for the latest financial year
- Being available for sale at a price-to-earnings ratio of approximately 6–8 times
- Gearing ratio below 20.0% (excluding mortgage loan, if any)
- No material contingent liabilities
- With net assets position

(b) *Operation requirement*

- Solely operated in Singapore
- Over 10 employees
- Track record of at least three years in providing interior design for corporate offices, and/or the hospitality sector

(c) *Legal proceedings and/or non-compliance*

- No material on-going legal proceeding or non-compliances based on public search results
- No current tax disputes with the Singapore tax authority

(d) *Others*

- The existing management and qualified personnel of the Potential Target Company shall agree to continue with their employments for at least two years after the Strategic Acquisition

Our Directors selected the above criteria in order to select a reputable interior design firm with an existing customer base. Following the Strategic Acquisition of the Potential Target Company, we intend to gain access to their customer base, especially

those in the hospitality sector, and market ourselves as an integrated interior fitting-out solutions provider that is able to undertake both interior design and interior fitting-out aspects of the project.

During the screening process, the Business Advisory Consultant performed, *inter alia*, the following procedures:

- Initial shortlisting based on the financial information of the Potential Target Company available from the Accounting and Corporate Regulatory Authority of Singapore and other sources of information;

- Preparing brief profiles of the Potential Target Company based on further research; and

- Initiating contact with potential vendors of the Potential Target Company after completing the foregoing shortlisting.

As at the Latest Practicable Date, the Business Advisory Consultant has shortlisted a total of four Potential Target Company which fulfills the above criteria.

Our Directors intend to approach these Potential Target Companies after the Listing to discuss the Strategic Acquisition. As at the Latest Practicable Date, we have not entered into any formal discussion or any form of transaction documents with any of the Potential Target Companies or any of their vendor(s).

The Business Advisory Consultant has been and will continue to identify other additional suitable companies for our further consideration and selection until we have reached a final decision on the target of acquisition after the Listing. In the event that the cost of the Strategic Acquisition exceeds S$2.4 million, we will finance the shortfall with our own internal resources.

**(4)** ***Risks associated with the Strategic Acquisition***

Notwithstanding the abovementioned synergistic and commercial benefits of the Strategic Acquisition, the Strategic Acquisition would also give rise to certain execution risks which are more particularly described in the section headed "Risk Factors — We may not be able to successfully implement our business plans" of this prospectus:

(a) Our Group has no experience in managing an interior design business and may be unfamiliar with the business processes and systems of the Potential Target Company. Accordingly, we may face difficulties in managing the business and operations of the Potential Target Company. Our Group intends to mitigate this risk by ensuring that the existing management and qualified personnel of the Potential Target Company agree to continue with their employment for at least two years after the completion of the Strategic Acquisition to ensure continuity in management of the Potential Target Company.

(b) We may face challenges in integrating the assets, operations and technologies of the Potential Target Company. Any failure to integrate our existing business effectively with the Potential Target Company could lead to operational inefficiencies. Our Group intends to mitigate this risk by retaining, as far as possible, the existing assets, operations and technologies of the Potential Target Company, and ensuring that the new technology we intend to adopt as set out in the section headed "Business Strategies — Investing in hardware devices and computer software to enhance our information technology capability and project implementation efficiency" such as the Enterprise Resource Planning System would also be adopted by the Potential Target Company to ensure that the systems are integrated.

(c) The Strategic Acquisition may affect our existing relationships with our external interior designers with whom we currently work with for our Design and Build projects. In the event our in-house interior design team does not have the capacity and resources to undertake all the interior design related work in our Design and Build projects, we may still have to engage external interior designers, who may offer us a less competitive pricing as they may view us a competitor.

(d) Having considered the synergistic benefits of the Strategic Acquisition as disclosed above, our Directors are of the view that after the Strategic Acquisition, the Potential Target Company will focus on working on our Group's Design and Build projects with priority. Given that these Potential Target Companies are relatively small in scale (i.e. with approximately of 20 employees on average), they may not have enough resources to concurrently undertake the Group's projects and, as well as projects from their existing customers at the same time. There is accordingly no guarantee that the Potential Target Company would be able to continue to derive profit from its existing customers which may affect its financial results. Having considered the fact that our Group has received increasing number of invitations from customers and/or Professional Consultants to tender for Design and Build projects, our Group intends to mitigate this risk by tendering for more Design and Build projects after the completion of the Strategic Acquisition, to fully utilise the capacity of the Potential Target Company and ensure a stream of revenue in the Potential Target Company, while overseeing its operating costs and expenses to ensure that they are kept low.

However, having regard to the potential benefits of the Strategic Acquisition and the proposed methods to mitigate the execution risks, our Directors consider that it would be beneficial to our Group as a whole to undertake the Strategic Acquisition.

**2. Provision of MEP services in-house through talent recruitment and applying for registration under certain ME workheads**

According to the Frost & Sullivan Report, MEP works are an important process and refer to the contracting or subcontracting works conducted by MEP specialists, who are responsible for the design, installation, operation, monitoring and maintenance of a range of specialised systems such as air-conditioning, refrigeration and ventilation works, electrical works, fire protection and plumbing works.

During the Track Record Period, the MEP works in our projects are subcontracted to MEP specialists and we presently have limited capabilities to provide such services ourselves. Our Directors consider that it is now an opportune time to set up an in-house MEP team. Not only is it our goal to become an integrated interior fitting-out service provider, we are aware that our competitors are starting to establish their own in-house MEP teams. Our Directors believe that we have genuine business needs to set up an in-house MEP team to remain competitive in the market and continue offering our customers competitive service packages.

We intend to recruit and train the relevant qualified personnel required for us to apply for the following ME workheads in L3 grade: (i) ME01 (Air-conditioning, Refrigeration & Ventilation works); (ii) ME05 (Electrical Engineering); (iii) ME06 (Fire Prevention & Protection Systems); and (iv) ME12 (Plumbing & Sanitary Works) for the provision of ACMV, Electrical Engineering, Fire Protection and Plumbing services respectively. According to the Frost & Sullivan Report, engagement in interior fitting-out and MEP works enables the contractors to be more involved in the master planning of the entire project, which increases the possibility of being awarded contracts in the tender process.

**(1)** ***Rationale for establishing an in-house MEP team and applying for certain ME workheads***

Our Directors believe that obtaining the aforementioned ME workheads would strengthen our ability to provide integrated interior fitting-out services for the following reasons:

(a) *Pre-qualification considerations in the tender process*

As confirmed by our Directors, in determining the eligibility of the tenderers prior to the invitation to tender process, customers usually consider the registrations which the company has obtained under the CRS. Accordingly, our Directors are of the opinion that possession of the ME01, ME05, ME06 and ME12 workhead registrations with a L3 grade or above would increase our competitiveness in the tender process and increase our chances of being awarded the tender. This will in turn enhance our industry reputation and market presence in the interior fitting-out market.

In addition, as confirmed by our Directors, there are also certain projects which require MEP service providers to be registered under the CRS as a pre-requisite before submitting for the tender. Although there is no requirement for companies to be registered under any ME workheads in the private sector, our customers of MEP services do consider the registration level of the tenderer when considering the tenderer's capabilities and may require the tenderer to submit copies of their ME workhead registration licence for their consideration. During the Track Record Period, we tendered for 115, 73 and 53 projects that involved MEP works, with total initial contract sums of approximately S$179.8 million, S$256.6 million and S$131.3 million, respectively. We were awarded a total number of 19, 21 and 27 projects with total initial contract sums of approximately S$20.0 million, S$46.6 million and S$56.2 million, respectively. All of the tenders required the MEP service provider/subcontractor to provide their ME workhead registration licence for the customers' consideration. Accordingly, enhancing our capacity to provide MEP services in-house and obtaining the registrations under the CRS will enable us to participate in a larger range of tenders, and thereby enlarging our customer base.

(b) *Cost-saving benefits from providing MEP services in-house*

As confirmed by our Directors, MEP works represent a significant portion of the contract sum of the project, being on average approximately 30.0% of the total contract sum. We currently subcontract the provision of MEP services in our projects to our specialised subcontractors. During the Track Record Period, the subcontracting costs incurred by us for the MEP services amounted to approximately S$15.7 million, S$25.9 million and S$18.5 million, representing approximately 27.8%, 39.3% and 30.4% of our total costs of services, respectively. Among which, subcontracting costs amounting to approximately S$8.5 million, S$6.0 million and S$1.9 million, representing approximately 15.0%, 9.1% and 3.1% of our total costs of services respectively, were related to MEP works which were required to be subcontracted out pursuant to the requirements of the customer (and therefore could not be performed in-house). Our Directors are of the view that enhancing our capability to provide MEP services in-house would reduce the use of subcontractors to provide MEP services to our customers, and 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.

For illustrative purposes, our Directors consider that if we had carried out MEP services in-house during the Track Record Period, our hypothetical profit before taxation during the Track Record Period as a result of costs savings would be as follows:

| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| | (S$ million) | (S$ million) | (S$ million) |
| Actual subcontracting costs incurred by our Group for the MEP services | 15.7 | 25.9 | 18.5 |
| Estimated cost incurred if we provide a portion of our MEP services in-house[(1)] | 13.7 | 22.7 | 16.2 |
| Estimated cost savings and increase in profit before taxation if we provide a portion of our MEP services in-house | 2.0 | 3.2 | 2.3 |

*Note:*

(1) The estimated cost savings are calculated by deducting the following items that we would incur from the subcontracting charges that would be saved if we provide a portion of our MEP services in-house: (i) the additional staff cost, (ii) the additional rental and utilities expenses for the New Rented Property and depreciation expenses for MEP equipment of approximately S$187,000 for the three years ended 31 December 2019 that would be incurred by us from our planned acquisition of 150 units of MEP equipment (including but not limited to diamond cutting machine, line and point lasers, grinders, cordless rotary hammers and cordless drill drivers), and (iii) the additional costs of materials that would be incurred by us for procuring the materials in relation to these works.

Save as the aforesaid additional cost items, our Directors confirm that there are no other material cost items which should be included in the cost-saving analysis of utilising our own manpower as compared to delegating the works to our subcontractors.

According to our Directors' years of industry experience, the subcontracting fees charged by MEP subcontractors would usually include a profit markup of approximately 25%. In light of the above, our Directors are of the view that the provision of MEP services in-house would generally enable us to save costs and increase the profit margins of our projects.

(c) *Maintaining customer relationships through MEP maintenance works*

Contractors who undertake MEP works in-house will also generally be responsible for ongoing maintenance and servicing of the MEP works after completion of the project and during the defects liability period. If the MEP services are provided in-house, we would typically be responsible for the on-going servicing and maintenance of the MEP works during this period. During the Track Record Period, we subcontracted all of our MEP services, which led to our customers engaging these subcontractors for maintenance of MEP works.

Accordingly, our Directors consider that establishing our own MEP capabilities in-house would enable us to maintain working relationships with our existing customers, especially after completion of a project.

**(2)** ***Implementation plan to establish in-house MEP team and register for ME workheads***

In order to apply to be registered under the aforementioned ME workheads with the BCA, we will have to employ the requisite personnel to satisfy the registration requirements for a company applicant, including possessing certain qualified persons who hold a minimum technical qualification, professional qualification or certification. To register for the ME01, ME05, ME06 and ME12 workheads, we will have to employ at least one personnel with a minimum technical qualification with a recognised diploma as approved by the BCA ("**T**") for grades L1 to L2, and at least two Ts for grades L3 to L4, with the relevant technical qualification required for each workhead. Please refer to the section headed "Regulatory Overview — Regulatory requirements for registration with the CRS under the ME workhead" of this prospectus for further information on the requirements for the ME workheads. As at Latest Practicable Date, Ngai Chin possesses the L1 grade in ME01, ME05 and ME06 workheads. The following table sets forth our implementation plans and status of our progress as at the Latest Practicable Date in applying for registration for the ME12 workhead for L1 grade:

| Workhead | Grade | Financial | Status | Track Record | Status | Personnel | Status | Certifications | Status |
|---|---|---|---|---|---|---|---|---|---|
| ME12[(1)] | L1 | Minimum paid-up capital and minimum net worth of S$10,000 | Attained | No track record required | Attained | Employ at least one (1) T with at least one (1) RP/P/T with BCCPE | Not attained[(2)]<br><br>As at the Latest Practicable Date, we have one (1) T under our employment with BCCPE | bizSAFE Level 3/ISO 45001/ OHSAS 18001 | Attained. Our Group has attained the bizSAFE Level Star, which is the highest level awarded |

*Notes:*

(1) For more information, please refer to the notes to the table setting out the registration requirements for the ME12 workhead for L1 grade at the section headed "Regulatory Overview — Regulatory requirements for registration with the CRS under the ME workhead".

(2) For the ME12 workhead registration, applicants must possess a full time employee who either has a valid Public Utilities Board Licence or an Energy Market Authority Gas Service Worker Licence. As at the Latest Practicable Date, our Group has yet to employ the relevant qualified person with the aforementioned qualification.

As our Group has fulfilled the registration requirements for the ME12 workhead for L1 grade save for the employment of the relevant qualified persons, our Group intends to apply for the ME12 workhead for L1 grade in the second quarter of 2020, barring any unforeseen circumstances. The application process may take one to two months' time.

Notwithstanding the foregoing, our Directors believe that the L1 grading in the ME workheads which we currently possess and the ME12 workhead we intend to apply for is insufficient for our interior fitting-out projects, as our competitors who provide MEP services would typically possess at least an L3 grade for their ME workheads. Accordingly, our Directors consider it necessary for our Group to employ additional qualified personnel which would allow us to successfully register for a L3 grade or above for the aforementioned ME workheads.

The following table sets forth our implementation plans and status of our progress as at the Latest Practicable Date in applying for registration for the L3 grading under each of the ME01, ME05, ME06 and ME12 workheads:

| Workhead | Grade | Financial | Status | Track Record | Status | Personnel | Status | Certifications | Status |
|---|---|---|---|---|---|---|---|---|---|
| ME01 | L3 | Minimum paid-up capital and minimum net worth of S$150,000 | Attained | Completed projects in the past three (3) years with an aggregated contract value of at least S$3 million | Not attained | Employ at least two (2) T with at least one (1) RP/P/T with BCCPE | Not attained.<br><br>As at the Latest Practicable Date, we have one (1) T under our employment with BCCPE | bizSAFE Level 3/ISO 45001/ OHSAS 18001 | Attained. Our Group has attained the bizSAFE Level Star, which is the highest level awarded |
| ME05 | L3 | Minimum paid-up capital and minimum net worth of S$150,000 | Attained | Completed projects in the past three (3) years with an aggregated contract value of at least S$3 million | Not attained | Employ at least two (2) T with at least one (1) RP/P/T with BCCPE | Not attained.<br><br>As at the Latest Practicable Date, we have one (1) T under our employment with BCCPE and one (1) EMA electrician under our employment, who can only be considered as a T for L1 | bizSAFE Level 3/ISO45001/ OHSAS 18001 | Attained. Our Group has attained the bizSAFE Level Star, which is the highest level awarded |
| ME06 | L3 | Minimum paid-up capital and minimum net worth of S$150,000 | Attained | Completed projects in the past three (3) years with an aggregated contract value of at least S$3 million | Not attained | Employ at least two (2) T with at least one (1) RP/P/T with BCCPE | Not attained.<br><br>As at the Latest Practicable Date, we have one (1) T under our employment with BCCPE | bizSAFE Level 3/ISO45001/ OHSAS 18001 | Attained. Our Group has attained the bizSAFE Level Star, which is the highest level awarded |
| ME12 | L3 | Minimum paid-up capital and minimum net worth of S$150,000 | Attained | Completed projects in the past three (3) years with an aggregated contract value of at least S$3 million | Not attained | Employ at least two (2) T with at least one (1) RP/P/T with BCCPE | Not attained.<br><br>As at the Latest Practicable Date, we have one (1) T under our employment with BCCPE | bizSAFE Level 3/ISO45001/ OHSAS 18001 | Attained. Our Group has attained the bizSAFE Level Star, which is the highest level awarded |

*Note:*

(1) For more information, please refer to the notes to the table setting out the registration requirements for the ME01, ME05, ME06 and ME12 workheads in L3 grade at the section headed "Regulatory Overview — Regulatory requirements for registration with the CRS under the ME workhead".

As one of the registration requirements for the L3 grade under each of the ME01, ME05, ME06 and ME12 workheads is to have a track record of completed projects which are relevant to the particular workhead in the past three years with an aggregated contract value of at least S$3 million, we intend to apply for the L3 grade for the aforementioned workheads after we have taken on a sufficient number of projects with MEP services with the support of our in-house MEP team. Barring any unforeseen circumstances, we expect to be able to apply for the L3 grade for the aforementioned workheads in June 2021.

To support the provision of our MEP services in-house, we intend to recruit the following personnel in our MEP team:

| Type of MEP personnel to be recruited | Number of staff |
|---|---|
| Senior MEP Designer | 1 |
| Engineer | 1 |
| Technical Adviser | 1 |
| Project Manager (Technology) | 1 |
| IT, AV and security access system specialists | 3 |
| Project Manager (Electrical) | 1 |
| Electrical specialists | 2 |
| Project Manager (ACMV and P&S) | 1 |
| ACMV and P&S specialists | 2 |
| Project Manager (Fire Protection) | 1 |
| Fire Protection specialists | 1 |
| Site/Safety Supervisor | 1 |
| MEP workers | 19 |
| **Total** | **35** |

In connection with our business expansion and strategy of providing certain MEP services in-house, we intend to use approximately HK$13.7 million (equivalent to approximately S$2.5 million), representing approximately 16.1% of the net proceeds from the Share Offer to recruit the aforementioned skilled workers and support staff for provision of our in-house MEP services.

**3. Recruitment of new or additional skilled employees and support staff to strengthen our in-house capacity to undertake more projects**

Interior fitting-out works are considered to be relatively labour-intensive in nature, and our ability to undertake and complete new projects is highly dependent on whether we have the internal personnel capacity to manage and complete our existing projects. Each fitting-out project, depending on the scale of the project, will typically involve project management staff (including project managers, site supervisors and safety supervisors), QS staff and

procurement and sourcing staff. As at the Latest Practicable Date, we have 17 employees in our contracts and QS department, 34 employees in our project department and 15 employees in our production department who are responsible for the day-to-day handling of our projects. Our Directors consider that expanding our team of skilled employees equipped with appropriate knowledge and experience in each field is crucial to our continual success and to further penetrate the interior fitting-out market.

In this regard, we intend to expand and strengthen our manpower by recruiting new or additional skilled employees and support staff including (i) new skilled employees to set up an in-house Metal Works and Wet Works team; (ii) employees for our new sales and marketing team; (iii) additional employees to expand our existing QA/QC teams; and (iv) other site workers to support our projects on-site. We intend to use approximately HK$13.7 million (equivalent to approximately S$2.5 million), representing approximately 16.1% of the estimated net proceeds to strengthen our manpower to increase our capacity to undertake additional interior fitting-out projects.

**(1)** ***Commercial rationale for recruitment of new or additional skilled employees and support staff***

Our Directors consider it necessary to expand and strengthen our manpower for the following reasons:

(a) *Increasing market demand for interior fitting-out services*

As set out in the Frost & Sullivan Report, with the expediting of land planning and development and surging demand from the office segment, the commercial sector (which comprise of office space and hospitality segments), is expected to grow at a CAGR of 7.9% from 2019 to 2023.

In relation to interior fitting-out projects involving office space, according to the Frost & Sullivan Report, it is expected that there will be a rising demand in such projects from co-working operators and technology firms, as well as financial institutions due to office relocations. Given our established track record, good relationships with our customers in the office segment and experience in providing interior fitting-out services for commercial offices, our Directors consider that it is necessary for us to strengthen our manpower to increase our capacity to undertake additional interior fitting-out projects involving office space in order to capture the increase in demand for such projects.

In addition, according to the Frost & Sullivan Report, the hospitality sector (which comprises, amongst others retail space and hotel rooms) is expected to grow from 2019 to 2023, with retail spaces (being space used for shops, F&B, entertainment and health and fitness purposes) estimated to record an increase at a CAGR of 6.8% from 2019 to 2023, with an average of approximately 300,000 square metres GFA under construction each year from 2019 to 2023.

Considering our past experiences in providing our interior fitting-out services in the hospitality sector in 1986 and 1988, where we undertook interior fitting-out projects for two hotels located at Scotts Road and Orchard Road respectively and the growth opportunities in the hospitality sector, our Directors consider that it is strategic to expand our existing customer base and explore opportunities in the hospitality sector which would require bulk quantity and standardised versions of the same furniture and carpentry units to be installed throughout the premises (such as hotel projects). Throughout our operating history, we have established long term relationships with some of our Professional Consultants and according to the Frost & Sullivan Report, contractors who have long-established partnerships with their clients (which in our case, includes the Professional Consultants), are on the preferred tender lists of these Professional Consultants and therefore would more likely be invited for tender submissions. Furthermore, according to the Frost & Sullivan Report, there is a limited number of interior fitting-out services provider with their own production facilities in Singapore and significant barriers to entry for interior fitting-out contractors, which includes, amongst others, substantial initial capital outlay, well-established networks with key clients, and industry reputation and expertise. As such, our Directors believe that we have the ability and are in an advantageous position to capture the growing demand for hospitality projects.

To further capture market share in the private commercial sector and expand our existing client base, we intend to strengthen our business development initiatives by setting up a new sales and marketing team, which will be a direct liaison point for our new and recurring customers. Further, we intend to strengthen our sales force and direct our marketing efforts in reaching out to potential customers in the office and hospitality sector in Singapore to seek new business opportunities. Our Directors believe that our new sales and marketing team will enable us to tap into new market sectors within the office and hospitality sector, and expand our clientele as a result.

(b) *Cost-saving benefits from providing more in-house services*

In the provision of our interior fitting-out services, we will typically engage subcontractors in three situations: (i) to carry out works which are required to be subcontracted out pursuant to the requirements of the tender or the main contract with the main contractor of the project (i.e. nominated sub-constructor); (ii) to carry out works which we do not have the relevant expertise to carry out such as MEP services, Metal Works and Wet Works; and (iii) to carry out works which we lack the capacity and resources to undertake such as the manufacturing of carpentry/ joinery and other integral fixtures at the relevant time. For the three financial years ended 31 December 2019, the subcontracting costs (excluding subcontracting costs incurred for MEP services) incurred by us amounted to approximately S$27.2 million, S$25.9 million and S$27.2 million respectively, representing approximately 48.1%, 39.3% and 44.8% of our total costs of services, respectively.

According to our Directors' years of experience, the subcontracting fees charged by Metal Works and/or Wet Works subcontractors would usually include a profit markup of approximately 20.0% to their customers. There is no assurance that our subcontractors will not increase their subcontracting costs in the future and we may not be able to control our costs for each project efficiently. Therefore, our Directors are of the view that reducing the use of subcontractors and providing Metal Works and Wet Works services in-house would generally enable us to reduce our costs and increase our profit margins for projects. This would allow us to increase our competitiveness in the market through, for example, the ability to offer more competitive pricing to our customers.

(c) *Improve efficiency and reduce delays*

Our Directors believe that possessing our own Metal Works and Wet Works capabilities would also lead to operational efficiency and ensure a high quality of the relevant products produced. In addition, as we will have control over the entire Metal Works and Wet Works workstream, we will also be able to respond quickly to any requests for variations by our customers during the course of the project, ensuring that any delays as a result of such variation are minimised. During the three financial years ended 31 December 2019, the variation orders of the projects undertaken by our Group amounted to approximately S$3.5 million, S$9.7 million and S$1.7 million respectively. Considering that the variation orders performed by our Group amounted to an average of approximately S$5.0 million per year during the Track Record Period, our Directors believe that it is crucial to have control over the entire Metal Works and Wet Works workstream by setting up our in-house Metal Works and Wet Works team so that we will be able to respond quickly to requests for variation orders by our customers and minimise any delays in the project as a result of such variation.

**(2)** ***Implementation of our recruitment strategy to expand our manpower***

(a) *Setting up an in-house Metal Works and Wet Works team*

To support the provision of our Metal Work and Wet Works services in-house, we intend to recruit the following personnel in our Metal Work and Wet Works team:

| **Type of Metal Work and Wet Work personnel to be recruited** | **Number of staff** |
|---|---|
| Project and Operation Manager | 1 |
| Site Manager | 2 |
| Welder | 3 |
| Tiler | 3 |
| **Total** | **9** |

We intend to use approximately HK$5.4 million (equivalent to approximately S$1.0 million), representing approximately 6.3% of the net proceeds from the Share Offer to recruit the aforementioned skilled workers.

There is no requirement for us to be registered under any workheads under the CRS for the provision of our services in the private sector, including the Metal Work and Wet Work services. Whilst our Directors are of the view that it is necessary for us to apply for the ME01, ME05, ME06 and ME12 workheads for L3 grade for the provision of our MEP services in-house to increase our competitiveness during the tender process, our Directors do not consider it is necessary to apply for the Trade Heads under the CRS for the provision of the Metal Work and Wet Work services. Based on our Directors' experience, unlike the ME workheads, our customers do not consider the registrations under the Trade Heads for Metal Work and Wet Works in their decision to award a tender.

For illustrative purposes, our Directors consider that if we carry out Metal Work and Wet Works in-house during the Track Record Period with the Metal Work and Wet Work teams we intend to recruit, our hypothetical profit before taxation during the Track Record Period as a result of cost savings would be as follows:

| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| | (S$ million) | (S$ million) | (S$ million) |
| Actual subcontracting costs incurred by our Group for the Metal Work and Wet Works services | 2.3 | 1.5 | 2.6 |
| Estimated cost incurred if we provide a portion of our Metal Work and Wet Works services in-house[(1)] | 2.1 | 1.3 | 2.3 |
| Estimated cost savings and increase in profit before taxation if we provide a portion of our Metal Work and Wet Works services in-house | 0.2 | 0.2 | 0.3 |

*Note:*

(1) The estimated cost savings represents the amount of cost that would have been saved and are calculated by deducting the following items that we would incur from the subcontracting charges that would be saved if we provide a portion of our Metal Work and Wet Work services in-house: (i) the additional staff cost, (ii) the additional rental expenses for the New Rented Property and depreciation expenses for Metal Works and Wet Works equipment of approximately S$196,000 for the three years ended 31 December 2019 that would be incurred by us from our planned acquisition of 51 units of Metal Works and Wet Works equipment (including but not limited to hydraulic ironworker, bandsaw machine, cutting machine, welding machine, hand winch lift truck, floor crane and electrical powered welding machine), and (iii) the additional costs of materials that would be incurred by us for procuring the materials in relation to these works.

Save as the aforesaid additional cost items, our executive Directors confirm that there are no other material cost items which should be included in the cost-saving analysis of utilising our own manpower as compared to delegating the works to our subcontractors.

After taking into account (i) the annual costs of retaining and recruiting additional MEP, Metal Works and Wet Works staff and corresponding cost savings in subcontracting costs under our business strategies; (ii) cash flows mismatch of our projects of approximately three months which are currently financed through bank borrowings that may have an adverse impact on our gearing ratio and our financial positions (which is a factor taken into consideration by our customers when evaluating our tenders); (iii) monthly salaries to be incurred for MEP, Metal Works and Wet Works staff and upfront material costs of our projects; and (iv) additional funding requirement and tightening liquidity as elaborated in (ii) if we

undertake more and larger scale of MEP, Metal Work and Wet Works projects, our Directors consider that the utilisation of the proceeds from the Share Offer is necessary to cope with our business expansion plan.

Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information on the utilisation of proceeds from the Share Offer on the recruitment of MEP, Metal Work and Wet Work personnel.

(b) *Recruitment for marketing, QA/QC and other support staff*

We currently intend to strengthen our manpower by recruiting the following personnel:

| Department/Function | Type of personnel to be recruited | Number of staff |
|---|---|---|
| Sales and marketing | Executives | 1 |
| | **Total** | 1 |
| QA/QC | QA/QC manager | 1 |
| | QA/QC inspector | 2 |
| | **Total** | 3 |
| General | Bus Drivers | 1 |
| | Lorry Drivers | 1 |
| | **Total** | 2 |
| On-site construction workers | | 25 |
| | **Grand total** | **31** |

We intend to use approximately HK$8.3 million (equivalent to approximately S$1.5 million), representing approximately 9.8% of the net proceeds from the Share Offer to recruit the aforementioned skilled workers.

Our Directors consider that the recruitment of 25 additional on-site construction workers, which represents approximately 10.2% of the current number of workers under our employment, as necessary and reasonable for the following reasons: (i) as presently have limited capabilities in providing Metal Works and Wet Works services, we rely on the construction workers employed by our subcontractors for such services at our project sites. However, in line with our

business strategy to become a comprehensive integrated interior fitting-out services provider, we intend to provide the aforementioned services in-house and reduce the need to engage subcontractors and will no longer rely on their construction workers in the provision of such services. Accordingly, our Directors consider it necessary to hire additional construction workers to provide support to our in-house Metal Works and Wet Works teams; (ii) having regard to the current projects we have on hand and our business strategy of expanding our customer base to undertake more interior fitting-out projects in the hospitality sector, we are of the view that an additional 25 construction workers will be required to capture the growth in demand for commercial interior fitting-out projects and meet the anticipated increase in the number of projects.

**4. Rental of additional space to expand our existing production facilities**

According to the Frost & Sullivan Report, it is expected that the estimated market size of the commercial interior fitting-out market would grow at a CAGR of 7.9% from 2019 to 2023, driven by the surging demand derived from upgrading works performed in the office segment, the increase in the area of retail and office space in urban renewal, and the shortening renovation cycle of commercial properties. In light of the above and our planned expansion of manpower as a result of the hiring of the aforementioned MEP, Metal Works and Wet Works personnel, sales and marketing staff and QA/QC staff, our Directors consider that we have business needs to rent additional space to be used as a factory, warehouse and office space.

**(1)** ***Existing capacities of Current Property***

We currently own a factory located at 59 Sungei Kadut Loop, Singapore, with a total net site area of approximately 5,083 square metres which is approved for use as a factory and temporary ancillary workers dormitory ("**Current Property**"). As at the Latest Practicable Date, we have over 60 types of equipment and machinery for our production facility and over 80 office equipment and 224 employees at our Current Property (which excludes our workers who need to be stationed at the project sites). As at the Latest Practicable Date, our office at the ground floor of our Current Property, which has an estimated area of 1,642.21 square metres, is fully utilised and houses 76 units of workstation and one meeting room. The second floor of our Current Property has an estimated area of 1,521.81 square metres and is currently fully utilised, housing four ancillary workers' dormitories of an aggregate of 336.1 square metres (which is able to accommodate up to 69 workers) and a production area of approximately 853.4 square metres. The production area is utilised for our machinery and equipment which are used in the production process, including four units of table saws, one unit of reciprocating saw, two units of dust collectors, one unit of circular saw, two units of wood drilling machines and two assembly areas. The third floor of our Current Property, which has an estimated area of 1,508.82 square metres, is fully utilised for our machinery and equipment which are used in the production process, including three units of table saws, three units of dust collectors, a production assembly area, a finishing area, and a storage

area. The remaining floor area at our Current Property is occupied by, *inter alia*, stairs, lifts, switch rooms, a pantry and toilets, and cannot be utilised for production purposes. Our production capacity at the Current Property is limited by (i) the space available for production; (ii) the number of production machinery that can be placed in our production facility; and (iii) the manpower available for production.

The following table sets out a summary of our actual production volume and our estimated average utilisation rates during the Track Record Period:

| For the year ended | Estimated maximum production capacity (aggregate no. of manhours)[(1)] | Actual production volume (aggregate no. of manhours)[(2)] | Estimated average utilisation rate[(3)] |
|---|---|---|---|
| 31 December 2017 | 225,360 | 223,580 | 99% |
| 31 December 2018 | 225,360 | 245,584 | 109% |
| 31 December 2019 | 225,360 | 299,942 | 133% |

*Notes:*

(1) The estimated maximum production capacity is calculated based on 90 workers working for eight hours a day, being the standard operating hours for equipment used and 313 working days per year. 90 workers represent the estimated maximum number of workers able to work in our Current Property at the same time, having regard to the size of our Current Property and the number of equipment placed in our Current Property.

(2) Given that our work for the manufacturing and supply of carpentry/joinery and other integral fixtures are highly customised depending on the requirements and the specifications of each project during the Track Record Period, the production volume has been measured based on actual man hours (including overtime hours) deployed for the production.

(3) The estimated average utilisation rate as set out in this table are for reference only and are subject to change if the underlying assumptions were different.

Based on the table above, for the two years ended 31 December 2019, our Current Property has been fully utilised with utilisation rates of over 100%. Accordingly, our Directors consider that there is a genuine need to increase the capacity of our production facilities to cope with our future business development and stay competitive against industry peers.

In addition, as part of our business expansion plans to undertake more projects, purchase new machinery and equipment, and expand our workforce, our Directors consider that we would need additional space for a new production area of approximately 1,920 square metres and an additional 1,720 square metres to house our new MEP, Metal Works and Wet Work teams which shall be allocated in the following manner: (i) 335 square metres for a new office area for the MEP, Metal Works and Wet Works teams; (ii)

464 square metres for a Wet Works area, which includes a storage area; (iii) 490 square metres for a Metal Works area, which includes a storage area, metal steel work area and space for the installation of Metal Works equipment; (iv) 183 square metres for MEP works area; and (v) 248 square metres for the MEP storage area.

Accordingly, having considered the number of staff stationed at the Current Property, the proportion of the GFA presently used, and the fact that our Current Property is fully utilised, it will be unable to accommodate the additional space we require for the new production area, together with the new machinery and equipment for our MEP, Metal Works and Wet Works teams, or accommodate the additional number of projects we intend to undertake as part of our business expansion plans.

**(2)** ***Commercial rationale for New Rented Property***

Based on the aforesaid, our Directors consider that we have an imminent need to rent additional space to be used as a factory and office space ("**New Rented Property**"). We intend to expand our existing production facility by securing a rental of a New Rented Property which can be used as a factory and office space of approximately 3,900 square metres, which will enable us to cope with our future business development and increase production capacities. Our Directors believe that the rental of the New Rented Property is beneficial to our Company as a whole for the following reasons:

(a) *Cost saving benefits in using the New Rented Property to manufacture more carpentry/joinery and integral fixtures in-house*

The expansion of our factory capacity will support our business strategy of becoming an integrated interior fitting-out provider. As our business expands, the volume of our projects will increase and with it, the need for us to manufacture more carpentry/joinery and integral fixtures for the projects that we undertake. Given this, we will need to have a larger production space in order to support the anticipated growth of our business. During the Track Record Period, for the projects require customised carpentry/joinery and integral fixtures which our Current Property does not have the capacity to undertake, we typically subcontract such services to our subcontractors. Generally, our subcontractors would charge higher profit markup for the provision of such services, which will lower our profit margin for these projects.

Accordingly, our Directors believe that expanding our factory capacity through the New Rented Property would increase our profit margin by reducing the use of subcontractors to provide customised carpentry/joinery and integral fixtures and instead provide such services in-house. The increase of our profit margins can translate to more competitive prices offered to our customers when we undertake these projects which require customised carpentry/joinery works and integral fixtures.

For illustrative purposes, our Directors consider that if we manufacture our carpentry/joinery and integral fixtures in-house during the Track Record Period with the new machinery, equipment and production personnel we plan to acquire/recruit for the New Rented Property, our hypothetical profit before taxation during the Track Record Period as a results of cost saving would be as follows:

| | FY2017 | FY2018 | FY2019 |
|---|---|---|---|
| | (S$ million) | (S$ million) | (S$ million) |
| Actual subcontracting costs incurred by our Group for carpentry/joinery and integral fixture works | 2.1 | 0.7 | 2.8 |
| Estimated cost incurred if we manufacture all the carpentry/joinery and integral fixtures in-house[(1)] | 1.5 | 0.5 | 2.0 |
| Estimated cost savings and increase in profit before taxation if we manufacture all the carpentry/joinery and integral fixtures in-house | 0.6 | 0.2 | 0.8 |

*Note:*

(1) The estimated cost savings represents the amount of cost that would have been saved and are calculated by deducting the following items that we would incur from the subcontracting charges that would be saved if we manufacture all the carpentry/joinery and integral fixtures in-house: (i) the additional staff cost, (ii) the additional rental and utilities expenses for the New Rented Property and depreciation expenses of plants, property and equipment attributable to these projects of approximately S$221,000, S$75,000 and S$294,000 for the three years ended 31 December 2019, respectively, that would be incurred by us from our planned acquisitions, and (iii) the additional costs of materials that would be incurred by us for procuring the materials in relation to those works we outsourced to our subcontractors during the relevant period.

Save for the aforesaid additional cost items, our executive Directors confirm that there are no other material cost items which should be included in the cost-saving analysis of utilizing our own manpower as compared to delegating the works to our subcontractors.

We incurred subcontracting costs for carpentry/joinery and integral fixture works of approximately S$0.7 million for the year ended 31 December 2018, which is less than the average subcontracting costs incurred for carpentry/joinery works for the three years ended 31 December 2019 of approximately S$1.9 million. The reduced amount of subcontracting costs for the year ended 31 December 2018 was due to a reduction of overlap in the production schedule of our projects (which normally follow the handover/delivery date as specified by our customers), allowing us to take on more carpentry/joinery works ourselves and in turn lowered our subcontracting costs. The fact that we had undertaken more production work in-house for the year ended 31 December 2018 could be demonstrated by our 109%

average utilisation rate in 2018 at the Current Property, and such utilisation was increased to approximately 133% during the year ended 31 December 2019. Furthermore, based on the experience of our Directors, the more carpentry/joinery work we perform in-house, the higher the cost savings that can be enjoyed by our Group, as we will be able to obtain better pricing for materials due to bulk purchases that we will make directly with our suppliers. In view of the foregoing reasons, our Directors believe that there is an imminent need to expand our production capacity for our carpentry/joinery facility.

The decrease in our cost savings for the year ended 31 December 2018 to approximately S$0.2 million was primarily due to the decrease in subcontracting costs incurred for the manufacturing of carpentry/joinery and integral fixtures during the year. This is primarily due to (i) the reduction of overlap in the production schedule of our projects (as elaborated above); and (ii) in general, less production works were required for the projects performed during the year ended 31 December 2018 as our then projects were largely contract-based and the scope of work was tailored according to our customers' requirements. These projects may require the manufacturing of less carpentry/joinery and integral fixtures, such as reinstatement works.

If we have a larger production facility, overlapping production works in our production schedule can be performed by our team by utilising our in-house production capacities, which would in turn reduce our subcontracting costs for carpentry/joinery production.

(b) *Overcoming constraints in utilisation rates and limited production capacities*

As illustrated earlier, during the Track Record Period, our Group recorded a steady increase in the estimated average utilisation rate of the Current Property, with estimated average utilisation rates of 99%, 109% and 133% in the three years ended 31 December 2019, respectively. In the same period, the total contract value related to manufacturing of carpentry/joinery works were approximately S$5.8 million, S$4.9 million and S$7.4 million for the three years ended 31 December 2019, respectively; of which, the total contract value related to manufacturing of carpentry/joinery works performed by us (and not performed by our subcontractors) were approximately S$3.7 million, S$4.2 million and S$5.4 million for the three years ended 31 December 2019 accordingly. The increase in the estimated average utilisation rates of our Current Property over the Track Record Period was in line with the increase in total contract values related to manufacturing of carpentry/joinery works performed by our Group.

It is also noted that our Directors believe the Group have failed to secure 87, 64 and 50 projects involving the manufacturing of carpentry/joinery products with an indicated notional contract sum of approximately S$158.2 million, S$220.8 million and S$180.9 million for the three years ended 31 December 2019,

respectively, as a result of our limited production capacity. With a limited production capacity it would lead to (i) our prices being less attractive than those of our competitors who have sufficient production capacities to provide the required carpentry/joinery works in-house, given that sub-contracting these works would contribute to lower profit margins and thus, limiting the prices we can offer on such projects; and (ii) given that industry professionals/consultants engaged by our customers tend to evaluate us based on matrices such as project management, flexibility in handling customer inputs such as carpentry and joinery work ideas and changes during the project execution, as well as quality control, we will lose out to our competitors due to an inability to provide in-house production and manufacturing.

Our Directors are of the view that the manufacturing of carpentry/joinery and integral fixtures works form part of a project, regardless of whether the portion of the manufacturing works constitutes a significant aspect of the project. Our Directors also consider that having sufficient in-house production capacity remains one of the important factors to be considered by our customers when evaluating our tenders, as in-house production would mean better quality control and also provides more flexibility throughout the carpentry/joinery production process as well as the whole project. A failure to possess adequate production capacity may risk our Group being unable to obtain new projects with higher monetary value in aggregate. For the years ended 31 December 2017 and 31 December 2019, we experienced overlapping production schedules of several projects which resulted in increased subcontracting costs of approximately S$2.1 million and S$2.8 million, respectively, for the same periods as we were not able to take on all of the works at the same time due to restricted capacity.

(c) *Maintaining Quality Control*

In the provision of our services that involve the customisation and manufacture of carpentry/joinery and integral fixtures, we typically provide shop drawings detailing the millwork, carpentry/joinery or integral fixture by taking into consideration the customer's concept and requirements. Based on our experience of over 30 years in the customisation and manufacture of such carpentry/joinery and integral fixtures, we are able to ensure a high standard of quality assurance in our products. Our Directors believe that customising and manufacturing carpentry/joinery and integral fixtures in-house will enable us to better integrate the finished products with our projects, as well as minimise any delays. Accordingly, our Directors are of the view that expanding our factory capacity through the New Rented Property would enable us to maintain and improve on the quality of our products and service.

(d) *Improve efficiency and increase tender success rate*

As set out in the Frost & Sullivan Report, building development projects in Singapore are expected to exhibit a shorter construction cycle in view of growing construction productivity. Correspondingly, interior fitting-out providers are required to achieve shorter lead time and service delivery in order to meet the tightened schedule of building construction works. Frost & Sullivan expects that contractors with in-house production facilities possess an advantage as they can manage their production schedule and deliver the carpentry/joinery and integral fixtures in a shorter lead time. Our Directors believe that expanding the capacity of our existing facility through the New Rented Property will enable us to be able to take on more of such projects, to ensure that we will be able to deliver our products within the shortest possible time. Our Directors also believe that increasing our production capacity through the New Rented Property will allow our Group to submit a more competitive tender and increase the chances of being awarded such tenders.

**(3)** ***Supporting the use of the New Rented Property***

(a) *Estimated cost in running new production facilities*

We estimate the total annual cost of running the new production facility to be approximately S$2.7 million (which includes (i) staff cost (for illustrative purposes, fixed staff cost only incur basic salaries of the additional staff excluding cost to be incurred for over-time work) of approximately S$2.0 million; (ii) rental costs for the New Rented Property and dormitories for housing the additional staff for the production of carpentry/joinery and integral fixtures works of approximately S$0.4 million; and (iii) utilities and annual depreciation for the additional equipment of approximately S$0.3 million).

For illustrative purposes, with reference to (i) the estimated production capacity of the New Rented Property in relation to the manufacturing of carpentry/joinery and integral fixtures in-house; (ii) the number of staff to be hired for our production expansion; and (iii) the estimated prevailing gross margin of the subcontractors who provided similar services to our Group and the production costs incurred for our current production facility during the Track Record Period, our Directors expect that the new production facility is able to undertake contracts up to approximately S$28.7 million per annum. After taking into account the annual cost of running the new production facility of approximately S$2.7 million as discussed above and the relevant additional direct material and labour cost (including overtime) of approximately S$17.2 million, assuming that our Group successfully implemented all of our business expansion plans and there is sufficient market demand for our services, we expect to achieve an additional gross profit of approximately S$8.8 million per annum.

(b) *Minimum contract value related to carpentry/joinery work required for setting up the new production facilities ("minimum contract value")*

Our Directors consider the total minimum contract value to be approximately S$9.6 million per annum, comprising of (i) our existing production facility's ability to undertake projects with contract value relating to carpentry/joinery work of approximately S$5.0 million per annum, taking into account the gross value of work done over the three years ended 31 December 2019, the average number of units produced per annum and the average price per unit; and (ii) the expected breakeven contract value relating to carpentry/joinery work for our Group to set up the new production facility of approximately S$4.6 million per annum (comprising of (a) the total annual cost of running the new production facilities of approximately S$2.7 million as discussed above, and (b) variable costs for direct materials of approximately S$1.9 million) which is based on the cost structure of projects involved carpentry/joinery work we have carried out during the Track Record Period.

(c) *Surging market demand for our new production facilities*

In order to support the expansion of our production facilities and meet the minimum contract value required as set out above, our Directors believe that it is important for our Group to continue securing sufficient contracts of sizeable value.

Post-Listing, we intend to take on more and bigger interior fitting-out projects, for which there is no guarantee that there will not be an overlap in the production schedules of such projects. In order to ensure that we can meet the different production schedules and production work requirements for each project, we will need to take on more manpower and space for the manufacture of carpentry/joinery products and integral fixtures, which would necessitate the New Rented Property. We will be able to secure sufficient contracts for the new production facility taking into account (i) our Group's current projects on hand; and (ii) the projects that we have tendered for continue to require our manufacturing and production works, particularly for hospitality projects which may require substantial carpentry/joinery works, as such projects require bulk quantity and standardised versions of the same furniture and carpentry units (including bed frames, headboards, cabinets and dressing tables) to be installed in each room throughout the premises.

(i) Projects on hand and tendered projects

As at Latest Practicable Date, based on our projects on hand and projects tendered but pending results, we have 35 projects which require the manufacturing of carpentry/joinery products with total outstanding contract sum of approximately S$119.2 million of which the expected total outstanding value of carpentry/joinery works are approximately S$35.3 million.

The following table sets forth the number of projects on hand and the number of projects tendered which require carpentry/joinery work and their outstanding contract values as at the Latest Practicable Date:

| | Projects Requiring Carpentry/Joinery Work | | |
|---|---|---|---|
| | Number of Projects | Outstanding Contract Sum as at the Latest Practicable Date (S$'000) | Amount of Outstanding Contract Sum relating to Carpentry/Joinery Work as at the Latest Practicable Date (S$'000) |
| **Projects on hand** | 17 | 38,679 | 14,305 |
| **Tenders submitted** | 18 | 80,538 | 20,992 |
| | 35 | 119,217 | 35,297 |

Currently, the amount of outstanding contract sum on hand relating to carpentry/joinery works is approximately S$14.3 million. This is approximately 49.0% greater than the minimum contract value of approximately S$9.6 million per annum required for setting up the new production facility at the New Rented Property.

Having considered (i) the total amount of contract sum relating to carpentry/joinery works on hand and secured as at the Latest Practicable Date; (ii) the limited production capacity of our Current Property; (iii) our Current Property having been fully utilised with utilisation rates of over 100% for the two years ended 31 December 2019; and (iv) the minimum contract value related to carpentry/joinery work for setting up the new production facility is S$9.6 million per annum (as further elaborated below), our Directors are of the view that there will be sufficient demand for our new production facilities.

(ii) Hospitality projects

It is pertinent to note that throughout our operating history, we have established long term relationships with some of our Professional Consultants and according to the Frost & Sullivan Report, contractors who have long-established partnerships with their clients (which in our case, includes the Professional Consultants), are on the preferred tender lists of these Professional Consultants and would therefore be invited for tender submissions of these clients. Through our Directors' liaison and efforts of maintaining business relationships with the owners and Professional Consultants of hospitality projects, since 2016, besides a project involving guest rooms at a members' club located in Stevens Road in Singapore and

a project involving a F&B retail space at the Orchard Central shopping mall in Singapore which we have performed, we were also being invited to tender for four hospitality projects with an aggregate initial contract sum of approximately S$14.7 million.

Out of the four hospitality projects we were invited to tender for during the Track Record Period, we were awarded one project with a contract sum of approximately S$2.2 million, while the other three were not awarded to us. Although we were not able to secure these three hospitality projects we had tendered for during the Track Record Period, our Group and our Directors still have a track record and considerable experience in hospitality projects before and during the Track Record Period. For more details on our Group's operating history in the hospitality industry, please refer to the section headed "Business — Overview". On this basis, coupled with the expansion of our carpentry and joinery capacities post-Listing, our Directors believe that our Group would be able to leverage on such business connections to tender for and secure more hospitality projects.

Our Directors consider that our Group will be able to secure the minimum contract value of approximately S$9.6 million per annum required for setting up the new production facility at the New Rented Property whilst running the existing production facility at its current capacity, having considered the following:

(a) Based on our projects on hand, the amount of outstanding contract sum as at Latest Practicable Date relating to carpentry/joinery works is approximately S$14.3 million, which exceeds the minimum contract value required for setting up the new production facility;

(b) We expect to expand our customer base in the hospitality sector by leveraging on the long term relationships with our Professional Consultants, and these projects typically require the mass manufacturing of standardised versions of the furniture and carpentry units, which we will potentially be able to better undertake with our new production facilities. Considering our Group and our Director's experience in carrying out hospitality projects before and during the Track Record Period and our relationships with our Professional Consultants, we continue to be invited to submit tenders for various hospitality projects. As elaborated above, our Directors are of the view that we will receive more invitations to tender for projects in the hospitality sector; and

(c) During the Track Record Period, except certain reinstatement projects, every interior fitting out project we have carried out consists of carpentry/joinery work, with the percentage of contract value related to carpentry/joinery work to the total contract value of the whole project generally ranged from 1% to 30% throughout the Track Record Period. With the expected increase in market size of interior fitting-out market in

Singapore from 2019 to 2023 according to the Frost & Sullivan Report, our Directors consider that as long as we continue to submit tenders, we will be able to continue securing projects which involve carpentry/joinery work.

**(4)** ***Our recruitment and implementation plan for New Rented Property***

In order to cater to our financing needs to establish the New Rented Property (which includes the rental fees, hiring of personnel for the production facility and the acquisition of machinery and equipment at the New Rented Property), our Group intends to use approximately HK$24.2 million (or equivalent to approximately S$4.5 million) representing approximately 28.4% of the net proceeds from the Share Offer.

(a) *Purchase of machinery and equipment for the New Rented Property*

As part of the expansion of our factory capacity through the New Rented Property, our Group intends to purchase certain machinery and equipment to be used at the New Rented Property. The below table sets forth a summary of the major types of machinery and equipment our Group intends to acquire for the New Rented Property, with the number of units to be purchased and their corresponding use and function:

| Type of machinery and equipment | Units to be purchased | Use and function |
|---|---|---|
| Finishing Expansion (Dry filter suction hood) | 1 | To collect and remove saw dust |
| Production Equipment | 1 | Machinery to support a new production plant, including sliding table saw, dust collector machine and dry spray booth |
| License and Software for Modelling | 1 | Modelling software which visualises the designs for interior and furniture design |
| Lorry | 2 | To deliver finished goods and supplies |
| Fork Lift | 1 | Transportation of building material for infrastructure building works |

(b) *Recruitment of additional employees and support staff for the New Rented Property*

Our Group also intends to hire the following personnel for the production facility at the New Rented Property:

| Type of personnel to be recruited | Number of staff |
|---|---|
| Production Manager | 4 |
| Production Supervisor | 4 |
| QS Leader | 1 |
| QS | 3 |
| Manufacturing Workers | 20 |
| Total | 32 |

In addition, to accommodate the additional 20 manufacturing workers and 25 construction workers who will be recruited (further details of which are set out in the paragraph headed "Recruitment of new or additional skilled employees and support staff to strengthen our in-house capacity to undertake more projects" in this section), our Group also intends to rent additional space to be used as a dormitory for these workers from licensed third party providers as the current dormitories at our Current Property are at full capacity.

During the Track Record Period, the number and value of projects which required the manufacturing of carpentry/joinery products were 34 projects and S$52.5 million; 33 projects and S$66.4 million; and 48 projects and S$104.3 million for the three financial years ended 31 December 2019, respectively. As elaborated above, we had experienced a decrease in production works as our projects are contract based and the scope of work is tailored according to customer requirements. While some of these projects may require less carpentry/joinery and integral fixtures, our Directors are of the view that the manufacturing and production of carpentry/joinery and integral fixtures works form an essential part of each project, and our in-house capacities remain an important consideration to our customers in selecting an interior fitting-out services provider. This is also due to the fact that in-house production provides more flexibility, not only throughout the carpentry/joinery production process, but for the whole project as well, and the failure to possess an adequate production capacity may pose a risk to our Group as we may be unable to obtain new projects with higher monetary values as a result.

A breakdown of the intended use of proceeds for the establishment of the New Rented Property is as follows:

| Use | Intended use of proceed for the New Rented Property (HK$ million) |
|---|---|
| Hiring of personnel for the production facility | 9.5 |
| Rental for the New Rented Property | 7.1 |
| Acquisition of machinery and equipment for the New Rented Property | 6.6 |
| Rental for dormitories for the manufacturing workers | 1.0 |
| **Total:** | **24.2** |

Our Directors consider that if we have recruited the (i) MEP team, (ii) Metal Works and Wet Works teams; (iii) acquire the new machinery and equipment; and (iv) recruit the production personnel for New Rented Property to carry out the relevant manufacturing work in-house during the Track Record Period, our hypothetical profit before taxation during the Track Record Period as a results of cost savings would be as follows:

| | Profit before taxation[(1)] | Increase in profit before taxation as a result of cost saving[(2)] | Estimated profit before taxation |
|---|---|---|---|
| | S$ (million) | S$ (million) | S$ (million) |
| FY2017 | 9.2 | 2.8 | 12.0 |
| FY2018 | 8.0 | 3.6 | 11.6 |
| FY2019 | 6.1 | 3.4 | 9.5 |

*Notes:*

(1) As set out in combined statements of comprehensive income of the Accountant's Report as set out in Appendix I to this prospectus.

(2) The increase in profit before taxation as a result of cost savings is the aggregate of the estimated cost savings if we carry out MEP, Metal Works and Wet Works services and the manufacturing of carpentry/joinery and integral fixtures in-house. A breakdown of each estimated cost savings for the MEP, Metal Works and Wet Works services and the manufacturing of carpentry/joinery and integral fixtures are set out in detail in this section in the paragraphs headed "Provision of MEP services in-house through talent recruitment and applying for registrations under certain ME workheads", "Recruitment of new or additional skilled employees and support staff to strengthen our in-house capacity to undertake more projects" and "Rental of additional space to expand existing production facilities".

Accordingly, and in line with our recruitment strategies as set out in this section, our Directors consider it necessary to hire an aggregate of 107 additional staff, comprising 35 personnel for our MEP team, nine personnel for our Metal Works and Wet Works team, six personnel for sales and marketing, QA/QC and drivers, 25 on-site construction workers and 32 personnel for production in the New Rented Property. We intend to use an aggregate of approximately HK$36.9 million (equivalent to approximately S$6.8 million), representing approximately 43.4% of the net proceeds from the Share Offer to recruit the aforementioned personnel.

Our Directors have also considered the advantages and disadvantages of sub-contracting the MEP, Metal Works and Wet Works services, as well as the advantages and disadvantages of performing the MEP, Metal Works and Wet Works services in-house as stated in the following table below:

| **Advantages of sub-contracting MEP, Metal Works and Wet Works services** | **Disadvantages of sub-contracting MEP, Metal Works and Wet Works services** |
|---|---|
| • Enables us to take on projects which we do not have the relevant expertise to carry out or do not have the capacity to undertake. | • We may have to incur extra time to source for sub-contractors from our approved vendor list and obtain quotes from them to finalise a tender price during the tender stage, which may delay the submission of our tender proposal. Our ability to engage our sub-contractors would also depend on whether they have the capacity to undertake our projects, which may become challenging given that we intend to expand our business and increase the number of projects we undertake. |
| • Our sub-contractors may possess specialized knowledge and experience in the particular field based on their track record. | • We will have no direct control over the quality and speed of delivery of our sub-contractors' work. If there are variation orders, there may be delays in the project if our sub-contractors are unable to respond in a timely manner. There may also be delays if the quality of our sub-contractors' work is unsatisfactory and rectifications have to be made. |

**Advantages of sub-contracting MEP, Metal Works and Wet Works services**

- We may need to bear less fixed costs as we will not be required to hire full-time employees, allocate additional space in our premises to the MEP, Metal Works and Wet Work teams, and purchase additional equipment required for the MEP, Metal Works and Wet Works services.

**Disadvantages of sub-contracting MEP, Metal Works and Wet Works services**

- Our sub-contracting costs are dependent on the profit markup which our sub-contractors factor in their fees. We will have less control over the cost of the project, especially if our sub-contractors choose to increase their profit markup and their fees, which may then affect our profitability and competitiveness.

**Advantages of performing MEP, Metal Works and Wet Works services in-house**

- Cost-saving benefits as providing MEP, Metal Works and Wet Works services in-house would increase the profit margin of our projects.

**Disadvantages of performing MEP, Metal Works and Wet Works services in-house**

- We may need to bear higher fixed costs as we will need to hire full-time employees, allocate additional space in our premises to the MEP, Metal Works and Wet Works teams, and purchase additional equipment required for MEP, Metal Works and Wet Works services. However, our Directors believe that the initial fixed costs which we will have to bear for the setting up of our MEP, Metal Works and Wet Works teams will be offset by the cost-saving benefits and increase in profit margin of our projects as we would be able to charge a profit markup for our MEP, Metal Works and Wet Works services.

| Advantages of performing MEP, Metal Works and Wet Works services in-house | Disadvantages of performing MEP, Metal Works and Wet Works services in-house |
|---|---|
| • Increase our competitiveness as with our MEP capabilities, we will be able to participate in a larger range of tenders, especially those which require ME workheads registrations under the CRS as a pre-requisite, thereby also enlarging our customer base. With our in-house Metal Works and Wet Works team, we will also be able to improve efficiency and reduce delays in our projects, and minimise any delays in the event a variation order is requested by our customers. | • As we have no experience in managing a MEP and Metal Works and Wet Works teams in-house, we may face difficulties in managing the operations of our MEP, Metal Works and Wet Works teams. However, our Directors believe that the risk can be mitigated through proper management and reporting functions by ensuring that the MEP, Metal Works and Wet Works team is led by an experienced Senior MEP Designer and a project and operation manager respectively, who report directly to our Managing Director. |
| • We will have total control over the quality and standard of the MEP, Metal Works and Wet Works services which are provided to our customers. | • As we have limited experience in providing MEP, Metal Works and Wet Works services, we may be less efficient than our sub-contractors during the initial phase of starting up our in-house MEP, Metal Works and Wet Works services. The services that we provide may also be at risk of being a lower quality than our sub-contractors, who may be more experienced in their fields. However, our Directors believe that this risk can be mitigated by hiring a team of experienced MEP, Metal Works and Wet Works specialists who are able to ensure a high standard of quality. |

In view of the above, our Directors have reached the conclusion that it is the right timing to expand our business through (1) expanding our capacity for the manufacturing of carpentry and joinery products; (2) undertake additional fitting-out works including MEP, Metal Works and Wet Works services by recruiting 107 additional staff; (3) acquisition of a Singapore-based interior design company to bring design capabilities in-house. According to our Directors, if we are not able to implement our business expansion plan, our gross profit margin will gradually diminish with the increasing subcontracting costs for MEP, Metal Works

and Wet Works services, which had reached our record high of 41.6% of our total costs of services in the year ended 31 December 2018. It is vital for our Company to stay competitive in the market to serve our customers in particular, our multinational corporation customers.

**5. Expand our scale of operations through the acquisition of new machinery and equipment**

According to the Frost & Sullivan Report, it is expected that there will be more projects involving office space and hospitality in the near future. Our capacity to carry out our projects depends largely on the availability of machinery and equipment. During the Track Record Period, whilst we owned some of the machinery and equipment required for our projects, we also relied on our subcontractors to provide machinery and equipment, or leased machinery and equipment from independent machinery leasing service providers.

Our Directors consider that it is in the interest of our Group to purchase new machinery and equipment in order to handle the anticipated increased number of projects for the following reasons:

**(a)** ***Acquisition of additional buses to accommodate our transportation needs***

As set out below, our Group intends to acquire two buses for the transportation of our employees. As at the Latest Practicable Date, we own a mini bus which is able to accommodate 14 people and two lorries which are used for transporting our employees to their relevant work sites. Our Directors currently plan to acquire two more buses with a seating capacity of 40 persons to accommodate the increase in our transportation needs associated with the planned expansion of our manpower and the expected increase in number of projects we expect to undertake. During the Track Record Period, depending on the project schedules and the proximity of the work sites, we may either provide transportation for our workers with our own lorries and/or mini bus, or reimburse them for taking public transportation. In addition, our mini bus also transports some employees to and from the nearest MRT station as our current premises are considerably inaccessible by public transport. Our mini bus is also used to transport our employees to buy lunch as there are limited food options within the vicinity of our current premises.

Our Directors consider that we have the business needs to acquire additional buses for the following reasons:

(a) As one of our key strengths is our ability to effectively and efficiently manage our projects within our customers' time constraints (further details of which are set out in the section headed "Business — Competitive Strengths" of this prospectus), it is crucial for us to make the necessary transportation arrangements to ensure that our workers can report on time for work at the project sites and our production facility (as the case may be). Any delays in transporting our workers to their work sites according to schedule could result in delays in our project or production schedule, and adversely affect the

reliability and reputation of our Group. Having regard to our business plan to recruit an additional 25 on-site construction workers and 20 manufacturing workers, as well as the anticipated increase in the number of projects which will be located in various parts of Singapore, it will be inconvenient, inefficient and cumbersome for us to plan the schedules of our existing vehicles to transport our workers.

(b) Due to rising safety concerns with the transportation of workers in lorries in Singapore, some of our customers require us to transport our workers to the project sites in buses instead of lorries. Our Directors also take the view that transporting our workers in buses instead of lorries would minimise the risk of injuries and accidents. As such, our Directors consider that we have business needs to purchase two additional buses to transport our workers.

(c) Our Directors have also considered the alternative of renting the buses for the transportation of our workers and are of the view that it would be more cost-efficient to purchase the buses instead of renting them. This is based on the average rental cost of a bus being S$100 per trip, which we typically require seven trips a day, including for the transportation of our workers to their work sites and our employees from the MRT station. If we were to rent the buses for our transportation needs, we would incur an estimated rental of approximately S$16,800 per month for each bus. This is compared to the estimated cost of purchasing a bus for approximately S$282,000, which will have an estimated useful life of 72 months, the estimated depreciation per month would be approximately S$3,917. Taking into account the cost of operating and maintaining the bus, such as the cost of hiring the driver, petrol and maintenance of approximately S$2,850 per month, the monthly cost of purchasing a bus is estimated to be approximately S$6,767. This would result in a monthly cost saving of approximately S$10,033, and a yearly cost saving of approximately S$120,396 for each bus. Accordingly, our Directors consider it to be in the interest of our Group to purchase the additional two buses for our transportation needs.

(d) In addition, our Directors also consider that we have business needs to acquire two buses which can accommodate approximately 80 workers. We currently have 81 employees who are required to report for work at our current premises, many of whom rely on public transport as their main mode of transportation to get to our current premises. We also intend to hire additional personnel for, *inter alia*, the provision of MEP, Metal Works and Wet Work services, as well as for our new sales and marketing team. Considering that our current mini bus is only able to accommodate up to 14 persons, the remaining employees will have to make their own transport arrangements to get to our current premises, which may be inconvenient as our current premises, being in an industrial zone, is not easily or conveniently accessible.

Accordingly, our Directors believe that the purchase of the buses will provide a more convenient mode of transportation for our employees, reduce their travel time and allows us to more efficiently manage the logistics of our operations.

**(b)** ***Support for our MEP, Metal Works and Wet Works operations***

As we intend to provide MEP, Metal Works and Wet Works services in-house, we will be required to possess the requisite equipment for such services, such as panel sizing saws, sliding table saws, switch boards and air compressors. Based on our Directors' experience, such equipment required for the provision of MEP, Metal Works and Wet Works services are typically not immediately available for rent. Accordingly, our Directors consider it necessary for us to acquire our own equipment for the provision of our MEP, Metal Works and Wet Works services.

**(c)** ***Access to more technologically advanced machinery and equipment***

The new machinery and equipment which our Group intends to purchase will be prevailing models in the market in order to enable the work to be carried out more efficiently and effectively and in turn increase productivity. This, in turn, will increase our capacity to undertake more projects. Further, as we intend to tender for more and/or larger scale interior fitting-out projects, the corresponding new models of machinery and equipment, as compared to the relatively basic ones which we currently own and use, will be needed. Given our Group's proven track record, our Directors are of the view that our Group will have sufficient experience and expertise to operate such machinery and equipment.

In view of the above considerations, and having regard to our Group's ongoing projects, our tendered projects, and our future plans, our Directors believe that the acquisition of new machinery and equipment to support our operations is necessary and reasonable.

Accordingly, we intend to acquire additional machinery and equipment, including but not limited to buses, forklifts, and equipment required for the provision of MEP, Metal Works and Wet Works services. Our Group intends to utilise approximately HK$4.7 million (or equivalent to approximately S$0.9 million), representing approximately 5.5% of the net proceeds from the Share Offer, to acquire additional machinery and equipment. The below table sets forth a summary of the major types of

machinery and equipment our Group intends to acquire under our future plans, with the number of units to be purchased and their corresponding use and function:

| Type of machinery and equipment | Units to be purchased/rented | Use and function |
|---|---|---|
| Bus | 2 | Transportation of our employees |
| Forklift | 1 | To move heavy materials at our production facility |
| MEP equipment | 150 | Equipment used in the provision of MEP services, including but not limited to diamond cutting machine, line and point lasers, grinders, cordless rotary hammers and cordless drill drivers |
| Metal Works and Wet Works equipment | 51 | Equipment used in the provision of Metal Works and Wet Works services, including but not limited to hydraulic ironworker, bandsaw machine, cutting machine, welding machine, hand winch lift truck, floor crane and electrical powered welding machine |

The machinery and equipment that our Group intends to purchase are not earmarked for any specific projects and will be deployed to projects as and when the need arises.

**6. Investing in hardware devices and computer software to enhance our information technology capability and project implementation efficiency**

As we continue to expand our business, we intend to (i) invest in a workflow management system such as the Enterprise Resource Planning ("**ERP**") system to facilitate project management and to conduct project scheduling and resource planning; and (ii) upgrade our existing hardware and software devices to support the implementation of the ERP system and improve efficiency.

We intend to implement the ERP system to streamline our business process. With such project management system, we will be better able to (i) effectively plan, monitor and anticipate our resources (including manpower, as well as machinery and equipment) for both the projects on hand and for projects that we intend to tender; (ii) minimise time spent in drawing up project schedules for tender submissions; and (iii) better estimate the budget of each project and facilitate the invoicing process. Such project management system will be

accessible by our project managers, who will have the primary responsibility in overseeing the workflow management and in turn, enable a smoother execution of projects. We believe such system will help us in monitoring on our resource and project management.

Our Directors also consider it necessary to upgrade our existing hardware devices as 30.0% of our existing hardware devices have been in use for more than five years and are running on outdated software systems and may be vulnerable to security threats. Our Directors believe that upgrading our existing hardware devices and software systems would support the implementation of the ERP system and improve our management efficiency, productivity and reliability. We also intend to strengthen our IT security infrastructure to increase our resilience to cyber attacks and threats.

In addition, as it is our plan to expand and strengthen our manpower by recruiting new or additional skilled workers and support staff (further details of which are set out in this section under the paragraph headed "Recruitment of new or additional skilled employees and support staff to strengthen our in-house capacity to undertake more projects"), our Directors also consider it necessary to purchase additional hardware such as desktops and laptops for our new employees. Our Directors consider that the implementation of the ERP system and upgrading and improving our information technology systems (including our hardware devices and software), will optimise our operations and increase overall efficiency of our business operations as a whole. We intend to utilise approximately HK$7.8 million (or equivalent to approximately S$1.4 million), representing approximately 9.2% of the net proceeds of the Share Offer to upgrade and improve our information technology systems in the manner as described above.

## OUR SERVICES

We provide interior fitting-out services for different types of premises in the private commercial sector, including office spaces and light-industrial properties in Singapore during the Track Record Period. The scope of work could differ depending on the requirements of our customers and vary project to project. In a typical interior fitting-out project, our services include (i) project management and construction management; (ii) interior fitting-out services; (iii) customising, and manufacturing and supply of carpentry/joinery and integral fixtures (including upholstery) depending on the requirements and according to the specifications of each project; and (iv) maintenance services on an ad-hoc basis for our interior fitting-out projects after the defects liability period.

### Project Management and Construction Management

When we are engaged by our customers, depending on the requirements for each project, we are typically responsible for overall project management, coordination, engaging subcontractors of the project and procuring the necessary materials from our suppliers. Such project management services which involve the process of planning, organising and controlling of time, quality, resources, procedures and protocols seek to ensure that our overall services adhere to our customers' expectations and to ensure timely and smooth progression of the project.

We are also involved in construction management, where we monitor and supervise the project on-site from commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defect liability period.

**Interior Fitting-Out Services**

Our interior fitting-out services is the actualisation of the designs which are provided to us by the Design Consultants or the architects of each project we undertake, whereby our Group will co-ordinate, manage and arrange for the interior fitting-out works to be carried out. In some instances, where required by our customers, we may also provide shop drawings on the drawings provided by the Design Consultants or the architects. Types of interior fitting-out works generally include the manufacture and/or installation of ceiling, carpentry, joinery, plastering, floor finishing, woodworks, steel and metal works, painting works, sanitary fittings and wares, MEP works, minor structural works such as staircase as well as other associated works. The interior fitting-out works which are currently provided by our Group in-house include the installation of partitions and internal finishes such as floor finishing, installation of ceilings and walls. We may subcontract certain aspects of our interior fit-out works, such as MEP works, AV and IT works, as well as Metal Works and Wet Works, where our subcontractors will be responsible to supply or procure the supply of materials to be used in the fitting-out works such as stainless steel, MEP components including electrical components, air-conditioning, and fire protection materials since we currently do not process an in-house team.

**Customising, Manufacturing and Supplying of Carpentry/Joinery and Integral Fixtures**

We are equipped with a factory which allows us to carry out the production and manufacture of carpentry/joinery and integral fixtures that are required in the projects that we undertake. Some examples include tables, countertops, receptionist counter, storage spaces and integral fixtures.

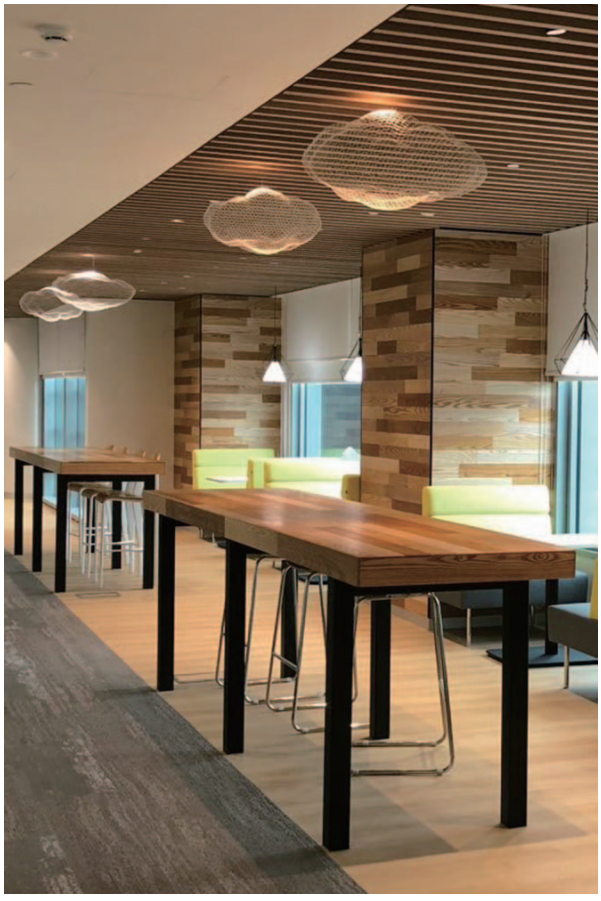
We believe that this enables us to actualise concepts desired by our customers, ensure quality of the finished products and manage the cost and time involved in manufacturing the same.

Before we customise any product, we will discuss with our customer to understand their requirements, taking into account their desired overall look and feel of the premises. We will then prepare the carpentry/joinery and/or integral fixtures shop drawings based on the overall design concept and available space. We will also recommend materials to be used in the production process, taking into consideration any specific materials which are requested by our clients such as environmentally friendly wood. Thereafter, detailed carpentry/joinery and/or integral fixtures design will be developed and produced either in-house by our production facility or by our subcontractors in accordance with the agreed designs.

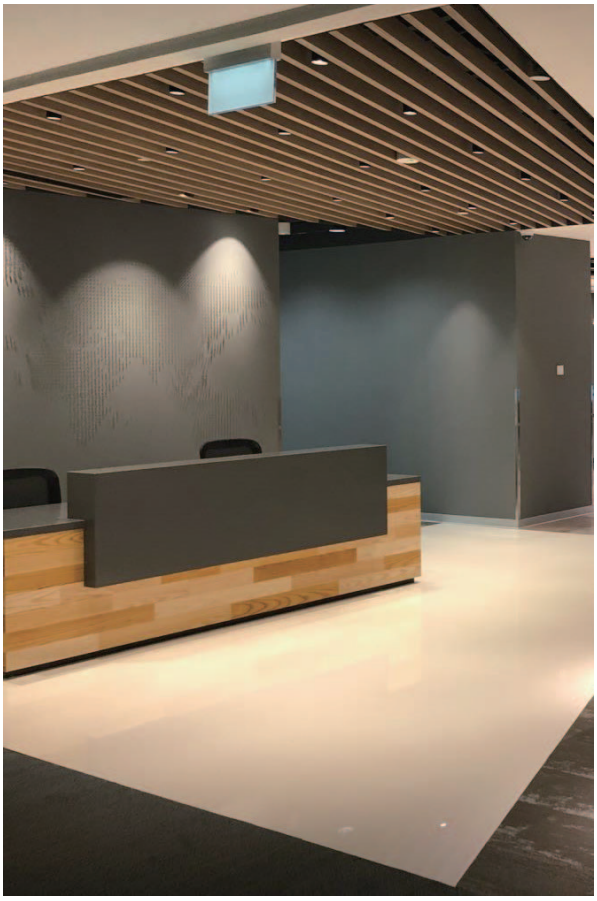
The below photographs show examples of carpentry/joinery and integral fixtures which we have produced in-house to our customers during the Track Record Period:

Bar counter in knotty oak finish with a black granite top and featured wall in laser cut oak timber block

Featured laser cut medium-density fibreboard ceiling with spray paint finish and breakout booth in oak timber and custom made sofa set



Breakout dining table and box up columns in mixed stained timber, and timber trellis ceiling



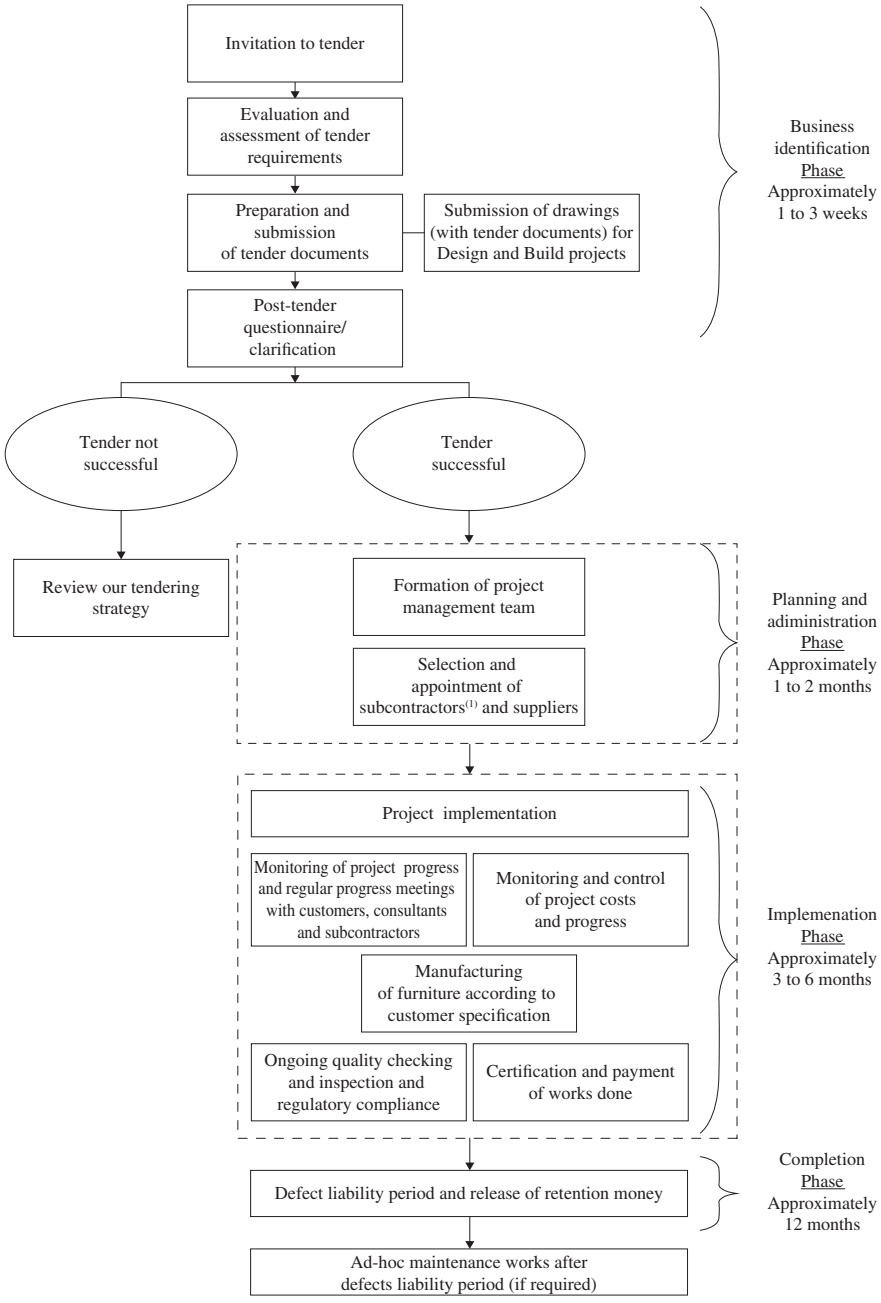
Reception counter in mix stained timber and solid surface counter top and timber trellis ceiling

**Maintenance**

After the completion of the project and the expiry of the defects liability period, if requested by our customers, we may also provide repair and maintenance services on an ad-hoc basis.

## OPERATING PROCEDURES

The flow chart below is a summary of a typical project flow, though each and every project may vary slightly in terms of timing and procedure and will depend on various factors such as customer's preference, the main contractor that is appointed (if any), size, nature and complexity of the project:




*Note:*

(1) Interior fitting-out works provided by subcontractors include, amongst others, MEP works, Metal Works, Wet Works, AV works and IT works. For details in relation to our subcontractors, please refer to the section headed "Business — Suppliers — Subcontractors" in this prospectus.

A brief description of our business process and operations is set out below:

**Tender Process**

*Invitation to tender*

When we receive invitations to express interest or submit a tender, it will typically include *inter alia*, tender documents, drawings, material details, the manner in which the tender is to be submitted, the latest time to submit and period of validity of the tender. Works that may be specified within a tender may include *inter alia*, blockwork and brickwork, structural steelwork, ceilings, painting, carpentry, joinery and furniture, ironmongery, drapery, carpet, signage and graphics, waterproofing works and finishes. Our contracts department will review the tender documents and/or project requirements.

Our tendering strategy is to submit tenders in response to all invitations to tender from customers to promote our brand name and increase our opportunity to secure new customers and projects. Based on our experience and assessment of our resources and manpower depending on the size and complexity of the projects, we have the capacity to undertake on average, a maximum of six projects concurrently at any point in time. If we have deployed a large portion of our labour, financial and management resources or otherwise for our existing projects, and we are of the view that we do not have adequate manpower and capacity to carry out the works for our new projects, we may subcontract the interior fitting-out services (which we are able to provide but do not have the resources and manpower to) out to our subcontractors. The factors that we consider in submitting a tender and whether to subcontract the services to our subcontractors include, among other things, capacity of our production facility, internal manpower and financial resources, availability of subcontractors, complexity, size and type of project, timing, costs, profitability and nature of work.

*Evaluation and assessment of tender requirements*

Each set of tender documents will typically include *inter* alia, the details of the commercial space to be fitted out, comprehensive details on scope of work, the types of materials to be used, measurements, the standards that certain materials must meet, brands of designated materials, name of designated suppliers (if any).

Before participating in a tender, our contracts department will first evaluate our existing work commitments and our technical capability and also ascertain the availability and sufficiency of our resources to complete the project within the timeline stipulated by our prospective customer. Our project managers are experienced in assessing and evaluating the project's requirements for interior fitting-out works.

*Preparation and submission of tender documents*

The steps for the tender process are as follows:

(a) upon receiving the invitation to tender from the potential customer, which will typically contain a brief description of the nature and subject matter of the project, we will submit the relevant documents required under the tender to the potential customer;

(b) confirm our participation in the tender process and make payment of the tender deposit, which will be refunded if we are not being awarded for the tender, and the potential customer will provide us with the tender documents;

(c) concurrently, we will visit the project site and consider the complexity and the risks associated with the project;

(d) review and study the tender documents to understand the specifications and requirements of the project;

(e) where applicable, clarify any technical and contractual ambiguities with our prospective customer or the consultant;

(f) quantify the tender cost estimate for the entire project, taking into account our schedule of rates which includes description of scope of works and materials, quantity and unit of materials;

(g) obtain quotes from subcontractors and suppliers and finalise the tender price for the approval of our Managing Director. In pricing a tender, we will consider, among other things, previous tender records and awarded tender price of previous similar projects, the payment terms, the scale, complexity and specification of the project, our capacity, project duration, the estimated project cost (which mainly includes direct staff cost, subcontracting costs and material costs) and the current market conditions; and

(h) prepare, finalise and thereafter, submit our tender proposal together with the relevant documents required by our potential customer.

For Design and Build projects where we are required to submit drawings for interior design and other design related aspects, we will work with external designers for the design aspect as we currently have limited skillset to do so and we will submit the tender proposal together with the design proposal as part of the tender documents. We will work with external designers to provide the relevant documents and information for the tender proposal and once we have been awarded with the tender, our Group will engage the external designer to carry out the agreed scope of work.

*Post-tender questionnaire/clarification and award of contract*

Subsequent to the submission of tender, our potential customers may provide a post-tender questionnaire or clarification, which sets out certain questions in relation to the quantity, cost and price of our proposed tender. After we have provided our responses to the post-tender questionnaire or clarification, our potential customer will discuss our responses with the parties on the project, such as various Professional Consultants. Concurrently, our potential customers may also request us to attend a tender interview where we will give a presentation on our expertise relevant to the job. Further clarifications and negotiations may take place before the contract is awarded to us.

The following table sets forth our tender success rates for the periods below:

| | For the financial year ended 31 December | | | Period commencing from 1 January 2020 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | |
| Number of tender invitations received | 147 | 123 | 158 | 30 |
| Number of tenders submitted | 147 | 123 | 158 | 30 |
| Aggregate contract value of tenders submitted *(S$ million)* | 229.2 | 319.3 | 374.4 | 125.7 |
| Average contract value of tenders submitted *(S$ million)* | 1.6 | 2.6 | 2.4 | 4.2 |
| Average duration of tenders submitted *(days)* | 87 | 106 | 92 | 77 |
| Number of tenders awarded | 40 | 42[(2)] | 53[(3)] | 2 |
| Aggregate contract value of tenders awarded *(S$ million)* | 55.3 | 90.6[(2)] | 100.7 | 10.6 |
| Average contract value of tenders awarded *(S$ million)* | 1.4 | 2.2 | 1.9 | 5.3 |
| Average duration of tenders awarded *(days)* | 88 | 116 | 119 | 126 |
| Success rate (%) | 27.2 | 34.1 | 32.9 | 6.7 |
| Success rate weighted by contract value (%) | 24.1 | 28.4 | 26.9 | 8.4 |

*Notes:*

(1) Success rate for a financial year/period is calculated based on the number of projects awarded (whether awarded in the same financial year/period or subsequently) in respect of tenders submitted during that financial year/period.

(2) This includes eight tenders which were submitted in FY2018 of which seven tenders awarded in FY2019 and one tender awarded in FY2020.

(3) This excludes (i) the aforementioned seven tenders which were submitted in FY2018 and awarded in FY2019; but includes (ii) four projects tendered for in FY2019 and awarded in FY2020; and (iii) four tenders for two awarded projects under the respective customer as our Company submitted separate tenders for different scope of works.

**Planning and Administration Phase**

*Formation of project management team and preparation work*

Generally, once our tender proposal is accepted by our customer, a letter of award or letter of acceptance will be issued to us by our customer. We will then commence mobilisation of adequate resources in terms of project management staff to kick-start the project. During the tender process, team members of our Group will be assigned to a specific project team, based on the complexity of the project. A project team leader or manager will also be assigned to coordinate the interior fitting-out work with the customer, the main contractor (if any), consultants, subcontractors (if required) and our suppliers.

The size of a project management team for each particular project may vary depending on the size and complexity of a project but will typically include one or more of the following staff: project manager, construction manager, site supervisors, safety supervisor and QS. Set out below are the main responsibilities of each key member in a project management team:

- Our project management team is headed by our project director, who is responsible for the overall project management of all our projects and serves as the main point of contact for our customers, customers' project team and customers' professional parties. He will also be responsible for conducting the site management of the proposed project site.

- Our project director is assisted by our project team leader and co-lead, who are principally responsible for overall project management including the planning of the project, assigning and allocating works to the relevant staff, scheduling of the project, drawing submission and other documentation required, sample submission, design coordination, works management, progress monitoring and subcontractor coordination.

- At each specific project, a project manager will be assigned to the project site to assist the project lead in the overall execution of the project, as well as the management of the different teams on-site.

- Our construction manager, who will be stationed on-site at the project for the entire duration of the project, is principally responsible for executing the work plan, defining responsibilities and deliverables to the personnel on-site, and ensure the timely delivery of the milestones of the project.

- Our site supervisor is principally responsible for daily on-site workmanship and quality supervision of the subcontractors (if required) and our suppliers to ensure that the works are carried out in accordance with tender specifications and that the progress is on time.

- Our safety supervisor is principally responsible for supervising the implementation of site safety and environmental measures according to statutory requirements, manage risk management and control, carry out site safety and environmental inspection and investigations on any accidents and ensure our safety guidelines are followed by the project management team.

- A QS is also appointed for each project, who will be responsible for the progress claims and variation orders (if any) on a project.

*Selection and engagement of subcontractors (if required) and suppliers*

Supplies of goods and services which are required in connection with or ancillary to the provision of our interior-fitting-out services include (i) our subcontractors; and (ii) materials suppliers. In the provision of our interior fitting-out services, we will typically engage subcontractors in three situations: (i) to carry out works which are required to be subcontracted out pursuant to the requirements of the tender or as required by our customers, such as MEP works; (ii) to carry out works which we do not have the relevant expertise to carry out such as MEP Works, Metal Works and Wet Works; and (iii) to carry out works which we lack the capacity and resources to undertake such as the manufacturing of carpentry/ joinery and other integral fixtures at the relevant time. These subcontractors are either (a) specific subcontractors which are requested by our customers or (b) subcontractors which are in our approved vendor list. Furthermore, as part of the interior fitting-out process, we may be required to source and purchase various interior fitting-out materials and decorations from material suppliers. Materials that may be required to be sourced include those specified in the tender documents as well as glazing, hardfloor, sanitary fittings, wall and window treatment and marble, or environmentally friendly wood.

Unless otherwise specified by our customers, we will typically approach the subcontractors and suppliers from our list of approved subcontractors and suppliers. In preparation of our tenders where we anticipate the need for subcontractors, we would usually have contacted potential subcontractors and discussed with them their availability for our projects before submitting our tenders. Once we have been notified by customers that our tender is successful, we will commence liaising with our subcontractors and notifying them that their subcontracting services are required. If MEP works and IT works are subcontracted for a particular project, we will then assign a project manager who will be stationed on-site to oversee and coordinate the subcontractors who we have engaged to provide such services.

Further, where materials are required to be ordered directly by us, we will commence discussions with our suppliers for the ordering of materials as material suppliers typically will not carry sufficient stock on hand and they will need time for the factories to supply the required materials. For details on our subcontractors and our suppliers, please refer to the section headed "Business — Suppliers" in this prospectus. For details on the quality control on our subcontractors, please refer to the section headed "Business — Quality Control" in this prospectus.

Save for a furniture supplier of the Group for the year ended 31 December 2019, all of the five largest suppliers during the Track Record Period were subcontractors engaged by our Group.

*Take possession of site and implementation of works*

When we take possession of a site, which means where we are given full access to the location that is being fitted out, we will undertake a pre-construction survey to establish the precise physical condition of all material aspects of the site and its adjoining areas. Works area boundaries will be established and agreed in accordance with the contract and made secure as required to ensure that no unauthorised third parties are allowed to entry and to protect valuable equipment from being stolen. Proposed boarding will be erected according to drawings, site clearing and removal of existing facilities will be carried out and a list of authorised persons allowed to enter the site will be established.

As safety is our priority, we will also set up a safety committee which will be in charge of ensuring workplace safety, and require all our workers at our project sites to attend work safety induction conducted by the safety and health manager of the safety committee. In addition, our safety personnel will conduct routine and ad-hoc checks to ensure compliance with our internal safety measures as well as other relevant laws and regulations.

Our security personnel assigned to each project will have the overall responsibility of ensuring that all works carried out by our subcontractors are in compliance with works, safety, environmental and other relevant laws and regulations. For further details in relation to these regulations, please refer to the section headed "Regulatory Overview" in this prospectus.

The daily supervision of the on-site activities is the principal responsibility of our site supervisor. They are required to be available and present on-site daily for the projects for which they have been allocated to ensure that progress of the project is in line with internally agreed project milestones. If we fail to complete pre-agreed works by the milestone dates, we may be subject to penalties charged on a daily basis. Meetings will be held regularly between us, our customers and our subcontractors for reporting updated progress and see if it is deviated from the programme and to understand the reason of delay (if any). If it is found the delay is due to our fault, delay remedial measures will be carried out by us to see what can be done to catch up the progress. The on-site coordinator/on-site supervisor will also be the primary line of contact for reporting for accidents or issues that are required to be resolved. During the project, we will also regularly meet with our customer or their representatives to provide project status updates as well as to discuss potential issues that may arise during the interior fitting-out process and ways to resolve such issues.

*Manufacturing of carpentry/joinery and integral fixtures (if required)*

For projects which require our customising and manufacturing of carpentry/joinery and integral fixtures services, that aspect of the project will be assigned to our production director, who oversees the entire production process at our factory and is responsible for ensuring its quality. Our production director is assisted by (i) an on-site production manager, who is primarily responsible for assessing the site condition and taking the required measurements for

the relevant carpentry/joinery and integral fixtures which we are required to manufacture; and (ii) an off-site production manager, who is primarily responsible for the production process at the factory, including supervising the manufacturing workers and arranging for mock-ups of the product if required by our customers. Both the on-site and off-site production managers are assisted by a respective production team, which includes QA/QC members.

*Variation orders*

There may also be instances of variation orders where specification and scope of works are amended from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. Should the amendment in the variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors (if any), these will be separately negotiated. During the three financial years ended 31 December 2019, the variation orders of the projects undertaken by our Group amounted to approximately S$3.5 million, S$9.7 million and S$1.7 million respectively.

We have not experienced any material cancellation of works or material disputes with our customers on the amount of the variation orders during the Track Record Period and up to the Latest Practicable Date.

*Application for and certification and payment of works done*

Our Executive Directors, through our project quantity surveyors assigned to each project, monitor our progress claims and deployment of resources in order to manage any foreseeable cost overruns in our projects. In accordance with the tender documents, we are required to submit a payment claim based on the progress of the interior fitting-out works completed on site. Progress payment claims for our projects are typically made monthly. For further details in relation to the general terms of contracts, please refer to the section headed "Business — Customers — General terms of contracts with customers" in this prospectus. Such claims are prepared by our contracts department. Review and assessment of payment application is typically done by our customer and/or the Professional Consultant of the project. We have not experienced any material cancellation of works or material disputes with our customers on the amount of the variation order during the Track Record Period and up to the Latest Practicable Date. After agreement is reached between our staff and our customer's QS on the amount of work done on-site, our customer's quantity surveyor will submit the valuation to the architect or the consultant for the issuance of the payment certificate. Upon certification of our progress claims by our customers based on inspection by their quantity surveyor, based on the amount as stated in the payment certificate, our administrative department will then submit an invoice to the customer to arrange for payment, typically with a credit term of 30 to 60 days, based on the contract with the customer. Retention money is a percentage of the contract sum which is withheld by our customer and is generally released in full upon issue of a certificate of making good defects at the end of the defect liability period. The percentage of the retention money is usually at the rate of 2.5% to 10.0% of each interim payment and accumulated until generally 5.0% of a total contract amount is reached. The retention monies will be generally released as to 50.0% upon the issue of the certificate of completion and as to the remaining 50.0% upon the expiry of the defect liability period of around 12 months.

**Completion and Inspection**

To ensure the quality of our projects, we conduct regular inspections at each stage of the interior fitting-out works up to the handing over of the completed project to ensure that each stage is performed according to the specifications.

Our projects usually span a duration ranging between three to six months, depending on the scale and complexity of the project and whether the premises are vacant or occupied, as well as the project schedule by our customer.

Prior to the completion of a project, our project manager will carry out a thorough joint inspection with our customer. Any defects and/or outstanding works discovered during such joint inspection will be listed down and rectified accordingly. Upon completion of a project, we will proceed to hand over the project to our customer, and a certificate of completion will be issued by our customer.

*Defects liability period and release of retention money*

The contracts entered by us generally provide for a defects liability period from either the handover date, date of the Certificate of Completion or other date specified in the contracts, during which we will be responsible for rectifying any defects found in the completed project. The defects liability period is usually 12 months.

*Ad-hoc maintenance works after the defects liability period*

If requested by our customers, we may also provide maintenance works after the expiry of the defects liability period on an ad-hoc basis for a separate fee. For MEP related works, such maintenance works would be carried out directly by our subcontractor. Please refer to the section "Business — Business Strategies — 2. Provision of MEP services in-house through talent recruitment and applying for registration under certain ME workheads" in this prospectus for further information.

**OUR PROJECTS**

During the Track Record Period, our projects mainly comprised projects commissioned by private companies, including owners or tenants of commercial and light-industrial properties in Singapore, Professional Consultants and construction contractors of the projects. All our projects were secured through a tendering process by way of invited tenders.

During the Track Record Period and up to the Latest Practicable Date, we have completed 125 interior fitting-out projects in Singapore. The average contract value of our Group's business during the Track Record Period is approximately S$1.5 million, S$2.0 million and S$2.0 million respectively, which is derived from a range of approximately S$0.1 to S$7.1 million, S$0.1 to S$13.9 million and S$20,000 to S$10.6 million, respectively.

## Top 10 completed projects (by revenue contribution) during the Track Record Period

Completed projects refer to those for which the certificate of completion was obtained within the Track Record Period. During the three years ended 31 December 2019, the total revenue recognised from our top 10 completed projects amounted to approximately S$21.4 million, S$35.5 million and S$20.9 million, representing approximately 29.8%, 43.7% and 27.2% of our total revenue respectively. The following table sets out the details of the top ten completed projects (by revenue contribution) completed by us during the Track Record Period:

| S/N | Project name | Location and nature of project | Commencement date | Completion Date[1] | Contract value[2] | Revenue recognised for the financial year ended 31 December[3] | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 2017 | 2018 | 2019[4] |
| | | | | | (S$ million) | (S$ million) | (S$ million) | (S$ million) |
| 1 | Project A | Interior fitting-out work for an office located at Mapletree Business City | 1 August 2018 | 26 November 2018 | 14.0 | — | 15.0 | (0.9) |
| 2 | Project B | Interior fitting-out work for an office located at Depot Close | 3 October 2016 | 28 April 2017 | 12.9 | 7.1 | — | — |
| 3 | Project C | Interior fitting-out work for an office located at Paya Lebar Quarter | 25 February 2019 | 21 June 2019 | 10.6 | — | — | 10.7 |
| 4 | Project D | Interior fitting-out work for an office located at Depot Road | 7 August 2017 | 17 November 2017 | 7.1 | 7.4 | — | — |
| 5 | Project E | Interior fitting-out work for an office located at One Raffles Quay | 17 November 2017 | 9 March 2018 | 4.9 | 0.4 | 7.0 | — |
| 6 | Project F | Interior fitting-out work for an office located at Tai Seng Street | 14 August 2017 | 23 January 2018 | 6.5 | 6.5 | 0.5 | — |
| 7 | Project G | Interior fitting-out work for an office located at Frasers Tower | 18 June 2018 | 23 October 2018 | 6.5 | — | 6.8 | 0.1 |
| 8 | Project H | Interior fitting-out work for an office located at Leng Kee Road | 15 April 2019 | 1 October 2019 | 5.0 | — | — | 6.3 |
| 9 | Project I | Interior fitting-out work for an office located at Pasir Panjang Road | 7 June 2018 | 18 December 2018 | 4.8 | — | 6.2 | (0.3) |
| 10 | Project J | Interior fitting-out work for an office located at Paya Lebar | 2 January 2019 | 26 April 2019 | 4.9 | — | — | 5.0 |

*Notes:*

(1) The date of the certificate of completion.

(2) The contract value as set out in the transaction documents.

(3) Any difference between the revenue recognised and the contract value is due to additional works and/or variation orders obtained (where applicable).

(4) For Project A and Project I, the negative revenue recognized during the year ended 31 December 2019 was mainly due to a one-off discount provided to the customer during the process of finalizing the final account. For details, please refer to "Financial Information — Principal component of results of operations — Gross profit and gross profit margin" in this prospectus.

## Projects on hand as at the Latest Practicable Date

As at the Latest Practicable Date, our Group had 19 projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced) with an aggregate of approximately S$62.0 million yet to be recognised as revenue after 31 December 2019, among which, approximately S$56.5 million and S$5.5 million are expected to be recognised as revenue for the year ending 31 December 2020 and the year ending 31 December 2021 and thereafter respectively. The following table sets forth our projects on hand as at the Latest Practicable Date:

| S/N | Project name | Location & nature of projects | Commencement date[1] | Estimated completion date[1] | Initial contract sum[2][3] | FY2017 | FY2018 | FY2019 | Estimated revenue to be recognised for the financial year ending 2020 | Estimated revenue to be recognised for the financial year ending 2021 and thereafter |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | (S$ million) | (S$ million) | (S$ million) | (S$ million) | (S$ million) | (S$ million) |
| 1. | Project K | Interior fitting out work for an office at 100 Jurong Island | 1 June 2020 | 31 October 2020 | 1.0 | — | — | 0.1 | 0.9 | — |
| 2. | Project L | Interior fitting out work for an office at Alexandra Road | 11 July 2019 | 7 July 2020 | 5.0 | — | — | 5.1 | 0.5 | — |
| 3. | Project M | Interior fitting out work for an office at 13 International Business Park Drive | 1 August 2019 | 4 May 2020 | 6.3 | — | — | 1.9 | 4.4 | — |
| 4. | Project N | Interior fitting out work for an office at 288 Pasir Panjang Road | 2 October 2019 | 18 September 2020 | 1.6 | — | — | 0.4 | 1.2 | — |
| 5. | Project O | Interior fitting out work for an office at 1 Lok Yang Way | 9 October 2019 | 28 April 2020 | 5.1 | — | — | 1.8 | 3.4 | — |
| 6. | Project P | Interior fitting out work for an office at 78 Shenton Way | 4 November 2019 | 30 April 2020 | 2.9 | — | — | 1.4 | 1.4 | — |
| 7. | Project Q | Interior fitting out work for an office at 9 Penang Road | 1 November 2019 | 27 July 2020 | 6.2 | — | — | 2.1 | 4.1 | — |
| 8. | Project R | Interior fitting out work for an office at 20 Ayer Rajah Crescent | 27 December 2019 | 31 July 2020 | 1.1 | — | — | 0.4 | 0.7 | — |
| 9. | Project S | Interior fitting out work for an office at 138 Depot Road | 16 December 2019 | 13 November 2020 | 7.6 | — | — | 1.3 | 7.6 | — |
| 10. | Project T | Interior fitting out work for a penthouse at 99 Cairnhill Circle | 16 December 2019 | 25 May 2020 | 2.1 | — | — | 0.1 | 1.0 | — |
| 11. | Project U | Interior fitting out work for an office at 1 Serangoon North Ave 5 | 30 December 2019 | 30 September 2020 | 7.6 | — | — | 0.2 | 7.4 | — |
| 12. | Project V | Interior fitting out work for a condominium at Chin Swee Road | 1 January 2020 | 31 December 2022 | 7.0 | — | — | — | 1.5 | 5.5 |
| 13. | Project W | Interior fitting out work for an office at Woodlands Height | 1 February 2020 | 15 May 2020 | 1.7 | — | — | — | 1.7 | — |
| 14. | Project X | Interior fitting out work for an office at Suntec Tower 4 | 10 January 2020 | 7 May 2020 | 1.6 | — | — | — | 1.6 | — |
| 15. | Project Y | Interior fitting out work for an office at OCBC Centre East | 16 January 2020 | 15 April 2020 | 2.0 | — | — | — | 2.0 | — |
| 16. | Project Z | Interior fitting out work for an office at One Raffles Quay South Tower | 17 January 2020 | 29 April 2020 | 6.2 | — | — | — | 6.0 | — |
| 17. | Project AA | Interior fitting out work for an office at Seletar Aerospace Heights | 13 February 2020 | 6 May 2020 | 2.1 | — | — | — | 2.1 | — |
| 18. | Project AB | Interior fitting out work for an office at Paya Lebar Quarters Tower 2 | 19 March 2020 | 29 July 2020 | 8.5 | — | — | — | 8.5 | — |
| 19. | Project AC | Interior fitting out work for an office at Changi Business Park | 1 April 2020 | 30 June 2020 | 0.5 | — | — | — | 0.5 | — |

*Notes:*

(1) The expected commencement/completion date is either that stated in the transaction documents or estimated based on the project progress as at the Latest Practicable Date. In making estimation, our management takes into account factors including the extension period granted by our customers (if any) and the actual work schedule.

(2) The initial contract sum as set out in the transaction documents.

(3) The initial contract sum may be lower than the sum of the amount of revenue recognised during the Track Record Period and the estimated revenue to be recognised from 1 January 2020 to 31 December 2020 and thereafter, because of additional variation orders placed by our customers.

The following table sets out the movement of the number of our projects for the periods below:

| | For the financial year ended 31 December | | | Period commencing from 1 January 2020 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | |
| Projects brought forward from prior year(s)/period | 9 | 7 | 13 | 23 |
| Number of new projects awarded during the year/period | 40 | 34 | 54 | 7 |
| Number of projects completed during the year/period | (42) | (28) | (44) | (11) |
| Projects carried forward to next year/period | 7 | 13 | 23 | 19 |

The following table sets out the movement of the contract values for the periods below:

| | For the financial year ended 31 December | | | Period commencing from 1 January 2020 to the Latest Practicable Date |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | |
| | (S$ million) | (S$ million) | (S$ million) | (S$ million) |
| Outstanding contract value as at the beginning of the year/period | 18.5 | 8.5 | 8.6 | 43.6 |
| New contracts secured or varied by way of variation orders during the year/period | 61.8 | 81.3 | 111.7 | 23.0 |
| Revenue recognised during the year/period | (71.8) | (81.2) | (76.7) | (26.2) |
| Outstanding contract value as at the end of the year/period | 8.5 | 8.6 | 43.6 | 40.4 |

Our Directors consider that since the duration of our projects typically range from approximately three to six months, the value of backlog as at the respective year end usually are relatively low when compared to our total revenue recognised during the year.

As at Latest Practicable Date, our Group has 19 projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced) with an aggregate of approximately S$62.0 million yet to be recognised as revenue after 31 December 2019, among which, approximately S$56.5 million and S$5.5 million are expected to be recognised as revenue for the year ending 31 December 2020 and the year ending 31 December 2021 and thereafter respectively. As at the Latest Practicable Date, we had yet to receive final results from 20 tenders with a total notional contract sum of approximately S$81.5 million.

## CUSTOMERS

During the Track Record Period, our customers include (i) owners or tenants of commercial and light-industrial properties in Singapore; (ii) construction contractors; and (iii) Professional Consultants. All of our contracts are largely on a project-by-project basis and are typically non-recurring.

## Top Customers

The following table sets forth our five largest customers during the Track Record Period:

### For the financial year ended 31 December 2017

| Rank | Customer | Type of customer | Background | Principal business activities | Year of commencement of business relationship | Typical settlement terms | Revenue recognised | % of total revenue |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | (S$ million) | |
| 1 | Customer A | Construction contractor | Private limited company which is a subsidiary of a company headquartered in Japan which has over 1,140 employees and recorded approximately JPY125,575 million in revenue for the financial year ended June 2018. | Provision of general construction and civil engineering services | Since 2017 | 35 days, by cheque | 8.2 | 11.5 |
| 2 | Customer B | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in The United States of America and listed on the New York Stock Exchange which has over 55,000 employees and recorded approximately US$58.472 billion in revenue for the financial year ended 31 October 2018 | Provision of IT solutions | Since 2016 | 65 days, by bank transfer | 7.1 | 9.9 |
| 3 | Customer C | Owner/tenant | Private limited company incorporated in Singapore which is a subsidiary of a company headquartered in Singapore and recorded approximately EUR1,100 million in revenue for 2018 | Manufacturer of hearing aids | Since 2017 | 30 days, by bank transfer | 6.5 | 9.1 |
| 4 | Customer D | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in The United States of America and listed on the NASDAQ Stock Exchange which has over 36,600 employees and recorded approximately US$7.862 billion in revenue for the financial year ended 31 December 2018 | Subsidiary of an international financial group | Since 2017 | 30 days, by bank transfer | 4.8 | 6.6 |
| 5 | Customer E | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in France and listed on the Euronext which has over 137,000 employees and recorded approximately EUR25.72 billion in revenue for the financial year ended 31 December 2018 | Distribution and trading of electrical, mechanical and electronic products | Since 2017 | 45 days, by bank transfer | 4.5 | 6.2 |
| | | | | | | TOTAL | 31.1 | 43.3 |

## For the financial year ended 31 December 2018

| Rank | Customer | Type of customer | Background | Principal business activities | Year of commencement of business relationship | Typical settlement terms | Revenue recognised | % of total revenue |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | (S$ million) | |
| 1 | Customer F | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in The United States of America and listed on the NASDAQ Stock Exchange which has over 75,900 employees and recorded approximately US$51.9 billion in revenue for the financial year ended 27 July 2019 | Provision of communications and IT services | Since 2013 | 45 days, by bank transfer | 15.0 | 18.4 |
| 2 | Customer G | Owner/tenant | Branch office which is part of a company headquartered in Germany which has over 91,737 employees and recorded approximately EUR25,316 million in revenue for the financial year ended 31 December 2018 | Provision of financial services | Since 2007 | 45 working days, by bank transfer | 7.0 | 8.6 |
| 3 | Customer H | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in London which has over 15,800 employees and recorded approximately GBP1.714 billion in revenue for the financial year ended 31 March 2019 | Provision of professional engineering services | Since 2007 | 35 days, by bank transfer | 6.8 | 8.4 |
| 4 | Customer I | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in The United States of America and listed on the NASDAQ Stock Exchange which has over 647,500 employees and recorded approximately US$232.887 billion in net sales for the financial year ended 31 December 2018 | Provision of internet services | Since 2018 | 60 days, by bank transfer | 6.5 | 8.0 |
| 5 | Customer J | Construction contractor | Private limited company which is a subsidiary of a company headquartered in Japan and listed on the Tokyo Stock Exchange which has over 1,390 employees and recorded approximately US$1.056 billion in net sales for the financial year ended 31 March 2019 | Provision of general construction services | Since 2018 | 30 days, by cheque | 6.2 | 7.6 |
| | | | | | | TOTAL | 41.5 | 51.0 |

**For the financial year ended 31 December 2019**

| Rank | Customer | Type of customer | Background | Principal business activities | Year of commencement of business relationship | Typical settlement terms | Revenue recognised | % of total revenue |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | S$'million | |
| 1 | Customer K | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in Singapore and listed on the Singapore Exchange which has over 4,255 employees and recorded approximately S$12.1 million in revenue for the financial year ended 31 December 2018 | Provision of life and general insurance | Since 2019 | 30 days, by cheque | 14.0 | 18.2 |
| 2 | Customer L | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in The United States of America and listed on the New York Stock Exchange which has over 90,000 employees and recorded approximately US$13.1 billion in revenue for the financial year ended 31 December 2018 | Provision of real estate services | Since 2009 | 35 days, by bank transfer | 7.5 | 9.8 |
| 3 | Customer M | Owner/tenant | Private limited company which is a distributor and dealer for a range of premium passenger marques in the region | Car distributor and dealer | Since 2019 | 35 days, by bank transfer | 6.3 | 8.3 |
| 4 | Customer N | Owner/tenant | Private limited company which is a subsidiary of a company headquartered in Germany and listed on the New York Stock Exchange which has over 14,000 employees and recorded approximately EUR2.4 billion in revenue for the financial year ended 31 December 2018 | Car distributor and retailer | Since 2019 | 30 days, by bank transfer | 5.1 | 6.7 |
| 5 | Customer O | Owner/tenant | A Singapore private limited company principally engaged in providing private or co-working workspaces | Provision of private or co-working workspaces | Since 2007 | 30 days, by bank transfer | 4.6 | 6.0 |
| | | | | | | Total | 37.5 | 49.0 |

None of our Directors or their close associates or any Shareholders who own more than 5.0% of the issued share capital of our Company had any interest in any of our Group's five largest customers during the Track Record Period. Save for a customer who is a financial bank who provides bank services and banking facilities to the Group in normal commercial terms, our Directors confirmed that our customers during the Track Record Period do not have any past or present relationship (business or otherwise) with the Group, its subsidiaries, their directors, shareholders, senior management or any of their respective associates during the Track Record Period, other than being the Group's customers. To the best knowledge of our Directors, none of our Group's five largest customers during the Track Record Period was also a supplier of our Group.

During the Track Record Period, we have maintained good relationships with our customers and did not have any material disputes with any of them. We have not received any material customer complaints during the Track Record Period.

Since our Group's establishment in 1986, we believe that we have built a good reputation in the interior fitting-out market for quality services which has been one of our strengths to maintain customer loyalty. In addition to our recurring customers, we may also be referred to new customers from recurring customers.

During the Track Record Period, we derived a significant portion of our revenue from our five largest customers of approximately 43.3%, 51.0% and 49.0% for the three years ended 31 December 2019, respectively. We have established stable and long business relationships with some of our major customers. Our Directors believe that our customer relationships are built on our long years of commitment, reputation in the industry and our track record with timely delivery of works and to the satisfaction of our customers.

The ranking and combination of our top five customers for each of the three financial years ended 31 December 2019 were substantially different. This suggests that we did not place undue reliance on any particular one of them throughout the Track Record Period for revenue generation.

Given that most of our top five customers are reputable multi-national companies and their projects are sizable, if we undertake a project with large contract sum, it may contribute a substantial amount to our revenue in a particular period, resulting in the relevant customer becoming one of our top customers in terms of revenue contribution to us.

We have made consistent effort in expanding and diversifying our customer base. During the Track Record Period, we had 41, 36 and 50 customers generate revenue to us for the three years ended 31 December 2019, respectively, signifying an overall increase of our customer base over the Track Record Period.

Our Directors consider that the concentration of our revenue from our five largest customers was also due to the fact that any sizeable project which we undertook would contribute to a significant portion of our revenue in the particular period and would possibly result in the relevant customer becoming one of our largest customers in that particular period. As a result, the mix and identity of our largest customers may vary from year to year.

**Key contract terms**

Generally the contracts with our customers contain terms relating to the contract price, duration, the scope of work, the payment terms, retention money, defect liability period provisions, performance bonds, liquidated damages, variation and termination.

*Duration*

The duration of each project will typically be stated in the contract and is usually between three months to six months (excluding the defects liability period), depending on the scale and complexity of the project, and whether the premises are occupied or vacant.

*Progress claims and payment terms*

In relation to billings on a project, our finance department is responsible for recording of accounts receivables, payables and preparation of progress claims and invoices. Our project department will coordinate with our finance department on the monthly progress claims to our customers. Upon receiving our payment request, our customer will have its own personnel to acknowledge the progress claim, typically based on inspection by its quantity surveyor. We will then be requested to issue an invoice to our customers, typically with a credit term of 30 to 60 days, based on the contract with the customer. Please refer to the paragraph headed "Quality control" under this section of the prospectus for further information of various inspection checks throughout the project implementation.

Under the Building and Construction Industry Security of Payments Act, Chapter 30B of Singapore ("**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. Monthly progress claims are to be certified by the customer within 21 calendar days from the submission of our progress claims and payment within 35 days of such certification. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. Therefore, we have the right to the progress claims that we make in accordance with the work that we carried out and based on the agreed contract terms with our customers. For further details in relation to BCISPA, please refer to the section headed "Regulatory Overview" in this prospectus.

*Variation*

We may be given variation orders where our customers amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. The pricing of a variation order is usually agreed mutually between the contract parties and set out in the relevant supplemental contract. The project quantity surveyor will enter each instruction leading to a variation into a variation register, which will assist the project team with contract administration and cost control. Should the amendment in the variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated.

*Retention money*

A portion of the contract value, normally 5.0%, may be withheld by our customers as retention money, of which half will be released upon the issue of the certificate of completion and the remaining released upon the expiry of the defect liability period. The defect liability period commences on the date of the Certificate of Completion issued by the customer (based on the relevant contract terms).

*Defect liability period*

Our construction contracts will generally include a defect liability period, during which we are responsible to rectify works defects at no extra cost to the customer. The defect liability period is usually 12 months from the date of the Certificate of Completion issued by the customer (based on the relevant contract terms). If the materials used are not in accordance with the contract, we are required to replace them during the defect liability period or request our subcontractors to do so (in respect of projects where subcontractors have been engaged). There was no material claim which was brought against our Group by our customers during the Track Record Period. There was no material customer complaint during the Track Record Period.

*Insurance*

Where we are the main contractor for our projects, we are required to procure insurance such as public liability insurance and work injury compensation insurance specifically for the project. For further details in relation to the insurance policies taken out by our Group, please see the paragraph headed "Business — Insurance" in the prospectus.

*Performance bonds*

Some of our projects require us to provide an insurance performance bond or insurance performance guarantee issued by a licensed bank in Singapore to our customers (typically between 5.0% to 10.0% of the contract value), which will remain in effect until the expiry of the defects liability period. The duration of the performance bond or performance guarantee typically covers the contractual period of the project and an additional period corresponding to the defects liability period. None of our customers has enforced the insurance performance bond or insurance performance guarantee provided by us during the Track Record Period.

*Foreign workers*

We are responsible for ensuring that all workers employed at the project worksite possess valid work permits, and we typically require our subcontractors to provide an undertaking that no illegal foreign workers will be hired or employed at the project worksite. We are liable for and shall indemnify our customers against any losses or liabilities arising from our hiring of illegal foreign workers for the relevant project. During the Track Record Period and up to the Latest Practicable

Date, our Group has complied with all rules and regulations relating to the employment of foreign workers for our business, including but not limited to the imposition of security bonds and foreign worker levy, and the quotas for foreign workers based on man-year entitlements.

*Liquidated damages*

Our contracts typically include a liquidated damages clause, where if we fail to complete the work scope within the stipulated time and/or cause unnecessary delay to the entire project that result in liquidated damages imposed on our customer, we shall reimburse the customer for some or all of the incurred liquidated damages. There were no material liquidated damages paid by our Group during the Track Record Period.

*Termination*

Our contracts can typically be terminated by our customer if, among others, we have (i) defaulted on our obligations under the contract; (ii) become bankrupt or insolvent, or made a compromise with creditors. In some cases, if we have part performed our obligations under the contract, our customer may make payment for the works completed. For contracts with our customers where we are the subcontractor, such contracts can also typically be terminated if the head contract with the main contractor is terminated.

## SUPPLIERS

Supplies of goods and services which are required in connection with or ancillary to the provision of our interior-fitting-out services include (i) our subcontractors; and (ii) materials suppliers.

The following table sets forth a breakdown of our costs of subcontracting services and costs of materials during the Track Record Period:

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$ million | % to cost of sales | S$ million | % to cost of sales | S$ million | % to cost of sales |
| Subcontracting costs | 42.9 | 75.9 | 51.7 | 78.6 | 45.7 | 75.2 |
| Direct material costs | 5.9 | 10.5 | 5.9 | 8.9 | 5.5 | 9.1 |

*Note:* Our subcontractors will bear their own costs for materials. Our direct material costs are in respect of interior fitting-out materials and decorations purchased in connection with interior fitting-out works carried out by us.

**Subcontractors**

In the provision of our interior fitting-out services, we will typically engage subcontractors in three situations: (i) to carry out works which are required to be subcontracted out pursuant to the requirements to the tender or the main contract with the main contractor of the project, such as MEP works; (ii) to carry out works which we do not have the relevant expertise to carry out such as MEP works, Metal Works and Wet Works; and (iii) to carry out works which we lack the capacity and resources to undertake such as the manufacturing of carpentry/joinery and other integral fixtures at the relevant time. Our subcontractors will bear their own costs for materials. These subcontractors are either (i) specific subcontractors which are requested by our customers or (ii) subcontractors which are in our approved vendor list. During the Track Record Period, our subcontractors mainly comprise MEP service providers, Metal Work providers, Wet Work providers, IT providers and AV providers.

We typically select our subcontractors from our approved vendor list of subcontractors, whereby they are initially assessed based on (as the case may be) (i) market reputation; (ii) existence of an effective quality, environmental, health and safety system; (iii) response to our request for services; (iv) reliability of product or services procured; and (v) quality of services provided. This assessment is performed by our QS and submitted to our Executive Director for approval. Subsequently, our projects team assigned to that particular project will assess the performance of the subcontractors periodically, based on, amongst others, their (i) compliance with the contractual scope of works; (ii) attendance at site meetings; (iii) compliance and initiatives with work safety issues; (iv) overall contribution to the progress of the project; (v) overall site management performance; and (vi) compliance with applicable rules and regulations. Under the subcontracting arrangements, the subcontracting cost is determined based on the estimate of market rate for comparable projects, taking into account their scope, size, complexity and contract value. As at the Latest Practicable Date, there were 904 subcontractors on our approved vendor list.

So far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any claims from our customers in respect of the quality of services performed by our subcontractors.

Generally we engaged our subcontractors by way of a purchase order, which will set out, *inter alia*, the description of the service, and the subcontract price.

Our purchase order will also typically be subject to our standard terms and conditions, the key terms of which are summarised below:

*Condition of the goods*

All goods received by us should be in good condition. If they are defective or damaged, our subcontractor will have to replace them at their own cost.

*Delivery*

Our standard terms and conditions also stipulate that our subcontractors will have to bear any costs incurred for late deliveries, liquidated damages or penalties may be imposed for any late installations or deliveries.

*Compliance with applicable laws relating to workers*

Our subcontractors are also required to ensure that all their workers hold valid work permits/employment passes, and comply with all provisions of the Immigration Act and Employment of Foreign Workers Act and their subsidiary legislations. We also require our subcontractors to take reasonably practicable steps in compliance with the Workplace Health and Safety Act and our internal safety guidelines to ensure the safety and health of their workers.

*Terms of payment*

In respect of our contracts with our subcontractors, the subcontractors are required to submit a written statement of the value of all work done under the contract, and of all materials delivered to the site for incorporation in the subcontract works. The payments to be made will be based on the amount of work done by the subcontractor less any set-offs or deductions. The terms of the payment are subject to the BCISPA, details of which are set out in the section headed "Regulatory Overview" in this prospectus.

*Retention money*

Depending on the type of subcontracted service, we may impose a retention sum, which typically represents between 5.0% to 10.0% of the subcontract value, of which half will be released upon the issuance of the certificate of completion by us and the remaining half will be released upon the issuance of the maintenance certificate after the defects liability period.

*Insurance*

We also require our subcontractors to maintain adequate insurance against loss and damage to their works and their workers.

Our subcontractors typically provide monthly claims which will be assessed by the QS in consultation with the project manager or other delegated staff. The QS will then prepare the progress payment, which is checked by a project or contract manager and approved by an Executive Director, upon which our finance department will proceed to prepare payment.

**Supplies of materials**

As part of the interior fitting-out process, we may be required to source and purchase various interior fitting-out materials and decorations from our material suppliers. Materials that may be required to be sourced include those specified in the tender documents such as glass, tiles, hardware, sanitary ware, wallpaper and marble, or environmentally friendly wood. In respect of works that are subcontracted out, our subcontractors will bear their own costs for materials for such works.

We maintain an approved vendor list for suppliers who have passed our assessment criteria; for suppliers first admitted into the list, we will have reviewed their performance based on (as the case may be) their (i) market reputation; (ii) existence of an effective quality, environmental, health and safety system; (iii) response to our request for materials; (iv) reliability of product procured; (v) quality of samples provided; and (vi) competitive pricing or bulk purchase discounts. This assessment is performed by our QS. Subsequently, our QS will assess the performance of the suppliers periodically, based on (as the case may be), their (i) ability to meet delivery schedules in accordance with contract/purchase order; (ii) response to repair calls under guarantee period; (iii) quality of goods received; and (iv) environmental, health and safety performance for the past year. As at the Latest Practicable Date, there were 642 materials suppliers on our approved vendor list. Generally, we will make our purchases with our suppliers through purchase orders on a project basis, which will contain terms relating to the unit price, types and specifications of the materials. Our purchase orders will also be subject to our standard terms and conditions, which are largely similar to the terms and conditions applicable to our subcontracts as set out in the section headed "Business — Suppliers — Subcontractors" of this prospectus.

Unless a certain material is supplied by a sole distributor or agent or a particular material supplier is designated by our customer, we do not rely on any particular material supplier and will source for materials within our predetermined budget.

The following table sets forth our five largest suppliers during the Track Record Period:

**For the financial year ended 31 December 2017**

| Rank | Supplier | Main types of works and services supplied | Principal business activities | Year of commencement of business relationship | Typical credit terms and payment methods | Approximate amount of purchase | % of our Group's total purchase |
|---|---|---|---|---|---|---|---|
| | | | | | | (S$ million) | |
| 1 | Supplier A | Provision of MEP works | Provision of MEP works, project management and maintenance management services | Since 2010 | 30 days, by cheque | 4.9 | 10.0 |
| 2 | Supplier B | Provision of MEP works | Provision of MEP works | Since 2013 | 30 days, by cheque | 3.0 | 6.1 |
| 3 | Supplier C | Provision of partition and ceiling work | Design, manufacture and installation of architectural products | Since 2010 | 30 days, by cheque | 2.6 | 5.3 |
| 4 | Supplier D | Provision of MEP works | Provision of engineering services | Since 2010 | Payment on delivery, by cheque | 2.1 | 4.3 |
| 5 | Suppler E | Provision of structural and metal works | Provision of building construction services | Since 2010 | 30 days, by cheque | 1.4 | 2.8 |
| | | | | | TOTAL | 14.0 | 28.5 |

## For the financial year ended 31 December 2018

| Rank | Supplier | Main types of works and services supplied | Principal business activities | Year of commencement of business relationship | Typical credit terms and payment methods | Approximate amount of purchase | % of our Group's total purchase |
|---|---|---|---|---|---|---|---|
| | | | | | | (S$ million) | |
| 1 | Supplier F | Provision of MEP works | Provision of MEP works | Since 2010 | 60 days, by cheque | 8.2 | 14.3 |
| 2 | Supplier A | Provision of MEP works | Provision of MEP works, project management and maintenance management services | Since 2010 | 30 days, by cheque | 6.2 | 10.7 |
| 3 | Supplier B | Provision of MEP works | Provision of MEP works | Since 2013 | 30 days, by cheque | 2.8 | 4.9 |
| 4 | Supplier D | Provision of MEP works | Provision of engineering services | Since 2010 | 30 days, by cheque | 2.5 | 4.3 |
| 5 | Supplier G | Provision of MEP works | Provision of MEP Works | Since 2010 | 30 days, by cheque | 2.1 | 3.6 |
| | | | | | TOTAL | 21.8 | 37.8 |

## For the financial year ended 31 December 2019

| Rank | Supplier | Main types of works and services supplied | Principal business activities | Year of commencement of business relationship | Typical credit terms and payment methods | Approximate amount of purchase | % of our Group's total purchase |
|---|---|---|---|---|---|---|---|
| | | | | | | (S$ million) | |
| 1 | Supplier A | Provision of MEP works | Provision of MEP works, project management and maintenance management services | Since 2010 | 30 days, by cheque | 5.3 | 10.3 |
| 2 | Supplier D | Provision of MEP works | Provision of engineering services | Since 2010 | 30 days, by cheque | 4.4 | 8.5 |
| 3 | Supplier Group H *(Note)* | Supplier for furniture | Supply of furniture | Since 2011 | 30 days, by cheque | 2.8 | 5.6 |
| 4 | Supplier E | Provision of structural and metal works | Provision of building construction services | Since 2010 | 30 days, by cheque | 1.5 | 2.9 |
| 5 | Supplier C | Provision of partition and ceiling works | Design, manufacturing and installation of architectural products | Since 2010 | 30 days, by cheque | 1.2 | 2.3 |
| | | | | | Total | 15.2 | 29.6 |

*Note:* Supplier Group H comprise Supplier H1, Supplier H2, Supplier H3 and Supplier H4, each being a private company controlled by the same group of shareholders. Supplier Group H is principally engaged in provision of supply of furniture. Our Group has made purchases from Supplier H1, Supplier H2, Supplier H3 and Supplier H4 of approximately S$1.3 million, S$1.1 million, S$0.3 million and S$0.1 million, respectively during the year ended 31 December 2019.

During the Track Record Period, purchases from our five largest suppliers amounted to approximately S$14.0 million, S$21.8 million and S$15.2 million, respectively. Purchases from our largest supplier for the same periods amounted to approximately S$4.9 million, S$8.2 million and S$5.3 million, respectively. Save for Supplier Group H, all of the five largest suppliers during the Track Record Period were subcontractors engaged by our Group.

None of our five largest suppliers during the Track Record Period is also our customer. Save for Mr. Gay Soon Watt, our independent non-executive Director, who was a director and shareholder of Goodrich Group, one of our suppliers during the Track Record Period until 21 December 2017 (further details of which are set out in the section headed "Directors and Senior Management" of this prospectus), our Directors confirmed that our suppliers during the Track Record Period do not have any past or present relationship (business or otherwise) with the Group, its subsidiaries, their directors, shareholders, senior management or any of their respective associates during the Track Record Period, other than being the Group's suppliers. None of our Directors or their close associates or any shareholder who owns more than 5.0% of the issued share capital of our Company had any interest in any of our Group's largest suppliers during the Track Record Period. We are not reliant on any single supplier and have also not experienced any shortage or delays in obtaining subcontracting services or in supply of materials during the Track Record Period. We have alternative suppliers for each major category of supplies on our approved vendor list. Our Directors consider that our Group is not susceptible to fluctuations in the price of raw materials as we have a list of competitive suppliers who are willing to absorb such increases in costs. During the Track Record Period and up to the Latest Practicable Date, save for tort claim filed by the Group against a subcontractor as disclosed in "Business — Legal proceedings and compliance", we have not had any material disagreement nor dispute with any of our suppliers.

## CREDIT MANAGEMENT

During the tendering process, we will consider the creditworthiness of the customer, and the key contract terms, including progress payment terms and retention money. We generally grant a 30 to 60 days credit term to customers upon issuance of invoice. During the Track Record Period, our Group had no impairment of trade receivables and retention receivables.

The credit term granted by our suppliers is generally 30 to 60 days and payment to them is typically by cheque.

## PRICING STRATEGY

Our Group generally determines the tender price for a potential project on a cost-plus basis, that is on the basis of cost (including but not limited to, labour costs, direct material costs and subcontracting costs) plus a consistent and reasonable profit margin. Factors that our Group would

take into account when determining the profit margin for a particular project include (i) the nature, scope and complexity of the project; (ii) the completion time requested by the customers; (iii) our previous tender prices for projects of a similar nature; and (iv) prevailing market conditions.

## HEDGING

During the Track Record Period, we did not enter into any hedging activities against material cost or foreign currencies. Given the nature of our operations, we do not require to hold stock and that the materials used in the projects is commonly available or specified by our customers, there is no need for our operations to hedge against any fluctuations in material costs.

## SALES AND MARKETING

Our Group's customer service and sales and marketing activities are conducted by our contracts team together with our projects team, which is responsible for understanding the customers' needs and maintaining the existing business relationship, and is led by Mr. Chua Boon Par, our Executive Director, and our project directors.

During the Track Record Period, all of our customers were either our existing customers or referred by past customers or Professional Consultants. We do not engage in any sales and marketing activities by ourselves. We regularly keep in contact with our customers to maintain business relationships and also to obtain information on potential upcoming projects. In addition, we also rely on introductions or referrals made by past customers or Professional Consultants for new projects. We submit tenders in response to all invitations to tender from potential customers in order to maintain customers' relationships, promote our brand name and increase our opportunity to secure new customers and projects. If we have deployed a large portion of our labour, financial and management resources for carrying out the works for projects on hand, we may subcontract the provision of our interior fitting-out services to our subcontracts for these new projects.

## SEASONALITY

Our Directors consider that neither our business nor our revenue was subject to any material seasonality during the Track Record Period.

## INVENTORY CONTROL

Our Group does not hold any inventory to be used for future projects. Interior fitting-out materials specified by our customers are purchased and manufactured in-house in our production facility on a project-by-project basis.

## QUALITY CONTROL

We have a quality management system in place to ensure that we provide quality interior fitting-out works. Our Quality, OHS and Environmental Management Manual sets out the standards required in the provision of all of our services, including vendor selection and assessment,

purchasing of supplies, control of document and electronic control and customer related processes. Our quality management system has been accredited with the ISO 9001:2015 certification and generally covers the following areas:

**Purchasing and subcontracting**

As elaborated in the sections headed "Business — Subcontractors" and "Business — Suppliers" in this prospectus, we have an approved subcontractor list and an approved materials suppliers list and our quantity surveying department and project department will perform an assessment on the subcontractors and materials suppliers at the conclusion of each project, based on various performance indicators. We also review the subcontractors and materials suppliers on our approved lists.

**Storage of purchased materials**

Our site supervisor will perform an incoming inspection of purchased materials to ensure that they comply with the contract specifications or requirements and are consistent with the material sample stored in the site sample room. On-site material quality tests will also be performed on a sample basis by external consultants as and when required, and monitored by our project team. Our site supervisor will also ensure that items are properly kept and identified at our storage space.

**On-site quality checks**

Our quality management system is set out in our quality manual. Our quality management system is carried out throughout the interior fitting-out process from the material procurement stage to the completion stage to ensure the project meets the standards required by each of our customers. Our project management team, which comprises of our project manager and QS team in the respective project, will carry out regular site inspection to check the work quality and progress by ourselves as well as our subcontractors and held progress meetings with our customers to ensure that the works executed at each stage meet the requirements of each customer. Our Group has procedure and quality manuals for all of our staff to follow.

**Customer feedback**

We will obtain feedback from our customers either during the project or upon completion of project to gauge our performance level and to identify any areas of improvement. The indicators used to measure our customer's satisfaction are (i) work progress in meeting the project schedule; (ii) quality of performance; (iii) site planning and control; (iv) cleanliness and vector control; and (v) response to our customers' instructions.

## MAIN LICENCES, REGISTRATIONS AND CERTIFICATIONS

Our Group holds a number of licences and registrations which enable us to carry out our business activities. In particular, our principal operating subsidiary, Ngai Chin, is registered with an L6 grading under the CR06 workhead for "Interior Decoration, & Finishing Works" under the CRS, which allows us to tender for projects of an unlimited contract value in the public sector.

Ngai Chin also holds a General Builder Class 1 Licence granted under the Builder's Licensing Scheme, which allows us to undertake projects involving interior design, planning and the decoration of buildings without any restrictions as to the estimated final price of the contract value.

Our main licences under the Builder's Licensing Scheme and our main registrations under the CRS are briefly set out in the table below:

| Licence type/ workhead | Title | Grant Date | Grade | Expiry Date | Renewal required |
|---|---|---|---|---|---|
| GB1 | General Builder Class 1 Licence | 25 December 2018 | N.A. | 25 June 2021 | Yes |
| CR06 | Interior Decoration, & Finishing Works | 26 May 2017 | L6 | 1 July 2020 | Yes |
| ME01 | Air-Conditioning, Refrigeration & Ventilation Works | 17 May 2019 | L1 | 1 July 2020 | Yes |
| ME05 | Electrical Engineering | 17 May 2019 | L1 | 1 July 2020 | Yes |
| ME06 | Fire Prevention & Protection Systems | 17 May 2019 | L1 | 1 July 2020 | Yes |

For further details on our main licences and registrations and their corresponding scope or requirements, please refer to the paragraph headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this prospectus.

Our Directors confirm that, to the best of their knowledge and belief, our existing registrations under the CRS and our existing General Builder Class 1 Licence under the Builder's Licensing Scheme are adequate for our current business needs, and having made all reasonable enquiries, confirm that to the best of their knowledge, information and belief, there is no impediment that may affect the renewal of our Group's requisite licences, registrations and certifications. Our Directors confirm that our Group has obtained all the material licences and registrations which are necessary for carrying out our principal business activities in Singapore up to the Latest Practicable Date.

## ENVIRONMENTAL, HEALTH AND WORKPLACE SAFETY

We place strong emphasis on having a robust environmental system to manage our environmental responsibilities in a systematic manner. We obtained the ISO 14001:2015 certification in 2019 (which is valid for three years), and which certifies that our environmental management systems satisfies the requirements of the ISO 14001 standard. In conformity with such standards, we have in place an environmental, health and workplace safety ("**EHS**") policy. To achieve our environmental, health and workplace safety objectives, we have established the following procedures:

### EHS planning

*Environmental aspects, hazards, risk assessment and control*

A procedure has been established to identify products and services within the organisation that may be subject to environmental aspects and safety hazards, and to determine those aspects and hazards that can give rise to risks and have significant impact(s) on our employees, the public or the environment.

*Legal and other requirements*

A procedure has been established to identify, access and update legal and other EHS requirements. The relevant requirements are recorded in the register of such requirements, and communicated to our employees and all interested parties. Please refer to the section headed "Regulatory Overview" in this prospectus for more information on the environmental, health, and workplace safety laws and regulations applicable to our business operations in Singapore.

*Objectives and targets*

We have set in place EHS objectives and targets that are consistent with the EHS policy (and have taken into consideration legal and other requirements, technological options, financial, operational and business requirements and views of interested parties) and include commitments to continual improvement of the said objectives and targets. Our EHS objectives and targets will be reported regularly and new objectives and targets would be set to ensure that the objectives and targets are continually improved.

*Management programme*

For all EHS objectives and targets set, we have developed a management programme to indicate the time frame, responsibility of interested parties (at various functions and levels, where possible) and the action plan for achieving these objectives and targets. Performance indicators have also been identified to assess the progress of achieving the set EHS objectives and targets.

**EHS implementation and operation**

*Roles, responsibilities, accountability and authority*

The responsibilities and authorities of all the different departmental roles in our Group and their interaction within our Group are defined and documented in the overall organisation chart and job descriptions, and is communicated to all employees.

*Competence, training and awareness*

A procedure has been established for identifying training needs based on the competencies and awareness required at each employee level and function, and for providing ongoing training to the personnel whose work may create significant EHS impacts. Staff will be assessed to ensure that they have acquired and will maintain the knowledge and competency required. Training programmes have been developed for differing levels, ability and literacy of staff and depending on the risk level involved.

*Communication, participation and consultation*

A procedure has been developed that establishes a communication system to ensure pertinent information is communicated between employees and their interested parties. This procedure facilitates the flow of information between working groups and provides a channel of communication for addressing issues arising from the work process, risk assessment and environmental impact assessments, and sets out appropriate actions required in order to address the various EHS issues. Meetings are conducted at regular intervals and the meeting minutes are documented and maintained.

*Documentation and document control*

A set of documents describing the core elements of the EHS management system and their interaction with the work processes of the organisation has been collated, and a procedure for document control has been set in place to ensure that (i) documents are approved for adequacy prior to issue; (ii) documents are reviewed, updated as necessary and re-approved; (iii) obsolete documents kept for legal or knowledge preservation shall be segregated from those meant for current use; and (iv) all documents shall be legible, identifiable and retrievable.

*Operational control*

Certain operational procedures have been put in place to ensure smooth execution of works to minimise and prevent EHS hazards. Such operation procedures are in compliance with the applicable EHS requirements and covers various aspects of work including but not limited to working in confined space, piling works, demolition works, excavation works, work-at-height, fall prevention plan, scaffold work, safe lifting operation, concrete work, roof

work, hot work, electrical installation and works, occupational health programme, noise monitoring and control, air pollution control, mosquito breeding control, site access control procedures and environmental protection.

*Emergency preparedness and response*

Plans and procedures have been established to identify potential incidents and emergencies and the relevant responses, and for preventing and mitigating workplace injury as well as the likely effects of such incidents that may have a significant impact on the environment. Drills are carried out to test and revise the procedure periodically.

**EHS checking and corrective action**

*Performance measurement and monitoring*

A procedure for monitoring and measuring proactive and reactive key performance parameters related to the EHS performance of our Group, including the objectives and targets, has been established to track our EHS performance and ensure we are compliant with the relevant EHS legislation and regulations.

*Non-conformity, corrective action and preventive action*

This procedure sets out the responsibility, authority and the process for handling and investigating non-conformance, and prescribes action to be taken in order to mitigate any negative EHS impacts, and for initiating and completing corrective and preventive action. Environmental impact assessments are to be carried out prior to implementation of the corrective and preventive action to ensure that further occurrence of the situation or the creation of a new situation is prevented by identifying and dealing with the root causes.

*Incident investigation*

A procedure has been established to show how near-miss incidents or accidents related to all EHS issues are to be reported, investigated, analysed and followed-up with, and what remedial measures are to be implemented to eradicate the possibilities of the recurrence.

*EHS records*

A procedure to identify, maintain and depose EHS records has been established to ensure that they are legible, identifiable and traceable to the activity, product or service involved.

*EHS management system audit*

A procedure for the conduct of an internal audit by a competent outsourced internal auditors has been established to ensure that our EHS policy conforms to the ISO 9001:2008 requirements.

**EHS management review**

A procedure has been established to ensure that our EHS management system shall be reviewed at least once a year by our senior management team and annually by our internal auditors. Records in the form of minutes of our senior management team's review meeting shall be maintained.

When selecting our subcontractors, we will also take into consideration their safety standards, amongst other factors, and accordingly, we will evaluate our subcontractors on their EHS management system, their machinery and equipment, their safety track record and safety training records. Subcontractors are also required to be involved in our site coordination meetings, tool box meetings, weekly safety talks, and risk assessment and safe work procedure meetings (where applicable).

Our EHS policy secures our ISO 14001:2004 and ISO 9001:2008 certifications, as required for the bizSAFE Level Star. Some private customers may take note of any ISO 14001:2004 certifications and/or bizSAFE Level Star when inviting contractors to tender, and accordingly, such certifications enable us to undertake a broader range of projects.

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

**Health and workplace safety**

In view of the recent outbreak of the novel coronavirus (COVID-19) in Singapore, our Group has adopted several control measures since February 2020 to prevent and manage the spread of COVID-19 at our workplaces and to protect our employees from any potential outbreak of COVID-19. These control measures are in line with the advisories issued by the MOM on best practices to be adopted by workplaces in Singapore. The control measures that we have implemented at our office premises and project sites include:

- temperature screenings are conducted at our office premises, project sites and workers dormitories;
- temperature checks to be done by our staff and workers at least thrice daily;
- increased frequency of cleaning areas with high human contact, such as common spaces, meeting rooms, toilets and handrails;
- maintaining an adequate supply of personal protective equipment (such as face masks and gloves) and medical equipment (such as thermometers) at our office premises, project sites and workers dormitories;

- providing additional guidance to our staff, workers and visitors, such as encouraging staff, workers and visitors who are unwell or showing flu-like symptoms to seek immediate medical attention, and encouraging all employees and visitors to observe good personal hygiene;

- imposing work team segregation for our office staff with weekly rotational work arrangements between the office and home;

- suspension of all non-essential travel to mainland China and other relevant countries as advised by the Singapore Ministry of Health;

- travel declarations to be completed by all staff, workers and visitors; and

- enforcing Stay-Home Notices implemented by the MOM on all staff and workers returning from the relevant countries, which requires all returnees to remain in their place of residence at all times for a 14-day period.

Our project managers shall also take all practicable steps to ensure that we maintain a hygienic working environment in the interests of our staff, workers, subcontractors, customers and members of the public. In order to ensure that our control measures are effectively implemented at our office premises, project sites and workers dormitories, we have appointed a communications coordinator to ensure that our employees, subcontractors and customers familiarise themselves with the measures above and comply with the applicable requirements.

## INSURANCE

Our insurance policies as at the Latest Practicable Date include:

- contractors' all risks policies to cover against (i) loss or damage to materials and incidental expenses relating to the loss or damage such as removal of debris, extra charges for overtime, express freight and professional fees necessary to reinstate the contract work; and (ii) third party liability to cover accidental bodily injury to or illness of third parties (whether fatal or not), and accidental loss of or damage to property belonging to third parties occurring in direct connection with the respective interior fitting-out projects. These policies cover the contract period and the defects liability period of the respective interior fitting-out projects and insures us as main contractor, our subcontractors as well as our customers;

- work injury compensation policies for all our employees;

- foreign worker medical insurance, and personal accident insurance, as required by MOM, renewed annually;

- medical insurance and personal accident insurance for all foreign workers holding a valid employment pass; and

- fire insurance to insure our premises at 59 Sungei Kadut Loop, Singapore.

Our Directors consider that our insurance coverage is adequate for the operation of our business, and is in line with the industry norm. During the Track Record Period, our total insurance premiums were approximately S$0.2 million, S$0.3 million and S$0.3 million, respectively.

**Workplace accidents during the Track Record Period and up to the Latest Practicable Date**

We maintain an internal record of workplace accidents. During the Track Record Period and up to the Latest Practicable Date, we recorded the following workplace accidents involving our employees as well as the employees of our subcontractors in the construction sector:

| | Comparable figures for the construction sector in Singapore[5] | | | Number of workplace accidents involving our employees and employees of our subcontractors in the construction sector | | | |
|---|---|---|---|---|---|---|---|
| | FY2017 | FY2018 | FY2019 | FY2017 | FY2018 | FY2019 | From 1 January 2020 up to the Latest Practicable Date |
| Number of workplace accidents involving our employees[1] | N/A | N/A | N/A | — | 2 | 1 | 1 |
| Number of workplace accident(s) involving employees of our subcontractors[2] | N/A | N/A | N/A | 1 | 1 | 0 | 0 |
| Accident frequency rate[3][5] | 1.6 | 1.5 | N/A | 1.6 | 1.3 | 1.0 | 3.3 |
| Accident severity rate[4][5] | 104 | 115 | N/A | 180.10 | 70.01 | 37.1 | 76.5 |

*Notes:*

(1) Number of workplace accidents relates to accidents that happened to the employees of our Group who are employed under the construction sector.

(2) Number of workplace accidents relates to accidents that happened to the employees of the subcontractors of our Group. The duty of reporting accidents to the relevant authorities vests in the respective employer of the injured worker.

(3) Accident frequency rate represents the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents reported during the financial year divided/period divided by the number of man-hours worked, then multiplied by 1,000,000. This includes workplace accidents involving our employees as well as our subcontractors' employees. Number of man-hours worked for a financial year/period is estimated based on the number of our relevant workers directly involved in the provision of our services in the construction sector as at the end of the financial year/period, multiplied by 3,650 hours per year per worker for FY2017, FY2018 and FY2019.

(4) Accident severity rate represents the number of time lost from work of one day or more per one million man-hours worked. It is calculated as the number of man days lost to workplace accidents during the financial year/period divided by the number of man-hours worked, then multiplied by 1,000,000. This includes workplace accidents involving our employees as well as our subcontractors' employees. Number of man-hours worked for a financial year/period is estimated based on the number of our relevant workers directly involved in the provision of our services in the construction sector as at the end of the financial year/period, multiplied by 3,650 hours per year per worker for FY2017, FY2018 and FY2019.

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

As at the Latest Practicable Date, three of our employees in the manufacturing sector at our factory and manufacturing premises were involved in workplace accidents involving injuries to fingers.

**Employees' compensation claims**

As a main contractor, we are required to procure contractors' all risk insurance and work injury compensation insurance for the benefit of our customers, our Group as the main contractor and our subcontractors specifically for the project. The employees' compensation claims as disclosed below are the total claims of our subcontractors' employees and our own employees.

During the Track Record Period and up to the Latest Practicable Date, there were nine accidents, out of which seven workers were employed by our Group, while the remaining workers were employed by our subcontractors. The following table sets out the nature of the accidents involving the workers employed by our Group and our subcontractors during the Track Record Period and up to the Latest Practicable Date:

| Nature of accident | Number of injuries |
|---|---|
| Injury to fingers | 7 |
| Slip and fall | 1 |
| Falling from height | 1 |
| **Total** | **9** |

Out of the nine accidents, (i) three employees' compensation claims pertaining to our own employees were fully settled and fully covered by our Group's insurance (ii) two of our employees did not make any compensation claims in respect of their injuries; and (iii) the remaining employees' compensation claims pertained to the employees of the parties engaged by subcontractors.

As at the Latest Practicable Date, there are two outstanding employees' compensation claims against our Group, for which the settlement amounts have yet to be finalised and the conduct of the claims is being handled by the respective insurers. Our Group is required under the Work Injury Compensation Act to take out and we have taken out a compulsory insurance policy in Singapore to provide for liability under the aforementioned claims. Our Directors confirm that all such outstanding claims would not result in any material impact on the financial position or results of operations of our Group.

During the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any difficulties in making claims to our insurers or encountered any dispute on liability from our insurers and had not incurred any residual liabilities not covered by insurance arising from any employees' compensation claims.

### Workplace safety and health non-compliance

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material and systemic non-compliances in relation to workplace safety and health.

### Environmental non-compliance

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any environmental non-compliances.

## PROPERTIES

### Owned properties

As at the Latest Practicable Date, we own a factory located at 59 Sungei Kadut Loop, Singapore 729490, with a total net site area of approximately 5,083 square metres under an original 99-year lease commencing from 15 April 1976, which is approved for use as a factory and ancillary workers dormitory. Subsequently, we have received a letter from the relevant government authority that the area has been earmarked for redevelopment and the lease will be terminated on 15 March 2025. The factory located at 59 Sungei Kadut Loop, Singapore 729490 has been pledged to a bank in respect of performance bond guarantee provided for our Group. As at the Latest Practicable Date, our Directors confirm that we have obtained all necessary approvals from the relevant government departments and authorities to carry out the current activities at 59 Sungei Kadut Loop, Singapore 729490.

As at 31 December 2019, we had no single property interest with a carrying amount of 15% or more of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

### Leased properties

As at the Latest Practicable Date, we have rented five external licensed dormitories from an Independent Third Party, details of which are as follows:

| Address | Use of Property | Leased area (Sq.m.) | Monthly rent (excluding service charge) | Tenure |
|---|---|---|---|---|
| 32 Mandai Estate, Westlite Mandai Dormitory, #05-10 Singapore 729939 | Dormitory | 52 | S$2,224 | 1 December 2019 to 30 November 2020 |
| 32 Mandai Estate, Westlite Mandai Dormitory, #08-02 Singapore 729939 | Dormitory | 52 | S$2,192 | 1 September 2019 to 31 August 2020(1) |
| 34 Mandai Estate, Westlite Mandai Dormitory, #02-15, #02-16 Singapore 729940 | Dormitory | 104 | S$4,384 | 1 August 2019 to 31 July 2020 |
| 34 Mandai Estate, Westlite Mandai Dormitory, #03-15, #11-25 Singapore 729940 | Dormitory | 104 | S$4,800 | 1 April 2020 to 31 March 2021 |
| 34 Mandai Estate, Westlite Mandai Dormitory, #03-19, #05-15 Singapore 729940 | Dormitory | 104 | S$4,448 | 1 October 2019 to 30 September 2020 |

## INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered (i) two domain names, ***http://www.ngaichin.com.sg/*** and ***www.rafflesinterior.com***; (ii) two trademarks in Singapore; and (iii) one trademark in Hong Kong.

Details of our intellectual property rights are set out in the paragraph headed "Further information about the business of our Group — 8. Intellectual property rights of our Group" in Appendix IV 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.

## RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

## EMPLOYEES

As at the Latest Practicable Date, our Group had 350 full-time staff of which 51 were locals, 7 permanent residents and 292 were foreigners which comprise 238 work permit holders and 35 S-Pass holders in the construction sector, and 18 work permit holders and 1 S-Pass holder in the manufacturing sector. All our employees are located in Singapore.

The following sets forth the number of our employees in the respective departments of our Group (including our executive Directors but not our independent non-executive Directors) as at the Latest Practicable Date:

| Department | No. of employees as at the Latest Practicable Date |
|---|---|
| Management | 6 |
| Administration, IT and support staff | 19 |
| Contracts and QS | 17 |
| Finance and human resources | 11 |
| Production | 15[(1)] |
| Project | 34 |
| Cleaners | 2 |
| Workers | 246 |
| Total | 350 |

*Note:*

(1) Includes nine foreign workers holding work permits.

**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. Our human resources department also reviews the policies and procedures on hiring of staff, training and performance appraisals.

Our foreign workers are primarily from India, the PRC and Bangladesh. The supply of foreign workers in Singapore is subject to various regulations and policies. For further details in relation to the relevant regulations and policies relating to the employment of foreign manpower, please see the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this prospectus.

In particular, the availability of foreign workers for the building and construction industry is regulated by MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local and foreign workers; and (ii) the quotas based on the MYE in respect of workers from NTS countries and the PRC.

*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. As an employer registered with MOM in both the construction and manufacturing sector, we are subject to the applicable dependency ceilings for both the construction and manufacturing sector.

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 318 full-time employees (including our executive Directors) in the construction sector, of which 45 were local employees and 273 were foreigners which comprise 238 work permit holders and 35 S-Pass holders. As at the Latest Practicable Date, based on the prevailing dependency ceiling regulations, we can hire 42 additional foreign workers in the construction sector as at the Latest Practicable Date.

The dependency ceilings for the manufacturing industry in Singapore is currently set at a ratio of one full-time local worker to one-and-a-half foreign workers. The manufacturing sector is further subject to different sub-quotas: (i) sub-quota for foreign workers from the PRC; and (ii) sub-quota for foreign workers under each different levy tier. As at the Latest Practicable Date, our Group had a total of 32 full-time employees (including our executive Directors) in the manufacturing sector, of which 13 were local employees and 19 were foreigners which comprise 18 work permit holders and 1 S-Pass holder. As at the Latest Practicable Date, based on the prevailing dependency ceiling regulations, we can hire 0 additional foreign workers in the sector as at the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, our Group complied with the dependency ceiling based on (i) our ability to apply or renew work permits for our foreign workers (should the dependency ceiling be reached, we would not have been able to apply or renew work permits as application are performed online through a system administered by the MOM which would not allow such application or renewal as the system also tracks dependency ceiling); and (ii) we can hire 42 additional foreign workers in the construction sector and 0 additional foreign workers in the manufacturing sector as at the Latest Practicable Date.

*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 to it. A main contractor's MYE will expire on the completion date of the relevant project.

As at the Latest Practicable Date, the maximum number of foreign workers our Group can hire is subject to the ratio of one full-time local worker to seven foreign work permit workers set under the dependency ceilings, regardless of the MYE our Group has obtained. Our Group's compliance on the dependency ceiling is explained in the paragraph above. Companies without MYE may still employ construction work permit holders from NTS countries and the PRC upon a waiver granted by MOM, subject to the compliance with, amongst others, the dependency ceiling and paying a higher FWL.

Please see the paragraph headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this prospectus for further details on the availability of foreign workers for the construction sector in Singapore.

**Employees' remuneration and benefits**

Our employees (including our foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Our employees are also entitled to discretionary bonus depending on their respective performances and the profitability of our Group. Our foreign workers are typically employed depends on the period specified in their work permits, and is subject to renewal based on their performance. Our Group provides housing and 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, and has paid the relevant contributions accordingly.

**Employee training**

Our employees received training depending on their department and the scope of works. Generally, they are required to attend trainings, from time to time, relating to our quality, environmental, health and safety policies, and courses required by the BCA and the MOM.

We also arrange for our employees to attend external courses conducted by organisations such as the BCA. Such courses include building safety courses, quality assurance courses and risk management courses.

**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. 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.

## COMPETITION

According to the Frost & Sullivan Report, the interior fitting-out market in Singapore is considered competitive with approximately 1,500 market participants and relatively fragmented with the top five market participants accounting for an aggregate market share of 10.9% in 2018. We were the third largest player by revenue in the interior fitting-out market in Singapore, accounting for 2.2% of the market share in 2018. The barriers to entry into the interior fitting-out industry in Singapore include (i) substantial initial capital for operational needs which is critical for prepayments and deposits for subcontractors, suppliers and manufacturers; (ii) well-established network of business relationships with key clients, such as major Professional Consultants and main contractors; and (iii) industry expertise which increases the chances of being awarded a project. Please refer to the section headed "Industry Overview — Overview of the Interior Fitting-out Services Market in Singapore" in this prospectus for more information on the interior fitting-out industry in Singapore.

## 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 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, apart from the measures described in the paragraphs headed "Quality control" and "Environment, health and workplace safety policy" in this section.

**Continuity of projects secured**

We recognise that securing new projects is crucial for our financial performance and business sustainability and we strive to maintain good business relationships with our customers in the commercial private sectors. We are given referrals to tender for private sector projects by the Professional Consultants. Due to our longstanding reputation, we are invited for new private sector tender opportunities.

**Project risk management**

We have established certain procedures for assessing and monitoring project risk. For further details, please refer to the paragraph above headed "Operating Procedures" in this section.

**Cost management**

When submitting tender proposals, we will also obtain quotations from our subcontractors and materials suppliers for subcontracting services and materials respectively. There is a risk of cost overruns if (i) the project is delayed; (ii) rectification works are required; (iii) there is fluctuation in material costs and rental costs; or (iv) where a variation order is issued, in which case we may incur additional expenses to carry out the variation order. We manage the risk of such cost overruns by (i) maintaining stringent budget control and closely monitoring the project costs to ensure that we can arrest any cost overruns prior to its realization via weekly progress reports; (ii) exercising strong project management skills to ensure that there is no undue delay; and (iii) engaging subcontractors and suppliers who are able to deliver quality materials and services on a timely and reliable basis within our budget.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any loss-making projects as a result of material inaccurate estimation or cost overruns.

**Credit management**

During the tender phase, we will consider the creditworthiness of the customer and the key terms of the tender, including progress payment terms and retention money (in the case of a private sector customer). We will also take into consideration the past payment history of the customer. We generally grant a credit term of up to 30 to 60 days to our customers upon issuance of our invoice. During the Track Record Period, no material provision for impairment of trade receivables were made.

The credit terms granted by our suppliers to us are typically from 30 to 60 days, and payment to them is typically by cheque. For our subcontractors, we will review and approve their progress claims, and upon receipt of their invoice, make the requisite payment after netting off retention money (where applicable). Our finance department reviews the aging of payments on a monthly basis and follows up with our customers as and when required.

**Liquidity risk management**

Under a typical contract undertaken by us, we do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs (including the costs of labour, materials and/or subcontracting works) which are typically incurred at an early stage and throughout the execution of a contract before we receive payments from our customers for works performed, and such costs are required to be paid from our available financial resources. Further, contracts undertaken by us may require the provision of security deposits or performance bonds, banker's guarantees, and may contain terms pertaining to retention of money (as the case may be), which may also affect our liquidity position.

We monitor our working capital to ensure that our financial obligations can be met when due, by (i) ensuring we have a healthy bank balance and sufficient cash for payment of our short-term working capital needs; (ii) monitoring our trade receivables and its monthly aging, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) monitoring our trade payables and its monthly aging to ensure that payments to our subcontractors and materials suppliers are made on a timely basis; and (iv) monitoring our bank and finance lease payments, amongst others. We monitor our liquidity position for signs that our cash outflows are expected to be higher than our cash inflows for the following month, pay attention to whether the ongoing projects will result in potentially higher cash outflows than inflows for the following month, and if so, whether our bank balances and cash are adequate.

Our accounts department will oversee the financial reporting functions of our Group, including but not limited to, the aforementioned monitoring of our cash flow, financial obligations and working capital needs, the monthly aging analysis, and monthly closing and reconciliation duties, and report back to the Managing Director.

**Regulatory risk management**

Our Group keeps abreast of any changes in government policies, regulations, licensing requirements, and permits and safety requirements, and we are aware that any non-compliance of the above may have an adverse impact on our operations and business. We will ensure that changes in government policies, regulations, licensing requirement and safety requirements are closely monitored and communicated to our senior management team and the relevant management personnel for proper implementation and compliance.

**Corporate governance measures**

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules with the exception of Code A.2.1. For details, please refer to the section headed "Directors and senior management — Compliance with the Corporate Governance Code" in this prospectus. 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 Controlling Shareholders — Corporate governance" in this prospectus.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each year and ensure that our Directors are in compliance with the "comply or explain" principle in our corporate governance reports to be included in our annual reports after the Listing.

## LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in the following legal proceedings relating to employee injury claims as defendants:

| Date of claim | Particulars of the claim | Approximate claim amount | Status |
|---|---|---|---|
| 12 November 2018 | Negligence (Industrial Accidents with Injury) | Damages to be assessed | Concluded (Claim withdrawn) |
| 23 May 2018 | Negligence (Industrial Accidents with Injury) | Damages to be assessed | Concluded (Claim withdrawn) |
| 8 August 2017 | Negligence (Industrial Accidents with Injury) | S$245,598.00 | Pending |
| 16 September 2016 | Negligence (Industrial Accidents with Injury) | S$6,183.52 | Concluded (Claim withdrawn) |
| 26 November 2015 | Negligence (Industrial Accidents with Injury) | Not applicable[(1)] | Concluded (Claim withdrawn) |

*Note:*

(1) The claim concerned on alleged negligence claim by a purported employee. After investigation, it was revealed that the claimant was not an employee of the Group nor any of its sub-contractors at the relevant time.

As our liability (if any) under the above claims had been and will be covered by our existing insurance policies, our Directors are of the view that none of the above proceedings has a material adverse effect on our business, results of operations or financial condition. Please refer to the section headed "Business — Insurance" in this prospectus for further information on our insurance policies.

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in the following legal proceeding as plaintiff:

| Date of claim | Particulars of the claim | Approximate amount claim | Status |
|---|---|---|---|
| 12 April 2019 | Tort in respect of an indemnity claim against losses incurred due to delay of the subcontracting works | S$250,000 | Pending |

Our Directors are of the view that the above proceeding does not have a material adverse effect on our business, results of operations or financial condition.

During the Track Record Period and up to the Latest Practicable Date, our Group was also involved in one charge in relation to an offence under the Electricity Act. Ngai Chin was issued a summons on 16 January 2020 in relation to one charge for an offence under Section 87(1)(b) of the Electricity Act for the altering or tampering with any meter supplied by an electricity licensee. Representatives of SP PowerGrid Limited ("**SPPG**"), an electricity licensee granted a licence by the Energy Market Authority of Singapore ("**EMA**"), had found that the electricity meter installed at the current premises of Ngai Chin had been under-registering electricity consumption. The under-registration of electricity consumption was found to be caused by damaged seal of the electricity meter. Ngai Chin has repaid all back-charges of approximately S$167,000 (inclusive of goods and services tax) incurred as a result of the under-registration of electricity consumption and has fully and promptly cooperated with the EMA in this matter.

Our Directors confirm that they were not involved in any act relating to the altering or tampering of the electricity meter at Ngai Chin's current premises since moving in on March 2013, and none of our Directors or our senior management were aware of this incident nor the damaged seal of the meter prior to receiving the request for payment of back-charges from SPPG and the summons as described above. Our Directors also confirm that none of our Group's Directors or senior management has received any notices or summons in their personal capacity in relation to the offence.

On 6 March 2020, an aggregate court fine of S$8,000 was payable by Ngai Chin in respect of the aforementioned charge. The fine was fully settled on the same day and the case was concluded. Our Directors confirm that the payment of said fine did not result in any material impact on the financial position or business operations of our Group.

Based on the foregoing and with the enhanced internal control procedures of our Group (as described in detail below) effectively in place, our Directors consider that the above-mentioned incident will not affect the suitability of our Directors under Rule 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules.

Our Directors confirm that, save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, our Group was not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material advise impact on our business, results of operations or financial condition.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we do not have any non-compliance that is material or systemic in nature.

**Enhancement of internal control measures to prevent the recurrence of similar incidents**

In order to prevent the same or similar offences reoccurring in the future, we have adopted several enhanced measures to address certain issues involving the incident, which include, amongst others:

(i) We have engaged Baker Tilly Consultancy (Singapore) Pte Ltd, an independent internal control adviser to conduct a review of our internal control measures;

(ii) We will consult our legal advisers as to Singapore law to ensure compliance with the relevant laws and regulations associated with the EMA and the Electricity Act, as well as other applicable laws and regulations that apply to our business, as and when required;

(iii) We will provide regular training to our employees to enforce compliance with the Electricity Act and other applicable laws and regulations, as well as to inform them of the potential consequences that may arise from non-compliance;

(iv) We have adopted and implemented an enhanced internal control policy on meter room accessibility (the "**Guidelines**") since January 2020, which sets out guidelines to restrict unauthorised physical access to the consumer switch room which houses the electricity meter at our premises. The Guidelines also provide for: (a) ensuring the consumer switch room housing the electricity meter is locked at all times, save when accessed by appointed electrical technicians for authorised purposes and during which an employee of our Group shall be present at all times; (b) access to and safekeeping of the key to the consumer switch room by our authorised personnel; and (c) recording the use of and return of the keys to the consumer switch room in a log book; and

(v) In the future, we will also adopt the best practice of inspecting the electricity meter before occupying new premises to ensure that it is tamper-free.

In February 2020, our Internal Control Consultant has reviewed the enhanced internal control procedures adopted by our Group and have concluded that our Group has effectively implemented the recommended internal control procedures. As such, our Directors are of the view that the enhanced internal control and preventative measures adopted are adequate and effective to prevent the recurrence of the same or similar event in the future. Our Directors confirm that we have not experienced any similar incidents since the implementation of the enhanced control measures.

## OUR DIRECTORS AND SENIOR MANAGEMENT

Our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets forth information regarding our Directors:

| Name | Age | Position | Date of joining our Group | Date of appointment as Director | Roles and responsibilities | Relationship with other Director(s) and senior management |
|---|---|---|---|---|---|---|
| *Executive Directors* | | | | | | |
| Mr. Chua Boon Par | 59 | Chairman, chief executive officer and executive Director | September 1986 | 7 January 2019 | Overall management and strategic planning of the growth and operation of our Group | None |
| Mr. Ding Hing Hui (陳明輝先生) | 50 | Executive Director | July 1996 | 7 January 2019 | Responsible for project planning and monitoring of our Group | None |
| Mr. Leong Wai Kit (alias: Liang Weijie) (梁偉杰先生) | 45 | Executive Director | October 2002 | 7 January 2019 | Responsible for the production of custom-build furniture of our Group | None |
| *Independent Non-executive Directors* | | | | | | |
| Mr. Chia Kok Seng (謝國成先生) | 56 | Independent non-executive Director | 30 March 2020 | 30 March 2020 | Providing independent judgment to our Board on issues of strategy, policy, accounting, key appointments and standards of conduct. Member of the audit, nomination and remuneration committees and chairman of the nomination committee | None |
| Mr. Gay Soon Watt (倪順發先生) | 65 | Independent non-executive Director | 30 March 2020 | 30 March 2020 | Providing independent judgment to our Board on issues of strategy, policy, accounting, key appointments and standards of conduct. Member of the audit, nomination and remuneration committees and chairman of the remuneration committee | None |
| Mr. Wong Heung Ming Henry (黃向明先生) | 50 | Independent non-executive Director | 30 March 2020 | 30 March 2020 | Providing independent judgment to our Board on issues of strategy, policy, accounting, key appointments and standards of conduct. Member of the audit, nomination and remuneration committees and chairman of the audit committee | None |

Other than our Directors, our senior management team consists of three members, who, together with our executive Directors, are responsible for the day-to-day management and operations of our Group. The following table sets forth information regarding our senior management:

| Name | Age | Position | Date of joining our Group | Roles and responsibilities | Relationship with other Director(s) and senior management |
|---|---|---|---|---|---|
| Ms. Cheong Kuei Jung (張珪蓉女士) | 46 | Chief financial officer | October 2018 | Responsible for the overall financial management of our Group | None |
| Mr. Ng Foo Wah (吳富華先生) | 54 | Head of project management | November 2000 | Responsible for project planning and monitoring with an emphasis on technical & soundness and resource efficiency of our Group | None |
| Mr. Low Lek Hee (盧立喜先生) | 53 | Head of human resources planning | November 1994 | Responsible for overseeing the human resources matters of our Group | None |

## BOARD OF DIRECTORS

### Executive Directors

**Mr. Chua Boon Par**, aged 59, was appointed as our Director on 7 January 2019 and re-designated as an executive Director, chairman and chief executive officer ("**CEO**") of our Company on 25 March 2019. He has been with our Group since September 1986 and has been the Managing Director of our Group since January 2011. Mr. Chua has over three decades of experience in the interior fitting-out industry and is responsible for overseeing all day-to-day management, corporate strategies and business development and operations of our Group.

Mr. Chua joined our Group in September 1986 as a project coordinator where he was responsible for assisting the project director for on-site supervision and monitoring work-in-progress. He rose through the ranks over the next 25 years to become quantity surveyor in March 1988 where he was responsible for quantity surveying works, to contract manager in January 1995 where he assisted in the tendering of projects and negotiation of contracts, to contract director in June 1997 where he was managing the tendering of projects and negotiation of contracts, and finally to Managing Director in January 2011. Mr. Chua obtained a diploma in construction from the Singapore Institute of Building Limited in June 1998 and a certificate from the British Institute of Engineering Technology for the completion of its long-distance course in Society of Engineers (Civil Engineering) in September 1992.

Mr. Chua held the following positions in the following businesses during or within 12 months when they were terminated. As far as he was aware, the termination of these businesses have not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| Name of company/ business | Place of incorporation/ principal place of business | Type of entity/ position | Nature of business | Date of dissolution | Means of dissolution |
|---|---|---|---|---|---|
| Furil Contracts | Singapore | Sole-proprietorship/ owner | Manufacture of furniture and fixtures of wood | 2 February 1998 | Terminated |
| Kohida Decor and Contracts | Singapore | Partnership/owner | Renovation contractors; joinery and other woodworks | 18 June 1993 | Terminated |

Mr. Chua has confirmed that there was no wrongful act on his part leading to the termination of the above businesses and he was not aware of any actual or potential claim that had been or would be made against him as a result of the termination of the above businesses.

Mr. Chua has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

**Mr. Ding Hing Hui (陳明輝先生)**, aged 50, was appointed as our Director on 7 January 2019 and re-designated as an executive Director on 25 March 2019. Mr. Ding has been with our Group since July 1996 and has been the operation director of our Group since January 2011. He currently leads a team of over 180 staff including project associates, project managers, construction managers, project support team, project administration, site supervisors, safety/security team and general/painter team. Mr. Ding oversees the day-to-day operations including but not limited to manpower planning, technical solutions, strategies planning and value engineering. He also strategises new project approach and methodology, implements construction activities and project schedules to help the project team to work effectively. Mr. Ding monitors and ensures good QA/QC to achieve good project delivery to our customers.

Mr. Ding joined our Group in July 1996 as a site supervisor where he was responsible for on-site supervision and was promoted to operation director in January 2011. Mr. Ding obtained a diploma in electronics engineering from the French-Singapore Institute in July 1992 and a certificate in construction productivity management from the Building and Construction Authority in June 2014. He completed the bizSAFE Level 1 course in April 2008 and bizSAFE Level 2 course in September 2012.

Mr. Ding held the following position of the following business during or within 12 months when it was terminated. As far as he was aware, the termination of this business has not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| Name of company/ business | Place of incorporation/ principal place of business | Type of entity/ position | Nature of business | Date of dissolution | Means of dissolution |
|---|---|---|---|---|---|
| YDL Construction | Singapore | Sole-proprietorship/ owner | Building and repairing of ships, tankers and other ocean-going vessels | 31 July 2004 | Terminated |

Mr. Ding has confirmed that there was no wrongful act on his part leading to the termination of the above business and he was not aware of any actual or potential claim that had been or would be made against him as a result of the termination of the above business.

Mr. Ding has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

**Mr. Leong Wai Kit (alias: Liang Weijie) (梁偉杰先生)**, aged 45, was appointed as our Director on 7 January 2019 and re-designated as an executive Director on 25 March 2019. Mr. Leong has been with our Group since October 2002 and has been the production director of our Group since January 2011. He is responsible for the procurement and sourcing of materials and hardware for our Group. Mr. Leong supports all custom-built furniture for all projects, handles all manpower allocation for the production team, negotiates costs with sub-contractors as well as controls and plans the job schedule for the four production teams of our Group. Mr. Leong started his career when he joined our Group as a project supervisor in July 1999. In October 2002, he rejoined the Group as an assistant project manager to manage the project team and was promoted to production director in January 2011. Mr. Leong obtained a diploma in Marine Engineering from Singapore Polytechnic in May 1996.

Mr. Leong has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

**Independent non-executive Directors**

**Mr. Chia Kok Seng (謝國成先生)** ("**Mr. Chia**"), aged 56, was appointed as our independent non-executive Director on 30 March 2020. He is currently a partner of a Singapore law firm, KSCGP JURIS LLP (formerly known as K S Chia Gurdeep & Param). Mr. Chia has been in legal practice since 1991, with nearly three decades of experience in the practice areas of corporate and commercial law, including but not limited to alternative dispute resolution, bankruptcy and insolvency, building and construction claims, civil and commercial litigation, as well as criminal law, estate, family and matrimonial law, immigration and employment law, probate and administration as well as trusts. He founded KSCGP JURIS LLP in 1993 with other two founders

and had been the firm's managing partner until 2016. Under his leadership, Mr. Chia grew the law firm from a start-up with three lawyers to a firm with more than 10 lawyers. He is also the legal advisor to local and foreign companies in Singapore.

Mr. Chia obtained a degree of bachelor of laws with honours from the National University of Singapore in July 1990. He is an advocate and solicitor of the Supreme Court of Singapore and has been in practice since March 1991.

Mr. Chia held the following positions of the following companies or business during or within 12 months when they were dissolved or terminated. As far as he was aware, the dissolution and termination of these companies and businesses have not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| Name of company/ business | Place of incorporation/ principal place of business | Type of entity/ position | Nature of business | Date of dissolution | Means of dissolution |
|---|---|---|---|---|---|
| Arcsand Pte. Ltd. | Singapore | Company/director | Wholesale trade of a variety of goods | 14 October 2011 | Struck off |
| Freeman & Bliss Pte. Ltd. | Singapore | Company/director | Management consultancy services | 24 December 2014 | Struck off |
| Kelvineric International Trading | Singapore | Partnership/owner | Wholesale trade of a variety of goods | 8 August 1997 | Terminated |
| K S Chia Gurdeep & Param | Singapore | Partnership/owner | Legal activities | 1 January 2011 | Terminated |
| KSCGP Management Pte Ltd | Singapore | Company/director | Management consultancy services | 14 October 2011 | Struck off |
| Morning Sun Consultancy and Management Services | Singapore | Partnership/owner | Management consultancy services | 24 June 1994 | Terminated |
| Summit Law LLP | Singapore | Company/manager | Activities of professional membership organisations | 11 August 2010 | Struck off |

Mr. Chia has confirmed that there was no wrongful act on his part leading to the dissolution and termination of the above companies and businesses and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution and termination of the above companies and businesses.

Mr. Chia has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

**Mr. Gay Soon Watt (倪順發先生) ("Mr. Gay")**, aged 65, was appointed as our independent non-executive Director on 30 March 2020. Until December 2017, Mr. Gay was the deputy chairman of Goodrich Global Holdings Pte. Ltd. and its subsidiary, Goodrich Global Pte. Ltd. ("**Goodrich Group**"). In March 1983, Mr. Gay co-founded Goodrich Group, which is engaged in the supply and installation of interior furnishings. Over the next 35 years, Mr. Gay grew Goodrich Group from a start-up to become one of the leading interior furnishing players in Asia, with offices in Singapore, Malaysia, India, Indonesia, Thailand, Hong Kong and China. In 2001, Mr. Gay was appointed deputy chairman of Goodrich Group, managing over 120 employees. In 2013, Dymon Asia Private Equity, a Temasek linked company, took a 32.2% stake in Goodrich Group. In December 2017, Mr. Gay sold his 30.7% shareholding in Goodrich Group to a Japanese listed company, Sangetsu Corporation. Currently, Mr. Gay spends his time evaluating private equity investments and mentoring aspiring young entrepreneurs.

Mr. Gay was a shareholder and director of Goodrich Group until 21 December 2017 when he sold his 30.7% shareholding to Sangetsu Corporation. During the Track Record Period and up to the Latest Practicable Date, Goodrich Group was one of the suppliers of wallcovering, carpet, flooring and fabric to our Group and the amount of purchases were approximately S$47,000, S$62,000, S$72,000 and S$900 for FY2017, FY2018, FY2019 and as at the Latest Practicable Date, respectively, representing approximately 0.8%, 1.1%, 1.3% and 0.0% of our total supply of direct materials. Prior to the Track Record Period, Mr. Gay, through SW & Chan Investments Pte. Ltd. (formerly known as Goodrich Fabrics Pte. Ltd.), a company incorporated in Singapore which Mr. Gay owned 50.0% shareholding, was the landlord of our Group for our then office located at 411 Tagore Industrial Avenue, Singapore 787802, from 1 April 2008 to 4 March 2013.

Mr. Gay held the following positions of the following companies or business during or within 12 months when they were dissolved or terminated. As far as he was aware, the dissolution and termination of these companies and businesses have not resulted in any liability or obligation imposed against him. The relevant details are as follows:

| Name of company/business | Place of incorporation/ principal place of business | Type of entity/ position | Nature of business | Date of commencement of winding up petition or date on which winding up resolution was passed/date of dissolution | Means of dissolution |
|---|---|---|---|---|---|
| Access Holdings Pte. Ltd. | Singapore | Company/alternate director | Holding company | 16 March 2005/ 29 September 2006 | Dissolved — members' voluntary winding up |
| Goodrich G. Agency | Singapore | Sole-proprietorship/ owner | Real estate agencies and valuation services | Not applicable/ 12 September 1998 | Terminated |
| Goodrich Interiors Pte Ltd | Singapore | Company/director | Interior design services; renovation contractors | Not applicable/ 8 April 2007 | Struck off |
| GR Fabrics Pte Ltd | Singapore | Company/director | Wholesale trade of a variety of goods without a dominant product | Not applicable/ 23 December 2004 | Struck off |
| Harlequin Fabrics & Wallcoverings Pte Ltd | Singapore | Company/ director | Retail sale of hardware, paint and glass; renovation contractors | Not applicable/ 27 November 2004 | Struck off |
| Nan Tai Hotel | Singapore | Partnership/owner | Hotels with restaurant | Not applicable/ 31 December 1992 | Terminated |
| Soochow Hairdressing Saloon | Singapore | Partnership/owner | Hairdressing salons/shops | Not applicable/ 30 August 1985 | Terminated |
| SW & Chan Investment Pte. Ltd | Singapore | Company/director | Holding company | Not applicable/ 8 May 2017 | Struck off |

Mr. Gay has confirmed that there was no wrongful act on his part leading to the dissolution and termination of the above companies and businesses and he was not aware of any actual or potential claim that had been or would be made against him as a result of the dissolution and termination of the above companies and businesses.

Mr. Gay has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

**Mr. Wong Heung Ming Henry (黃向明先生)** ("**Mr. Wong**"), aged 50, was appointed as our independent non-executive Director on 30 March 2020. He has been an independent non-executive director of Shifang Holding Limited since 18 November 2010, a company listed on the Main Board of the Stock Exchange (stock code:1831). Mr. Wong has more than 25 years of experience in

finance, accounting, internal controls and corporate governance in mainland China and Hong Kong. He served as an independent non-executive director of China Industrial Waste Management, Inc. (CIWT), a U.S. over-the-counter listed company, between 27 April 2009 and 2 August 2010. Since November 2018, Mr. Wong has been the chief financial officer of Mindai Global Finance Technology Holding Limited, a company engaged in the online lending business in the PRC. Prior to joining Mindai Global Finance Technology Holding Limited, Mr. Wong was the chief financial officer of the Frontier Services Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0500), from March 2017 to September 2018.

From February 2016 to February 2017, Mr. Wong was the vice president of Finance of Tiens Group, a multi-national Chinese conglomerate engaged in direct selling and property development, with branches in 110 countries and regions. Between November 2015 and February 2016, Mr. Wong was the chief financial officer of Chiho Environment Group, a company listed on GEM of the Stock Exchange (stock code: 0976), previously known as Chiho-Tiande Group Limited, the parent company of Germany Scholz Group. Prior to that, between July 2014 and September 2015, Mr. Wong served as the chief financial officer of Beijing Oriental Yuhong Waterproof Technology Co., Ltd., the leading waterproof materials manufacturer in China and a company listed on the Shenzhen Stock Exchange (stock code: 2271). During the period between October 2011 and April 2013 and between May 2013 and February 2014, Mr. Wong served in a number of senior positions at U.S.-based beauty and nutrition manufacturer and distributor, Shakelee (China) Co. Ltd.; and Danish brewery manufacturer, Carlsberg Brewery Hong Kong Limited, respectively.

Mr. Wong began his career in an international accounting firm and moved along in audit fields by taking some senior positions both in internal and external audits which are summarised as follows: From October 2009 to May 2010, Mr. Wong served as the general internal audit manager of Maoye International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0848). From September 2007 to July 2009, Mr. Wong served as the internal audit director at Xinhua Finance Media Ltd.. From September 2004 to September 2007, Mr. Wong served as a senior manager and an auditor at PricewaterhouseCoopers, Beijing office. From 2003 to 2004, Mr. Wong served as a senior internal audit manager of Amway (China) Co., Limited. From 2002 to 2003, Mr. Wong served as an internal audit manager of the Hong Kong and China Gas Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0003). From 1993 to 2002, Mr. Wong joined as the junior accountant and an auditor and became to the manager of Deloitte Touche Tohmatsu, Hong Kong.

Mr. Wong graduated from City University of Hong Kong in 1993 with a bachelor's degree in Accountancy and also obtained a master's degree in Electronic Commerce from The Open University of Hong Kong in 2003. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Save as disclosed above, Mr. Wong has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

## SENIOR MANAGEMENT

**Ms. Cheong Kuei Jung (張珪蓉女士)** ("**Ms. Cheong**"), aged 46, is our chief financial officer of our Group. She is responsible for the financial planning, accounting operations and reporting as well as the taxation and internal control systems of our Group.

Ms. Cheong has 19 years of experience in accounting and audit. Prior to joining our Group in October 2018, between July 2017 and October 2018, Ms. Cheong worked as the financial controller at Hu An Cable Holdings Limited, a company listed on the SGX (stock code: K13) which engaged in the manufacturing and sale of various electrical wires and cables. Between February and August 2016, she was the financial controller with Sincap Group Limited, a company listed on the SGX (stock code: 5UN) which engaged in the trading of alumina and thermal coal, as well as the mining and sale of gypsum in the PRC. From April 2014 to June 2014, Ms. Cheong was the financial manager of Mary Chia Holdings Limited, a company listed on the SGX (stock code: 50X) and one of Singapore's leading lifestyle and wellness service providers and was the financial controller of Mary Chia Holdings Limited from June 2014 to November 2015. Ms. Cheong started work in February 2001 as an audit assistant with BDO International. She joined KPMG, Singapore as an audit senior in February 2005. The last position she held was audit manager when she left in December 2008. Between April 2009 and January 2012, Ms. Cheong was the group finance manager at Asia Environment Holdings Limited. From March 2012 to April 2013, she was the group finance manager at Success Resources Pte Ltd, one of the leading global providers of educational resources, seminars, and workshops.

Ms. Cheong obtained a bachelor's degree of arts from the National University of Singapore in July 1998. She was admitted as an affiliate, member and fellow of the Association of Chartered Certificate Accountant in August 2000, March 2004 and March 2009, respectively. Ms. Cheong has also been a member of the Institute of Certified Public Accountant of Singapore (non-practicing member) since November 2004 and a member of the Institute of Singapore Chartered Accountants since July 2013.

**Mr. Ng Foo Wah (吳富華先生)** ("**Mr. Ng**"), aged 54, is our head of technical support of our Group. He is primarily responsible for project planning and monitoring with an emphasis on technical and soundness and resource efficiency of our Group.

Mr. Ng has over 18 years of experience in project management in the fitting out industry. Mr. Ng joined our Group in November 2000 as an assistant project manager and was promoted to technical director in January 2011. He is currently responsible for overseeing each project life cycle from conception to completion with an emphasis on technical and soundness and resources efficiency. He also meets with clients to refine and evaluate requirements, strategy and content needs.

Mr. Ng started his career in January 1990 and was an assistant project manager at Kwong Fook Seng Building Contractor where his role was to build shop houses in Brunei until April 1990. Between March 1995 and July 1995, Mr. Ng was the owner and project coordinator of Cavi Construction.

**Mr. Low Lek Hee (盧立喜先生)**, aged 53, is the general manager of our Group and has been with our Group since November 1994.

Mr. Low Lek Hee has over 20 years of administrative experience in the interior fitting-out industry. Mr. Low Lek Hee started his career when he joined our Group in November 1994 as an account and human resources assistant and left our Group in January 1995 to pursue further studies in Australia. He rejoined our Group in July 1998 as general manager and is responsible for human resources and administrative matters of our Group. In this role, Mr. Low Lek Hee drives and implements human resources strategies and initiatives, works closely with department heads and is responsible for management of both operational and business-related human resources matters. Mr. Low Lek Hee obtained an associate diploma of business in marketing from Holmsglen Institute of Tafe in Australia in June 1998.

None of the members of our senior management has held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

## COMPANY SECRETARY

**Ms. Lam Wing Chi (林穎芝小姐)** ("**Ms. Lam**"), aged 30, was appointed as our company secretary on 25 March 2019. Ms. Lam is a Manager of Corporate Services of Tricor Services Limited ("**Tricor**"). She has joined Tricor, a global professional services provider specialising in integrated business, corporate and investor services since 26 October 2015.

Ms. Lam has over six years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies, private and offshore companies.

Ms. Lam has been a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom since 5 December 2016. Ms. Lam has obtained a bachelor degree of Commerce having followed an approved Honours Programme in Accounting from Hong Kong Shue Yan University on 22 July 2012.

Ms. Lam Wing Chi has not been a director of any publicly listed company in the three years immediately preceding the Latest Practicable Date.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company has complied with the code provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules with the exception of code provision A.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chua currently holds both positions. Throughout our business history, Mr. Chua has held the key leadership position of our Group and has been deeply involved in the formulation of corporate

strategies, management of the business and operations of our Group. Taking into account the continuation of the implementation of our business plans, our Directors, including our independent non-executive Directors, consider that Mr. Chua is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Group and Shareholders as a whole.

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.

## BOARD COMMITTEES

### Audit Committee

We have established an audit committee on 30 March 2020 with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, oversee the audit process, risk management process and external audit functions. The audit committee consists of three independent non-executive Directors, namely Mr. Chia, Mr. Gay and Mr. Wong. The chairman of the audit committee is Mr. Wong.

### Nomination Committee

We have established a nomination committee on 30 March 2020 with written terms of reference in compliance with the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of members of our Board. The nomination committee consists of three members, namely Mr. Chia, Mr. Gay and Mr. Wong. The chairman of the nomination committee is Mr. Chia.

### Remuneration Committee

We have established a remuneration committee on 30 March 2020 with written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Board on our Company's policy and structure concerning the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve performance based remuneration by reference to corporate goals and objectives, to determine the terms of the specific remuneration package of each Director and member of our senior management and to ensure none of our Directors and members of our senior management determine their own remuneration. The remuneration committee consists of three members, namely Mr. Chia, Mr. Gay and Mr. Wong. The chairman of the remuneration committee is Mr. Gay.

## REMUNERATION POLICY

The emolument of our Directors is recommended by the Remuneration Committee, having regard to our Company's operating results, individual performance, experience, responsibility, workload and time devoted to our Company and comparable market statistics.

Each of our Directors and members of our senior management is entitled to a basic salary which is reviewed annually. In addition, each of the Directors may receive a discretionary bonus as our Board may recommend. Such amount has to be approved by the Remuneration Committee. The remuneration package further includes other allowances, benefits in kind and defined contribution contributions.

In order to incentivise our Directors, members of our senior management and other employees for their contribution to our Group and to retain suitable personnel in our Group, we adopted the Share Option Scheme on 30 March 2020. For further details, see "Further information about our Directors and substantial shareholders — 14. Share Option Scheme" in Appendix IV to this prospectus.

For the three years ended 31 December 2019, the aggregate of the remuneration paid (including salaries and allowance, bonus and employer's contribution to CPF) and benefits in kind granted to our Directors by us and our subsidiaries was approximately S$1,132,000, S$1,122,000 and S$1,073,000, respectively.

For the three years ended 31 December 2019, the aggregate of the remuneration paid (including salaries and allowance, bonus and employer's contribution to CPF) and benefits in kind granted to the five highest paid individuals of our Group was approximately S$1,839,000, S$1,824,000 and S$1,740,000, respectively.

During the Track Record Period, no emoluments were paid by our Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office. None of our Directors waived any remuneration during the Track Record Period.

Save as disclosed in this section and in note 11 of the Accountant's Report, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

## BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**"), the purpose of which is to enhance the effectiveness of our Board and to maintain the highest standards of corporate governance and to recognise and embrace the benefits of diversity in our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board has the right balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies. Pursuant to the Board Diversity Policy, we seek to achieve board diversity through the consideration of a range of diversity perspectives, including but not limited to gender, age, length of service, cultural and educational background and professional experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Board believes that such merit-based appointments will best enable our Company to service our Shareholders and other stakeholders going forward.

Our Board comprises six members, including three executive Directors and three independent non-executive Directors. The three independent non-executive Directors have different industry backgrounds and represent one-half of our Board members. Our Directors have a balanced mix of knowledge and experiences, including engineering, construction, management, human resources, finance and accounting, legal and administration, in addition to knowledge of the interior fitting-out industry. They obtained degrees in various areas including engineering, legal and accountancy. We also have a good mix of new and experienced Directors, in that of our executive Directors have been part of our Group for between 17 and 33 years, who have valuable knowledge and insight on our Group's business over the years, while our other Directors are expected to bring fresh ideas and new perspectives to our Group. The existing members of the Board were appointed after taking into account the aforesaid factors. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels, to enhance the effectiveness of our corporate governance as a whole. Taking into account of our existing business model and the background and experience of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Nevertheless, in recognising the particular importance of gender diversity and that gender diversity at the Board level can be improved given its current composition of six male Directors, our Company confirms that our Nomination Committee will, within two years from the Listing Date, identify and recommend one female candidate to our Board for its consideration on her appointment as a Director and continue to apply the principle of appointments based on merit with reference to our Board Diversity Policy as a whole. We will ensure there is gender diversity when recruiting staff at a mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in two years' time and engage more resources in training female staff who have long and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group. As female representation in senior roles throughout the economy and the pool of qualified females keeps growing, we expect to have more female members who would be qualified to sit on our Board from time to time. Our objective

is to achieve not less than one-fifth of our Board comprising of females and to maintain not less than one-half of our senior management comprising of females within two years from the Listing Date.

## COMPLIANCE ADVISER

Our Company has appointed Kingsway Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company on the following matters:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the proceeds of the initial public offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment of Kingsway Capital Limited will commence from (and including) the Listing Date and end on (and including) the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

## OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), 75.0% of the issued share capital of our Company will be owned by Ultimate Global, which in turn is owned by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng as to 33.0%, 15.0%, 12.0%, 10.0%, 10.0%, 10.0% and 10.0%, respectively. In preparation of the proposed Listing, on 11 March 2019, Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng executed the Controlling Shareholders' Confirmation, pursuant to which they confirmed that they are a group of Controlling Shareholders and since 1 January 2011 (and together with Mr. Low Lek Hee since 1 January 2017), when they have been contemporaneously the shareholders of Ngai Chin, they voted unanimously in respect of the management, development and operations of Ngai Chin and will continue, together with Ultimate Global, to act as such and as a group of Controlling Shareholders of our Group after the Listing.

Mr. Lo and Mr. Low Lek Huat were the directors of Ngai Chin since its incorporation until 1 January 2011 and Mr. Low Lek Guan (the brother of Mr. Lo, Mr. Low Lek Huat and Mr. Low Lek Hee) was a shareholder and a director of Ngai Chin from 14 February 1995 to 1 January 2011 and from 1 October 1991 to 1 January 2011, respectively. Prior to Mr. Low Lek Hee becoming a shareholder of Ngai Chin again on 1 January 2017, he was a shareholder of Ngai Chin from 23 August 2000 to 18 December 2001. Mr. Leong Nam Heng, the father of Mr. Leong, was a director of Ngai Chin since its incorporation until 31 October 2008 and a shareholder since its incorporation until 16 March 2009. On 1 January 2011, as to incentivise Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng to take up the core management role of Ngai Chin, Mr. Lo and Mr. Low Lek Huat transferred part of their shareholding interests in Ngai Chin and Mr. Low Lek Guan transferred his entire shareholding interest in Ngai Chin to Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng and appointed them as directors of Ngai Chin. Please refer to the section headed "History, Reorganisation and Group Structure — Corporate History" in this prospectus for more information. Mr. Lo, Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah have all entered into employment contracts with Ngai Chin. As at the Latest Practicable Date, Mr. Lo and Mr. Low Lek Huat were employed as the senior advisers to our Group, respectively, to provide overall project management and technical advice in relation to our business operations; Mr. Low Lek Hee was the general manager of Ngai Chin and was a member of the senior management of our Group; and Mr. Ng Foo Wah held the position as the technical director of Ngai Chin and was also a member of the senior management of our Group. Please refer to the section headed "Directors and Senior Management" of this prospectus for further details.

During the Track Record Period, our Group had approximately S$12.7 million, nil and nil amount due to the Controlling Shareholders as at 31 December 2017, 2018 and 2019, respectively which were the dividends payable to them and there was no related party transaction or balance with a related company or corporation outside of our Group. Please refer to Note 29 of the Accountant's Report in Appendix I to this prospectus for further information.

Save as disclosed above and under the section headed "Substantial Shareholders" of this prospectus, no other person or group of persons will, immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account the allotment and issue of Shares upon the exercise of the Over-allotment Option or options to be granted under the Share Option Scheme), be directly or indirectly interested in 30.0% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30.0% or more of the equity in such entity.

## INTEREST OF OUR CONTROLLING SHAREHOLDERS IN EXCLUDED BUSINESS

As at the Latest Practicable Date, Mr. Lo, Mr. Low Lek Huat and Mr. Low Lek Hee, our Controlling Shareholders, and Mr. Low Lek Guan, held 52.0%, 16.0%, 16.0% and 16.0%, respectively of the shareholding interest in Ngai Chin Investment Holding Pte. Ltd. ("**Ngai Chin Investment**"), a private company incorporated in Singapore, which in turn held 40.0% of the shareholding interest in Xi'an Ngai Chin Construction Management Ltd. Co* (西安藝進裝飾工程管理有限公司) ("**Xi'an Ngai Chin**"). Mr. Lo Seng Wee, the son of Mr. Lo, held another 50.0% of the shareholding interest in Xi'an Ngai Chin and Shaanxi Tian Mai Shi Ye Limited Company* (陝西天邁實業有限公司), an Independent Third Party private company established in the PRC held the remaining 10.0% of the shareholding interest in Xi'an Ngai Chin. Mr. Low Lek Hee is the sole director of Ngai Chin Investment. As at the Latest Practicable Date, Mr. Lo Seng Wee, his mother-in-law's sister and an Independent Third Party are the directors of Xi'an Ngai Chin.

Ngai Chin Investment was incorporated on 25 April 2014 in Singapore and Xi'an Ngai Chin was established on 12 September 2014 in the PRC. Ngai Chin Investment has no operation since its incorporation and is merely an investment holding company of Xi'an Ngai Chin. Xi'an Ngai Chin is an interior fitting-out company providing design and construction management services (the "**Excluded Business**") in Xi An City, the PRC. Mr. Chua, Mr. Ding, Mr. Leong, our Controlling Shareholders and executive Directors, and Mr. Ng, one of our Controlling Shareholders and a member of our senior management, were the directors and shareholders of Ngai Chin Investment from April 2014 to September 2016. Mr. Lo and Mr. Low Lek Huat were the other shareholders of Ngai Chin Investment since its incorporation. In 2014, due to the acquaintance of Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng with Mr. Lo Seng Wee, they wanted to explore the interior fitting-out services market in Shaanxi Province, the PRC, but subsequently resigned in September 2016 as directors and disposed of their entire shareholding interests in Ngai Chin Investment, being 66.0%, for cash at S$1.00 per share, as they were determined to focus on developing the business and operations of our Group in Singapore. Mr. Lo, Mr. Low Lek Hee and Mr. Low Lek Guan acquired the shares disposed by Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng and since then, Ngai Chin Investment became the passive investor of Xi'an Ngai Chin. Mr. Ng was the supervisor of Xi'an Ngai Chin and was not involved in the operation of Xi'an Ngai Chin since he resigned in 2016.

Our Group has been focusing on providing interior fitting-out services for the private commercial sector in Singapore since 1986, whereas the Excluded Business operated only within Xi An City in the PRC. As such, the business of our Group and the Excluded Business are clearly geographically delineated by reference to their respective geographical locations. The target

clientele of our Group is in Singapore whereas the target clientele of the Excluded Business is in Xi An City, the PRC. Our Directors confirmed that as at the Latest Practicable Date, there was no overlapping of employees other than Mr. Low Lek Hee being the director of Ngai Chin Investment and there was no transaction carried out between our Group and the Excluded Business during the Track Record Period. Our Controlling Shareholders also confirmed that Ngai Chin Investment is currently only a passive investor, as the day-to-day management and operations of Xi'an Ngai Chin has been managed by Mr. Lo Seng Wee since September 2016. Furthermore, none of our Directors or members of our senior management is currently a director of Xi'an Ngai Chin. Accordingly, neither our Directors nor our Controlling Shareholders have any management control over Xi'an Ngai Chin.

The revenue and the net loss of Ngai Chin Investment were approximately nil and S$12,000 for FY2017, nil and S$31,062 for FY2018 and nil and S$28,526 for FY2019, respectively. There was no integration of the operations of our Group and the Excluded Business and the books and records of our Group were segregated from the Excluded Business. The operating revenue and net loss of Xi'an Ngai Chin were approximately RMB1,051,000 and RMB84,000 for FY2017, nil and RMB332,306 for FY2018 and RMB165,000 and RMB309,000 for FY2019, respectively. All of the customers of Xi'an Ngai Chin are located in the PRC and the number of employees is of a much smaller scale than Ngai Chin.

Given the above, (i) our Directors are of the view that there is a clear delineation between the business of our Group and the Excluded Business of Xi'an Ngai Chin; and (ii) each of our Directors and Controlling Shareholders confirm that there is no direct or indirect competition between our Group and Xi'an Ngai Chin in respect of the businesses operated by them respectively.

Save as disclosed in this section, our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors consider our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than the members of our Group) upon Listing.

### Financial independence

We are financially independent of our Controlling Shareholders and their respective close associates. During the Track Record Period, certain bank borrowings and hire-purchase leases were secured by personal guarantees provided by our Controlling Shareholders (either singly or jointly and severally). All personal guarantees provided to our Group under these banking facilities and hire-purchase leases will be fully replaced by corporate guarantees to which will be provided or

fully repaid by our Company upon Listing. For further details, please refer to the paragraphs headed "Indebtedness" and "Contingent liabilities" under the section headed "Financial Information" of this prospectus and Note 20 (Borrowings) and Note 25 (Leases) to the Accountant's Report set out in Appendix I to this prospectus. In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that upon Listing, our Group will have sufficient capital and will be able to independently obtain banking facilities to operate our business independently and have adequate resources to support our daily operations. In addition, we have our own finance department to make financial decisions according to our own business needs and independent access to third party financing. Save as disclosed above, we have not obtained any loans or guarantees from our Controlling Shareholders. As at the Latest Practicable Date, there is no amount due to our Controlling Shareholders. Please refer to the paragraph headed "Net current assets" under the section headed "Financial Information" of this prospectus. Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates upon Listing.

**Operational independence**

We have sufficient operational capacity in terms of capital, facilities, premises and employees to operate our business independently. We also have independent access to suppliers and customers.

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. Our Group had not shared any operational resources, such as sales and marketing and general administrative resources with our Controlling Shareholders and their close associates during the Track Record Period. We have also established a set of internal controls procedures to facilitate the effective operation of our business and our own personnel to perform all essential administrative functions, including financial and accounting management, human resources and information technology.

Our Controlling Shareholders have no interest in any of our suppliers and we do not rely on our Controlling Shareholders or their close associates and have independent access to our suppliers for the provision of services and materials.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

**Management independence**

Although our Controlling Shareholders will maintain controlling interests in our Company upon completion of the Share Offer, the day-to-day management and operations of our Group will be the responsibility of our executive Directors and members of our senior management. Since 1 January 2011, there has been a division in the shareholding and core management of Ngai Chin, in that Mr. Lo and Mr. Low Lek Huat, being family members and the founding shareholders, resigned as directors and transferred part of their shareholding interests in Ngai Chin to Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng and appointed them as directors. Although all of our executive Directors

and the majority of the members of our senior management team comprise of our Controlling Shareholders, we have a well-established organisational structure made up of individual departments supported by experienced individuals. The other three independent non-executive Directors also possess extensive experience in different areas and will provide independent judgment to our Board on issues of strategy, policy, accounting, key appointments and standard of conduct.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit of and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) 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.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and they are of the view that our Company is capable of managing our Group's business independently from our Controlling Shareholders after the Listing.

**CORPORATE GOVERNANCE MEASURES**

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

(a) our Company has appointed Kingsway Capital Limited as our compliance adviser to advise on compliance matters in accordance with the Listing Rules including various requirements relating to directors' duties and corporate governance;

(b) the independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to be involved in or participate in a Restricted Business and if so, any conditions to be imposed;

(c) the independent non-executive Directors may appoint an independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to connected transaction(s) at the cost of our Company; and

in the event that there is any potential conflict of interests 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 interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required.

## SHARE CAPITAL

The tables below assume the Share Offer and the Capitalisation Issue have become unconditional and the issue of Shares pursuant thereto is made as described herein.

The authorised and issued share capital of our Company fully paid up or credited as fully paid up immediately before and following the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below) are as follows:

| | | **HK$** |
|---|---|---|
| *Authorised share capital:* | | |
| 10,000,000,000 | Shares | 100,000,000 |

*Assuming the Over-allotment Option is not exercised at all, Shares in issue or to be issued, fully paid or credited as fully paid:*

| | | |
|---|---|---|
| 100 | Shares in issue as at the date of this prospectus | 1 |
| 749,999,900 | New Shares to be issued pursuant to Capitalisation Issue | 7,499,999 |
| 250,000,000 | New Shares to be issued pursuant to the Share Offer | 2,500,000 |
| 1,000,000,000 | Total Shares | 10,000,000 |

*Assuming the Over-allotment Option is exercised in full, Shares in issue or to be issued, fully paid or credited as fully paid:*

| | | **HK$** |
|---|---|---|
| 100 | Shares in issue as at the date of this prospectus | 1 |
| 749,999,900 | New Shares to be issued pursuant to Capitalisation Issue | 7,499,999 |
| 287,500,000 | New Shares to be issued pursuant to the Share Offer (including all Shares which may be issued under the Over-allotment Option) | 2,875,000 |
| 1,037,500,000 | Total Shares | 10,375,000 |

*Note:*

1. Pursuant to the written resolutions of our sole Shareholder passed on 30 March 2020, subject to the share premium account of our Company being credited as a result of the Listing, our Directors were authorised to allot and issue a total of 749,999,900 new Shares to the existing Shareholder credited as fully paid at par, by way of capitalisation of the sum of HK$7,499,999 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the Shares in issue.

## MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all time thereafter, our Company must maintain the minimum prescribed percentage of 25.0% of our issued share capital in the hands of the public (as defined in the Listing Rules).

## RANKINGS

The Offer Shares will be ordinary Shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

## CIRCUMSTANCES WHERE MEETING OF OUR COMPANY IS REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles, details of which is set out in the paragraph headed "(iv) Notices of meetings and business to be conducted" in Appendix III to this prospectus.

## SHARE OPTION SCHEME

Pursuant to the written resolutions of our sole Shareholder passed on 30 March 2020, our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Further information about our Directors and substantial shareholders — 14. Share Option Scheme" in Appendix IV to this prospectus.

## GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Conditional on the conditions as stated in the section headed "Structure and Conditions of the Share Offer" 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 number of 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 the Shareholders) shall not exceed:

(a) 20.0% of the number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme); and

(b) the aggregate number of Shares repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed "General mandate to repurchase Shares" below.

This general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied or renewed by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed "Further information about our Company and its subsidiaries — 4. Resolutions in writing of our sole Shareholder passed on 30 March 2020" in Appendix IV to this prospectus.

## GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed "Structure and Conditions of the Share Offer" of this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent an aggregate number of Shares not exceeding 10.0% of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchase made on the Stock Exchange, or on any other stock exchange on which the Shares are listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Further information about our Company and its subsidiaries — 6. Repurchase by our Company of its own securities" in Appendix IV to this prospectus.

The general mandates to repurchase Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required the Articles or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied or renewed by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed "Further information about our Company and its subsidiaries — 6. Repurchase by our Company of its own securities" in Appendix IV to this prospectus.

## SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may 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), based on the information available on the Latest Practicable Date, the following persons/entities 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 10.0% 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:

| | | **Number of Shares held immediately prior to the Share Offer and the Capitalisation Issue** | | **Number of Shares held immediately after the Share Offer and the Capitalisation Issue** | |
|---|---|---|---|---|---|
| **Name** | **Capacity/Nature of interest** | **Number of Shares** *(Note 1)* | **Percentage** | **Number of Shares** *(Note 1)* | **Percentage** |
| Ultimate Global | Beneficial owner *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Lo | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Chua | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Ding | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Leong | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Low Lek Hee | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Low Lek Huat | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Mr. Ng | Interest in a controlled corporation; interest held jointly with another person *(Note 2)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Ong Poh Eng | Interest of spouse *(Note 3)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Neo Bee Ling Pauline | Interest of spouse *(Note 4)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Loke Yoke Mei | Interest of spouse *(Note 5)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Lee Ling Wei | Interest of spouse *(Note 6)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Lim Bee Peng | Interest of spouse *(Note 7)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Pan Lulu | Interest of spouse *(Note 8)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |
| Ms. Emily Sng Siew Luan | Interest of spouse *(Note 9)* | 100 (L) | 100.0% | 750,000,000 (L) | 75.0% |

*Notes:*

1. The letter "L" denotes the person's long position in the relevant Shares.

2. The entire issued shares of Ultimate Global are beneficially owned by Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng as to 33.0%, 15.0%, 12.0%, 10.0%, 10.0%, 10.0% and 10.0%, respectively. Mr. Chua, Mr. Ding and Mr. Leong are also the directors of Ultimate Global. Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng have been acting as a group of Controlling Shareholders with one another since the date on which they were contemporaneously the beneficial owners of Shares and to continue to act in the same manner in our Group after the Listing. Accordingly, Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng are deemed to be interested in all the Shares held by Ultimate Global by virtue of the SFO.

3. Ms. Ong Poh Eng is the spouse of Mr. Lo. By virtue of being the spouse of Mr. Lo, she is deemed to be interested in all the Shares in which Mr. Lo is interested in pursuant to the SFO.

4. Ms. Neo Bee Ling Pauline is the spouse of Mr. Chua. By virtue of being the spouse of Mr. Chua, she is deemed to be interested in all the Shares in which Mr. Chua is interested in pursuant to the SFO.

5. Ms. Loke Yoke Mei is the spouse of Mr. Ding. By virtue of being the spouse of Mr. Ding, she is deemed to be interested in all the Shares in which Mr. Ding is interested in pursuant to the SFO.

6. Ms. Lee Ling Wei is the spouse of Mr. Leong. By virtue of being the spouse of Mr. Leong, she is deemed to be interested in all the Shares in which Mr. Leong is interested in pursuant to the SFO.

7. Ms. Lim Bee Peng is the spouse of Mr. Low Lek Hee. By virtue of being the spouse of Mr. Low Lek Hee, she is deemed to be interested in all the Shares in which Mr. Low Lek Hee is interested in pursuant to the SFO.

8. Ms. Pan Lulu is the spouse of Mr. Low Lek Huat. By virtue of being the spouse of Mr. Low Lek Huat, she is deemed to be interested in all the Shares in which Mr. Low Lek Huat is interested in pursuant to the SFO.

9. Ms. Emily Sng Siew Luan is the spouse of Mr. Ng. By virtue of being the spouse of Mr. Ng, she is deemed to be interested in all the Shares in which Mr. Ng is interested in pursuant to the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), have an interest or 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 10.0% 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.

## UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Stock Exchange, details of which are set out under the section headed "Underwriting" of this prospectus. Our Controlling Shareholders and our Company have also given undertakings in respect of the Shares to the Stock Exchange as required by Rules 10.07(1) and 10.08 of the Listing Rules, respectively.

*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 each of FY2017, FY2018 and FY2019, including the notes thereto, as set out in the Accountant's Report contain in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, prospective investors should refer to the section headed "Risk Factors" in this prospectus.*

## OVERVIEW

Established in 1986, we are a Singapore-based interior fitting-out services provider. Our interior fitting-out services include (i) project management and construction management of the interior fitting-out project; (ii) construction and installation of interior fitting-out works; (iii) customising, manufacturing and supply of carpentry/joinery and integral fixtures; and (iv) maintenance of the projects that we undertake on an ad-hoc basis. During the Track Record Period, our customers comprised (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors and (iii) Professional Consultants, and our revenue was mainly derived from projects involving fitting-out works for office space.

## BASIS OF PRESENTATION

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 7 January 2019 and became the holding company of our Group pursuant to the Reorganisation. Details of which are set out under the section headed "History, Reorganisation and Group Structure" in this prospectus.

Immediately prior to and after the Reorganisation, the interior fitting-out services business ("**Listing Business**") is conducted through Ngai Chin. Pursuant to the Reorganisation, Ngai Chin, together with the Listing Business are transferred to and held by our Company. Our Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented. The financial information of our Group has been prepared as if our Company had been the holding company of Ngai Chin throughout the Track Record Period.

The functional currency of our Company is Singapore dollars ("S$"), which is also the presentation currency of the Historical Financial Information.

## KEY 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 and in the section "Risk Factors" of this prospectus:

### (i) Our revenue is mainly derived from projects which are non-recurrent in nature

Our main source of project opportunities arises from tendering for the interior fitting-out commercial projects in Singapore. Therefore, our financial condition and results of operations is dependent on our tender success rate which in turn is dependent on, amongst others, our pricing, our track record, financials, safety record and the competitive environment. Our overall tender success rates were approximately 27.2%, 34.1% and 32.3% for the three years ended 31 December 2019 respectively. Please refer to the paragraph headed "Project management and operations — Tender phase" under the section headed "Business" in this prospectus for further details of our tender success rates. In the event that our Group fails to secure new projects from our customers of contract values, size and/or margins comparable to existing ones through tendering process, our business and financial performance and results of operations will be materially and adversely affected.

### (ii) Pricing and cost estimation of our projects

Our pricing is based on markups over our estimated projects costs, which mainly comprise our subcontracting costs, direct material costs, labour costs and overheads. Pricing is one of the key considerations of evaluation by our customers, and this also directly affects our project profitability. We determine the tender price by taking into account factors such as previous tender records and awarded tender price of previous similar projects, the payment terms, the scale, complexity and specification of the project, our capacity, project duration, the estimated project cost (which mainly includes the direct staff cost, subcontracting costs and material costs) and the current market conditions. Our profitability is therefore dependent on our ability to obtain competitive quotations from our subcontractors at or below our estimated costs, and our ability to execute the projects efficiently. There is no specific clause in relation to price adjustment in our contracts with our customers which allow us to pass on any substantial increase in our cost of services to our customers, therefore any cost overruns may adversely affect our profitability, financial performance and results of operations. For further details, please refer to the paragraph headed "Business — Pricing Strategy" under the section headed "Business" in this prospectus.

**(iii) Timing of projects and amount of works completed**

Our revenue is recognised by reference to the stage of completion of our contracted works, while billing is based on approved progress claims. As such, our revenue is dependent not only on the number of projects and their respective contract sums, but also on the amount of works completed during each of the respective reporting periods. Hence, the number of contracts and progress of each contract we undertake in any period will affect our results of operations and lead to fluctuations in revenue recognised from period to period. If we are unable to complete our projects on schedule, or if there is any material delay in the progress of our projects which is beyond the control of our Group, our results of operations and financial conditions may be adversely affected. For details of our revenue recognition policy, please refer to Note 2 to the Accountant's Report set out in Appendix I to this prospectus.

**(iv) Fluctuations in cost of sales**

Our cost of sales mainly comprise (i) subcontracting costs; (ii) direct material costs; and (iii) labour costs. Our subcontracting costs represent the fees paid and payable to subcontractors who carry out specialised works such as MEP services, Metal Work, Wet Work, IT and AV services for our projects. For the three years ended 31 December 2019, our subcontracting costs amounted to approximately S$42.9 million, S$51.7 million and S$45.7 million, respectively, representing approximately 75.9%, 78.6% and 75.2% of our total cost of sales for the corresponding period, respectively. We purchased materials from our material suppliers, such as glass, tiles, hardware, sanitary ware, wallpaper, marble or environmentally friendly wood. For the three years ended 31 December 2019, our direct material costs amounted to approximately S$5.9 million, S$5.9 million and S$5.5 million, respectively, representing, approximately 10.5%, 8.9% and 9.1% of our total cost of sales for the corresponding period, respectively. Please refer to the paragraph headed "Subcontractors" under the section headed "Business" in this prospectus for further details on our subcontractors.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our subcontracting costs, labour costs and direct material costs (being the major components of our cost of sales) on our profit before taxation during the Track Record Period. The hypothetical fluctuation rates for subcontracting and labour costs are set at 1.0% and 5.0% by reference to the cost structure analysis as stated in the Frost & Sullivan Report, in respect of CAGR of the average monthly wage of workers in construction industry in Singapore for the period from 2013 to 2018. The hypothetical fluctuation rates for direct material costs are set at

1.0% and 5.0% by reference to the cost structure analysis as stated in the Frost & Sullivan Report in respect of CAGR of the price index of construction material in Singapore for the period from 2013 to 2018.

| **Hypothetical fluctuations in subcontracting costs** | **–/+ 1.0%** | **–/+ 5.0%** |
|---|---|---|
| | **S$'million** | **S$'million** |
| Increase/decrease in profit before taxation[(1)] | | |
| Year ended 31 December 2017 | +/– 0.4 | +/– 2.1 |
| Year ended 31 December 2018 | +/– 0.5 | +/– 2.6 |
| Year ended 31 December 2019 | +/– 0.5 | +/– 2.3 |

| **Hypothetical fluctuations in labour costs** | **–/+ 1.0%** | **–/+ 5.0%** |
|---|---|---|
| | **S$'million** | **S$'million** |
| Increase/decrease in profit before taxation[(1)] | | |
| Year ended 31 December 2017 | +/– 0.1 | +/– 0.3 |
| Year ended 31 December 2018 | +/– 0.1 | +/– 0.3 |
| Year ended 31 December 2019 | +/– 0.1 | +/– 0.4 |

| **Hypothetical fluctuations in direct material costs** | **–/+ 1.0%** | **–/+ 5.0%** |
|---|---|---|
| | **S$'million** | **S$'million** |
| Increase/decrease in profit before taxation[(1)] | | |
| Year ended 31 December 2017 | +/– 0.1 | +/– 0.3 |
| Year ended 31 December 2018 | +/– 0.1 | +/– 0.3 |
| Year ended 31 December 2019 | +/– 0.1 | +/– 0.3 |

*Note:*

(1) Our profit before taxation was approximately S$9.2 million, S$8.0 million and S$6.1 million for the three years ended 31 December 2019 respectively.

### (v) Market conditions and trends in the construction industry and the overall economy in Singapore

The market demand for our services depends on the market conditions and trends in the construction industry as well as the overall economy in Singapore. The continued availability of construction projects in Singapore is dependent on a number of factors including but not limited to (i) land supply in Singapore; (ii) the Singapore Government's budgets and policies; and (iii) general conditions and prospects of Singapore's economy. If the market condition is weak and availability of construction projects in Singapore and their respective contract values decrease, the demand for our services may reduce correspondingly, which may adversely affect our results of operations and financial conditions. Conversely, at time of strong demand for our services, we will be able to command higher prices, and our resources such as human resources and machinery can be more efficiently deployed, thereby increasing our profitability and operating margins.

As mentioned in the Frost & Sullivan Report, the key market drivers for our business include: (i) increasing number of construction projects in Singapore; (ii) surging demand from the office segment; and (iii) demand underpinned by urban renewal.

**(vi) Collectability of contract assets and recoverability of our trade receivables**

We are subject to the credit risks and our liquidity is dependent on our customers making prompt payments on their invoices. As at 31 December 2017, 2018 and 2019, our trade receivables amounted to approximately S$15.9 million, S$15.7 million and S$7.1 million respectively.

Furthermore, our contract assets amounted to approximately S$14.4 million, S$15.6 million and S$27.9 million as at 31 December 2017, 2018 and 2019, respectively, in relation to (i) our rights to consideration for our relevant fitting-out services completed under the contracts but not billed; and (ii) the retention money held by the customers to secure our due performance of the contracts during the defect liability period.

There is no assurance that we will be able to bill all or any part of contract assets for our services completed according to payment terms of the contracts, or that we will be able to recover all or any part of trade receivables from customers within the credit terms granted by us to our customers at all.

Further, any difficulty in billing for the work completed or collecting a substantial portion of our trade receivables from our customers could materially and adversely affect our cash flows and financial position.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The combined financial information of our Group has been prepared in accordance with accounting policies which conform to IFRSs. The significant accounting policies adopted by our Group are set forth in detail in Note 2 to the Accountant's Report set out in Appendix I to this prospectus. Some of the accounting policies involve judgments, estimates and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgments made in applying our accounting policies are set forth in Note 4 to the Accountant's Report set out in Appendix I to this prospectus.

## IMPACT OF ADOPTION OF NEW AND AMENDMENTS TO CERTAIN ACCOUNTING POLICIES

The new accounting standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers" are effective for financial years beginning on or after 1 January 2018, and IFRS 16 "Leases", is effective for financial year beginning on or after 1 January 2019.

Given that the Track Record Period spans from 1 January 2017 to 31 December 2019 by which time IFRS 9, IFRS 15 and IFRS 16 would be mandatorily applied, we have adopted IFRS 9, IFRS 15 and IFRS 16, in lieu of IAS 39 "Financial Instruments: Recognition and Measurement"

("**IAS 39**"), IAS 18 "Revenue" ("**IAS 18**") and IAS 17 "Leases" ("**IAS 17**") in the preparation of our financial statements and applied them consistently throughout the Track Record Period, such that our historical financial information is comparable on a period-to-period basis.

We consider that the adoption of IFRS 9, IFRS 15 and IFRS 16 as compared to the requirements of IAS 39, IAS 18 and IAS 17 has not had a significant impact on our financial position and performance during the Track Record Period.

The adoption of new IFRSs, amendments to IFRSs and new interpretations are set forth in detail in Note 2 to the Accountant's Report in Appendix I to this prospectus.

## COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following is a summary of the combined statements of comprehensive income of our Group for the three years ended 31 December 2019 respectively, derived from the Accountant's Report set out in Appendix I to this prospectus.

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| **Revenue** | 71,776 | 81,167 | 76,659 |
| Cost of sales | (56,507) | (65,820) | (60,769) |
| **Gross profit** | 15,269 | 15,347 | 15,890 |
| Other income | 76 | 51 | 21 |
| Other gains | — | 8 | 5 |
| Administrative expenses | (6,183) | (7,487) | (9,803) |
| **Operating profit** | 9,162 | 7,919 | 6,113 |
| Finance income | 109 | 143 | 38 |
| Finance costs | (29) | (28) | (70) |
| Finance income/(costs), net | 80 | 115 | (32) |
| **Profit before taxation** | 9,242 | 8,034 | 6,081 |
| Income tax expense | (1,316) | (1,594) | (1,443) |
| **Profit and total comprehensive income for the year** | 7,926 | 6,440 | 4,638 |

## PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

### Revenue

During the Track Record Period, our revenue was principally generated from the provision of interior fitting-out services in the private commercial sector. Revenue from our services contracts is recognised over time using the input method, i.e. based on the actual costs incurred to date as a percentage of the total budgeted costs to complete the project.

Such total budgeted costs to completion, as reflected in our cost budget, are predetermined during the tender stage for each project by our contracts department and approved by our managing director, mainly based on the quotations provided by our material suppliers and/or subcontractors involved in the project, previous tender records and awarded tender price of previous similar projects, the payment terms, the scale, complexity and specification of the project, our capacity, project duration, the estimated project cost (which mainly includes the direct labour cost, subcontracting costs and material costs) and the current market conditions. In order to ensure our estimation of the budgeted cost up to completion is accurate and up-to-date throughout the project implementation, our managing director conducts periodic reviews of the budget of each project on an on-going basis by comparing the predetermined cost budget with the actual costs incurred to date. Actual costs incurred in a project are reported by the finance department to our managing director.

To ensure our financial reporting system operates in accordance with the accounting policies adopted by our Group, we have adopted certain internal control measures in ensuring the costs incurred are properly recorded in the financial reporting system as well as the accuracy of the percentage of total costs for completing the projects under the input method. Our Group's accounting entries for preparing management accounts are handled by our designated accounting staff based on relevant supporting documents, including invoices issued for progress payments to our customers, progress claims submitted by our subcontractors, payment invoices from our suppliers and data extracted from our Group's payroll system.

Our managing director carries out reviews to ensure that the actual costs incurred for each project by comparing to the latest budgeted costs. If any material deviation is identified, our managing director will enquire with the responsible project managers for the potential cause of the deviation and decide on appropriate follow-up actions to be taken. Based on the above procedures, the actual costs incurred to date are calculated by our designated accounting staff by aggregating the costs of materials procured, the subcontracting charges for the work done to date, staff costs extracted from our payroll system, and other direct costs incurred for the project. Our chief financial officer is responsible for reviewing the work of our accounting staff and ensuring the accuracy of the actual costs, budgeted costs and the percentage to completion of the project.

Our customers comprised (i) owners or tenants of commercial and light-industrial properties; (ii) construction contractors; and (iii) Professional Consultants during the Track Record Period. For the three years ended 31 December 2019, our revenue amounted to approximately S$71.8 million, S$81.2 million and S$76.7 million respectively.

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$'000 | % to total revenue | S$'000 | % to total revenue | S$'000 | % to total revenue |
| Owner/tenant | 55,772 | *77.7* | 65,153 | *80.3* | 62,064 | *81.0* |
| Construction contractor | 9,183 | *12.8* | 7,450 | *9.2* | 7,389 | *9.6* |
| Professional consultant | 6,821 | *9.5* | 8,564 | *10.5* | 7,206 | *9.4* |
| **Total** | 71,776 | *100.0* | 81,167 | *100.0* | 76,659 | *100.0* |

## Cost of sales

Our cost of sales refer to costs that are directly related to our projects which primarily consists of (i) subcontracting costs, (ii) labour costs, (iii) direct material costs, (iv) depreciation and (v) other costs (which mainly related to repair and maintenance, finance costs attributable to trade financing and insurance). The table below sets forth a breakdown of our cost of sales by nature and percentage contribution to total cost of sales for the periods indicated.

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$'000 | % to cost of sales | S$'000 | % to cost of sales | S$'000 | % to cost of sales |
| Subcontracting costs | 42,881 | *75.9* | 51,735 | *78.6* | 45,672 | *75.2* |
| Labour costs | 5,825 | *10.3* | 5,964 | *9.0* | 7,112 | *11.7* |
| Direct material costs | 5,933 | *10.5* | 5,861 | *8.9* | 5,501 | *9.1* |
| Depreciation expenses | 512 | *0.9* | 499 | *0.8* | 447 | *0.7* |
| Other costs | 1,356 | *2.4* | 1,761 | *2.7* | 2,037 | *3.3* |
| **Total** | 56,507 | *100.0* | 65,820 | *100.0* | 60,769 | *100.0* |

### *Subcontracting costs*

The engagement of the type of subcontractors is determined on a project-by-project basis. Subcontracting costs mainly represent provision of services by third parties, primarily for MEP works, Metal Works and Wet Works, IT and AV works. Our subcontracting costs amounted to approximately S$42.9 million, S$51.7 million and S$45.7 million for the three years ended 31 December 2019 respectively. During the Track Record Period, subcontracting costs had been the major cost component of our business operations, representing approximately 75.9%, 78.6% and 75.2% of our cost of sales for the corresponding period respectively.

***Labour costs***

Labour costs represents the staff costs of direct employees, such as project managers, construction workers and manufacturing workers, who were associated with projects for which revenue was recognised during the respective year. Labour costs amounted to approximately S$5.8 million, S$6.0 million and S$7.1 million for the three years ended 31 December 2019 respectively, representing approximately 10.3%, 9.0% and 11.7% of our cost of sales for the corresponding period respectively.

***Direct material costs***

We generally procured the materials required for our projects from our suppliers on our own account on a project-by-project basis. The major types of materials that we purchased are glass, tiles, hardware, sanitary ware, wallpaper, marble or environmentally friendly wood. Our direct material costs amounted to approximately S$5.9 million, S$5.9 million and S$5.5 million for the three years ended 31 December 2019 respectively, representing approximately 10.5%, 8.9% and 9.1% of our cost of sales for the corresponding period respectively.

***Depreciation expenses***

Depreciation expenses mainly consists of depreciation of building, plant and equipment and motor vehicles used in our projects. The costs amounted to approximately S$0.5 million, S$0.5 million and S$0.4 million, representing approximately 0.9%, 0.8% and 0.7% of our cost of sales for the three years ended 31 December 2019 respectively.

***Other costs***

Other costs mainly included repair and maintenance, finance costs attributable to trade financing and insurance incurred for our projects. During the three years ended 31 December 2019, our other costs amounted to approximately S$1.4 million, S$1.8 million and S$2.0 million, representing approximately 2.4%, 2.7% and 3.4% of our total of cost of sales for the corresponding period respectively.

**Gross profit and gross profit margin**

Our pricing of services is generally determined based on certain mark-up over our estimated costs on a case-by-case basis, having regard to various factors, which generally include (i) the nature, scope and complexity of the project; (ii) the completion time requested by the customers; (iii) our previous tender prices for projects of a similar nature; and (iv) prevailing market conditions.

The following table sets forth the gross profit and gross profit margin by type of customers for the three years ended 31 December 2019 respectively:

| | For the year ended 31 December | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2017 | | | 2018 | | | 2019 | | |
| | Revenue | Gross profit | Gross profit margin | Revenue | Gross profit | Gross profit margin | Revenue | Gross profit | Gross profit margin |
| | S$'000 | S$'000 | % | S$'000 | S$'000 | % | S$'000 | S$'000 | % |
| Owner/tenant | 55,772 | 10,880 | *19.5* | 65,153 | 11,065 | *17.0* | 62,064 | 10,980 | *17.7* |
| Construction contractor | 9,183 | 2,566 | *27.9* | 7,450 | 1,784 | *23.9* | 7,389 | 2,678 | *36.2* |
| Professional consultant | 6,821 | 1,823 | *26.7* | 8,564 | 2,498 | *29.2* | 7,206 | 2,232 | *31.0* |
| **Total** | 71,776 | 15,269 | *21.3* | 81,167 | 15,347 | *18.9* | 76,659 | 15,890 | *20.7* |

Our gross profit was approximately S$15.3 million, S$15.3 million and S$15.9 million for the three years ended 31 December 2019 respectively. Our gross profit increased throughout the Track Record Period which was primarily due to the increase in our revenue and profit margin of the projects.

***Owner/tenant***

Our gross profit margin for projects which customers are owners/tenants decreased from approximately 19.5% for the year ended 31 December 2017 to approximately 17.0% for the year ended 31 December 2018 mainly due to higher subcontracting costs was incurred, since we have subcontracted out higher portion of MEP works for certain projects we undertook, for the year ended 31 December 2018. Gross profit margins for projects which customers are owners/tenants slightly increased to approximately 17.7% for the year ended 31 December 2019. The increase was mainly due to (i) the completion of a sizeable project located at Paya Lebar Quarter (Project C) with gross profit margin of approximately 19.8% and (ii) the completion of a project located at One Raffles Quay with gross profit margin of approximately 31.9%. Project C involved office and service centre fitting-out works with revenue contribution and gross profit margin of approximately S$10.7 million and 19.8% respectively for the year ended 31 December 2019. The higher gross profit margin of Project C was mainly attributable to the labor intensive works involved in MEP, IT and AV system, security system, finishes and system furniture of the project which we subcontracted out to our subcontractors and as a result of larger scale of the project, we were able to obtain favorable price from our subcontractors. Project located at One Raffles Quay involved office fitting-out works with revenue contribution and gross profit margin of approximately S$2.9 million and 31.9% respectively for the year ended 31 December 2019. The higher gross profit margin of project located at One Raffles Quay was mainly attributable to the involvement of higher skillset workers for installation of specialized materials such as vinyl flooring, timber floor planks and fabric wrapped panels, which allowed us to charge a higher premium to our customers. The increase was net off by a one-off discount given to a customer of the project located at Mapletree Business City (Project A) amounted to approximately S$0.9 million. Project A was completed during the year ended 31 December 2018. After the completion of project, our Group was in the

process of finalizing the final account of the project with the customer during the year ended 31 December 2019, and during the process, the customer has approached the professional consultant who invited us to tender for this project for liaison of a discount as the professional consultant has long working relationship with us, our Directors have considered that this professional consultant has more than nine years of business relationship with our Group and has continuously supported our Group by inviting us to tender for several projects during the Track Record Period, thus, a one-off discount was provided to the customer after the project was completed.

***Construction contractor***

Our gross profit margin for projects which customers are construction contractors decreased from approximately 27.9% for the year ended 31 December 2017 to approximately 23.9% for the year ended 31 December 2018 mainly due to the completion of sizeable project located at Depot Road (Project D) with gross profit margin of approximately 28.2% during the year ended 31 December 2017. Project D involved office fitting-out works with revenue contribution and gross profit margin of approximately S$7.4 million and 28.2% respectively for the year ended 31 December 2017. The higher gross profit margin of Project D was mainly attributable to more deployment of in-house manpower in the provision of fitting-out services to our customers. Such deployment was a result of the project's scope of work which did not require MEP works that we subcontracted out in the past. Furthermore, we were able to complete the project in a tight schedule of approximately three months. Our gross profit margin increased from approximately 23.9% for the year ended 31 December 2018 to approximately 36.2% for the year ended 31 December 2019, which was primarily due to the workdone for project located at Penang Road (Project Q) with gross profit margin of approximately 65.2%. Project Q involved office fitting-out works with revenue contribution and gross profit margin of approximately S$2.1 million and 65.2% respectively for the year ended 31 December 2019. The higher gross profit margin of Project Q was mainly attributable to (i) more deployment of in-house manpower for carpentry/joinery production in the project as approximately 65% of the contract sum of the project was related to carpentry works and (ii) less reliance on our subcontractors, particularly MEP subcontractors as the scope of work of the project did not require MEP works. The increase in gross profit margin was net off by a one-off discount of approximately S$0.3 million given to a customer of project located at Pasir Panjang Road (Project I).

Project I was completed during the year ended 31 December 2018. After the completion of project, our Group was in the process of finalizing the final account of the project with the customer during the year ended 31 December 2019, and during the process, our Director have decided to provide one-off discount to customer as we are being award for another two new projects located at Pasir Panjang Road and International Business Park Drive (Project M) with this customer with contract sum of approximately S$0.3 million and approximately S$6.3 million respectively.

Our Directors confirmed that, despite the discounts provided in Project A and Project I as discussed above, these projects are still overall profit making. Furthermore, it is not the usual practice of our Group to provide a lump sum discount to our customer subsequent to completion of

projects, our Directors will consider project by project and assess the business relationship and future prospects of the customer when evaluating whether reduction to final account of projects is acceptable.

During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, we did not have any defective works which will materially affect our profit margin.

***Professional consultant***

Our gross profit margin for projects which customers are professional consultants increased from approximately 26.7% for the year ended 31 December 2017 to approximately 29.2% for the year ended 31 December 2018. Such increase mainly due to the completion of newly awarded projects with relatively higher gross profit margin during the year ended 31 December 2018. Project located at Depot Close and Robinson Road with higher gross profit margin contributed the total revenue of approximately S$1.8 million for the year ended 31 December 2018. The higher gross profit margin was mainly attributable to more deployment of in-house manpower in the projects and less reliance on our subcontractors, particularly MEP subcontractors as the scope of work of the projects mentioned above mostly did not cover MEP works. Our gross profit margin further increased from approximately 29.2% for the year ended 31 December 2018 to approximately 31.6% for the year ended 31 December 2019. The increase was mainly attributable to the project located at Shenton Way (Project P) with higher gross profit margin of approximately 46.4% which contributed total revenue of approximately S$1.4 million for the year ended 31 December 2019. Project P was awarded to our Group close to the year ended 31 December 2019 when our Group was concurrently working on 24 on-going projects with limited available resources. Our Group had put in extra effort to carry out the work especially in the arrangement of project staffs which in return we charged a premium price which results in a higher gross profit.

Although our subcontracting costs accounting for approximately 75.9%, 78.6% and 75.2% of our cost of sales for the year ended 31 December 2017, 2018 and 2019 respectively, we are able to achieve gross profit margin of approximately 21.3%, 18.9% and 20.7% during the Track Record Period.

Our Directors consider we can achieve the gross profit margin as a result of (i) our ability to perform in-house carpentry/joinery production, whereas we are able to obtain competitive price from our long-term raw materials suppliers and utilized our labor to work on various projects simultaneously in order to increase productivity, efficiency and save manpower costs; (ii) our continuous efforts in cost management and monitoring; and (iii) we adopted the cost plus pricing strategy for our fitting out services, which allow to build-in a mark-up on our subcontracting costs with a range of approximately 1.1% to 68.7% depending on the size and complexity of job specifications of each project.

According to Frost & Sullivan, given the pricing of subcontractors could be affected by various factors including but not limited to quotation price, scope, complexity, technicality and specification of the projects, subcontractors typically charge a higher mark-up on their pricing if

they perform both (a) the supply of raw materials; and (b) installation works of the respective projects. Based on the industry experience of our Directors, industry peers would normally delegate subcontractors to handle the purchase of materials up to installation.

In order to achieve cost-saving and leveraging on our long business relationship with material suppliers, we typically procure raw materials for flooring, partition, glazing, ceiling, walls and carpentry and only engage subcontractors to perform certain manufacturing/installation works when we were lacking the capacity to undertake such works. In respect of works that are subcontracted out, our subcontractors will bear their own costs for materials for such works.

In addition, in order to ensure the work schedule is tightly followed and minimized wastage of the raw materials, our management continuously consolidate their project management experience and communicate closely with our clients, suppliers and subcontractors to ensure the changes in specifications and/or new requirements are taken up in a timely manner.

Our Directors consider the effective project management and monitoring enable our Group to enhanced efficiency and control over suppliers and subcontractors in order to minimize material and subcontracting costs. As a result, we were able to achieve a relatively stable profit margin during the Track Record Period.

As a result of the foregoing factors, our overall gross profit remained relatively stable at approximately S$15.3 million and S$15.3 million for the year ended 31 December 2017 and 2018 respectively and gross profit margin decreased from approximately 21.3% for the year ended 31 December 2017 to 18.9% for the year ended 31 December 2018. Our overall gross profit margin and gross profit increased from approximately 18.9% and S$15.3 million respectively for the year ended 31 December 2018 to approximately 20.7% and S$15.9 million respectively for the year ended 31 December 2019.

**Other income**

Our other income mainly comprised (i) government grants and (ii) miscellaneous income. Our other income has been relatively stable and minimal over the Track Record Period, which we recorded approximately S$76,000, S$51,000 and S$21,000 for the year ended 31 December 2017, 2018 and 2019 respectively.

We received government grants mainly from three schemes (namely the Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme) in aggregate of approximately S$54,000, S$34,000 and S$20,000 for the years ended 31 December 2017, 2018 and 2019 respectively. For further details, please refer to the section headed "Regulatory Overview — Government Scheme" in this prospectus.

**Other gain**

Other gain represents gain from disposal of property, plant and equipment during the year ended 31 December 2017, 2018 and 2019 respectively; other gain amounted to approximately nil, S$8,000 and S$5,000 respectively. It was generated mainly from sales of motor vehicle and plant and equipment and gain on foreign exchange during the Track Record Period.

**Administrative expenses**

Administrative expenses mainly comprised of (i) employees benefit costs for directors and administrative staff; (ii) depreciation; and (iii) rental expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

| | For the year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | 2018 | | 2019 | |
| | S$'000 | % | S$'000 | % | S$'000 | % |
| Employees benefit costs | 5,228 | *84.6* | 5,365 | *71.7* | 6,299 | *64.3* |
| Depreciation of property, plant and equipment | 285 | *4.6* | 271 | *3.6* | 257 | *2.6* |
| Depreciation of right-of-use assets | 114 | *1.8* | 126 | *1.7* | 110 | *1.1* |
| Consultancy and professional fees | 26 | *0.4* | 102 | *1.4* | 121 | *1.2* |
| Listing expenses | — | *0.0* | 869 | *11.6* | 2,240 | *22.9* |
| Utilities charges | 90 | *1.5* | 281 | *3.8* | 145 | *1.5* |
| Other miscellaneous expenses | 440 | *7.1* | 473 | *6.2* | 631 | *6.4* |
| **Total** | 6,183 | *100.0* | 7,487 | *100.0* | 9,803 | *100.0* |

Our employee benefit costs represent salaries, bonus, allowances, contribution to CPF and staff welfare benefits to our directors and administrative personnel and it has been relatively stable for the two years ended 31 December 2018, which we recorded approximately S$5.2 million and S$5.4 million for the years ended 31 December 2017 and 2018, respectively. Our employee benefit costs subsequently increased to approximately S$6.3 million for the year ended 31 December 2019 which was mainly due to the increase in average headcount of our administrative department from 54 to 62 during the year.

Depreciation of property, plant and equipment amounted to approximately S$0.3 million, S$0.3 million and S$0.3 million for the three years ended 31 December 2019, respectively, which were primarily related to depreciation of building, renovation, computer, tools and equipment and motor vehicles.

Depreciation of right-of-use assets amounted to approximately S$114,000, S$126,000 and S$110,000 for the three years ended 31 December 2019, respectively, which were primarily related to depreciation of land, office equipment and motor vehicles leased by the Group.

Our Group also incurred miscellaneous administrative expenses for operating our business, including printing and stationary, insurance, transportation and utilities expenses.

**Finance income**

Our finance income amounted to approximately S$109,000, S$143,000 and S$38,000 for the three years ended 31 December 2019, respectively, which represents interest income earned relating to our bank deposits. The decrease in our finance income for the year ended 31 December 2019 was primarily due to we placed a smaller average amount of bank deposits during the year.

**Finance costs**

Our finance costs amounted to approximately S$29,000, S$28,000 and S$70,000 for the three years ended 31 December 2019, respectively, which primarily comprised bank charges and interest expense arising from lease payments. For further details, please refer to the paragraph headed "Borrowings" and "Lease liabilities" under this section.

**Income tax expenses**

Since our operation is based in Singapore, our Group is liable to pay corporate income tax ("**CIT**") in accordance with the tax regulations of Singapore. The statutory corporate tax rate in Singapore was 17.0% throughout the Track Record Period. Our Group is further eligible for CIT rebate of 50.0%, capped at S$20,000 for the Year of Assessment 2017 and adjusted to 40.0%, capped at S$15,000 for Year of Assessment 2018 and CIT rebate of 20.0%, capped at S$10,000 for Year of Assessment 2019, determined based on financial year end date of our group entities incorporated in Singapore. Singapore incorporated companies can also enjoy 75.0% tax exemption on the first S$10,000 of normal chargeable income and a further 50.0% tax exemption on the next S$290,000 of normal chargeable income.

In addition, our Group enjoyed tax concessions pertaining to incentive schemes given by the Singapore tax authority during the Track Record Period. One of the major tax concessions is the Productivity and Innovation Credit Scheme (the "**PIC Scheme**"). Under the PIC Scheme, businesses enjoy 400% tax deductions for qualifying expenditure incurred from Years of Assessment of 2011 to 2018. The PIC Scheme is not applicable for the Year of Assessment 2019 and onwards. Our Group incurred qualifying expenditure in acquisition and leasing of certain IT and automation equipment with an aggregate expenditure of approximately S$420,000, nil and nil for the years ended 31 December 2017, 2018 and 2019 respectively. The qualifying expenditure was incurred mainly on computer, software and Mobile Workforce Management System for the year ended 2017.

Our Group recognised deferred taxation resulted from the temporary taxable differences arising from accelerated tax depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

Our income tax expenses amounted to approximately S$1.3 million, S$1.6 million and S$1.4 million representing effective tax rates of approximately 14.2%, 19.8% and 23.7% for the three years ended 31 December 2019 respectively. Our higher effective tax rate for the year ended 31 December 2018 was mainly due to (i) no tax incentives was granted by the local tax authority as

we did not incur qualified capital expenditure for the year ended 31 December 2018; and (ii) our Listing expenses incurred of approximately S$869,000 for the year ended 31 December 2018 was not tax deductible. Our effective tax rate increased from approximately 19.8% for the year ended 31 December 2018 to approximately 23.7% for the year ended 31 December 2019 was mainly due to higher non tax deductible Listing expenses incurred of approximately S$2.2 million for the year ended 31 December 2019 when compared to approximately S$0.9 million for the year ended 31 December 2018.

## REVIEW OF HISTORICAL RESULTS OF OPERATION

### Year ended 31 December 2018 compared with year ended 31 December 2017

#### *Revenue*

Our Group recorded revenue of approximately S$81.2 million for the year ended 31 December 2018, representing an increase of approximately 13.1% as compared to the year ended 31 December 2017. Such increase was mainly due to (i) certain of new sizeable projects were awarded and completed during the year ended 31 December 2018, such as project located at Mapletree Business City (Project A), Frasers Tower (Project G), Pasir Panjang Road (Project I) and Capital Square, which contributed revenue of approximately S$33.2 million for the year ended 31 December 2018; and (ii) the larger amount of work completed for the year ended 31 December 2018 in respect of those same projects undertaken in the year ended 31 December 2017 such as projects located at One Raffles Quay (Project E), Alexandra Building and Tampines Centre which commenced work near the year end of 31 December 2017 and contributed revenue of approximately S$1.4 million for the year ended 31 December 2017, as compared to the revenue recognised of approximately S$9.3 million for the year ended 31 December 2018.

#### *Cost of Sales*

Our cost of sales increased by 16.5% from approximately S$56.5 million for the year ended 31 December 2017 to approximately S$65.8 million for the year ended 31 December 2018, which was primarily due to the increase in our revenue. The percentage contribution from the subcontracting costs of our cost of sales increased from approximately 75.9% for the year ended 31 December 2017 to approximately 78.6% for the year ended 31 December 2018. This was mainly due to more MEP works were required for the projects we undertook during the year. The MEP subcontracting cost increased from approximately S$15.7 million for the year ended 31 December 2017 to approximately S$25.9 million for the year ended 31 December 2018. For the reasons of the increase in MEP subcontracting cost, please refer to the paragraph headed "Gross profit and gross profit margin" in this section for further details. As a result, percentage contribution from the labour costs and direct material of our cost of sales decreased from approximately 10.3% and 10.5%, respectively, for the year ended 31 December 2017 to approximately 9.0% and 8.9%, respectively, for the year ended 31 December 2018.

***Gross profit and gross profit margin***

Our gross profit remained stable at approximately S$15.3 million for the year ended 31 December 2018. Our gross profit margin decreased from approximately 21.3% for the year ended 31 December 2017 to approximately 18.9% for the year ended 31 December 2018. The decrease in gross profit margin was primarily attributable to (i) more MEP works was required for the projects we undertook during the year. The MEP subcontracting cost increased from approximately S$15.7 million for the year ended 31 December 2017 to approximately S$25.9 million for the year ended 31 December 2018. The increased in MEP subcontracting cost during the year was primarily due to more MEP works involved in our scope of works for the projects awarded to us, thus we have subcontracted more works to our subcontractors, especially for projects located at One Raffles Link, Mapletree Business City (Project A) and Frasers Tower (Project G) which incurred a total MEP subcontracting cost of approximately S$14.2 million; and (ii) the substantial completion of the projects located at Depot Road (Project D), Alexandra Road, Asia Square Tower and Collyer Quay with relatively higher gross profit margins were completed during the year ended 31 December 2017 while most of the new projects which were awarded and completed by us during the year ended 31 December 2018 were having stable gross profit margin.

***Other income***

Our other income decreased from approximately S$76,000 for the year ended 31 December 2017 to approximately S$51,000 for the year ended 31 December 2018, mainly attributable to the decrease in government grant as a result of the decrease in hiring older Singaporean workers and Persons with Disabilities which was specified under the Special Employment Credit for the year ended 31 December 2018.

***Other gains***

We recorded other gains of nil and approximately S$8,000 for the years ended 31 December 2017 and 2018 respectively, mainly due to our disposal of plant and equipment and motor vehicles during the year ended 31 December 2018.

***Administrative expenses***

Our administrative expenses increased from approximately S$6.2 million for the year ended 31 December 2017 to approximately S$7.5 million for the year ended 31 December 2018 mainly due to (i) the increase in headcount of our administrative department from 51 to 54 during the year; (ii) rise of salaries of general administrative staffs of approximately S$0.1 million; and (iii) the Listing expenses incurred of approximately S$0.9 million during the year.

***Finance income***

Our finance income increased from approximately S$109,000 for the year ended 31 December 2017 to approximately S$143,000 for the year ended 31 December 2018, mainly attributable to the increase in bank interest income as we placed a larger average amount of bank deposits during the year ended 31 December 2018.

***Finance costs***

Our finance costs remained stable at approximately S$29,000 and S$28,000 for the years ended 31 December 2017 and 2018 respectively.

***Income tax expense***

We incurred income tax expenses of approximately S$1.3 million and S$1.6 million for the years ended 31 December 2017 and 2018, respectively, at effective tax rates of 14.2% and 19.8%. The effective tax rates are close to the applicable tax rate of CIT, taking into account the CIT rebate and tax concession for these two financial years and the non-deductible Listing expenses incurred for the year ended 31 December 2018.

***Profit for the year***

As a result of the foregoing factors, our net profit and net profit margin recorded a decrease from approximately S$7.9 million and 11.0% respectively for the year ended 31 December 2017 to approximately S$6.4 million and 7.9% respectively for the year ended 31 December 2018. The drop in net profit was mainly due to the non-recurring Listing expenses of S$0.9 million.

**Year ended 31 December 2019 compared with year ended 31 December 2018**

***Revenue***

Our Group recorded revenue of approximately S$76.7 million for the year ended 31 December 2019, representing a slight decrease of approximately 5.6% as compared to the year ended 31 December 2018. Such decrease was mainly due to the completion of a sizeable project located at Mapletree Business City (Project A) during the year ended 31 December 2018. The project was awarded and completed during the year ended 31 December 2018 which contributed revenue of approximately S$15.0 million for the year ended 31 December 2018 as compared to the project located at Paya Lebar Quarter (Project C), which is the most sizeable project awarded and completed by our Group during the year ended 31 December 2019 contributed revenue of approximately S$10.7 million.

***Cost of Sales***

Our cost of sales decreased by 7.7% from approximately S$65.8 million for the year ended 31 December 2018 to approximately S$60.8 million for the year ended 31 December 2019, which was primarily due to the decrease in our revenue. The percentage contribution from the subcontracting

costs of our cost of sales decreased from approximately 78.6% for the year ended 31 December 2018 to approximately 75.2% for the year ended 31 December 2019. This was mainly due to more MEP works were required for the projects we undertook during the year ended 31 December 2018. For the reasons of the increase in MEP subcontracting cost during the year ended 31 December 2018, please refer to the paragraph headed "Gross profit and gross profit margin" in this section for further details. The percentage contribution from the labour costs of our cost of sales slightly increased from approximately 9.1% for the year ended 31 December 2018 to approximately 11.7% for the year ended 31 December 2019. This was mainly due to the increase in average headcount of our project staffs by 36 during the year.

***Gross profit and gross profit margin***

Our gross profit increased by 3.5% from approximately S$15.3 million for the year ended 31 December 2018 to approximately S$15.9 million for the year ended 31 December 2019 which was mainly due to the increased in gross profit margin from approximately 18.9% for the year ended 31 December 2018 to approximately 20.7% for the year ended 31 December 2019. The increase in gross profit margin was primarily attributable to the decrease in our subcontracting costs as lesser MEP works was required for the projects we undertook during the year ended 31 December 2019 when compared to year ended 31 December 2018. The MEP subcontracting cost decreased from approximately S$25.9 million for the year ended 31 December 2018 to approximately S$18.5 million for the year ended 31 December 2019. The decreased in MEP subcontracting cost during the year was primarily due to more MEP works involved in our scope of works for the projects we carried out during the year ended 31 December 2018, thus we have subcontracted more works to our subcontractors, especially for projects located at One Raffles Link, Mapletree Business City (Project A) and Frasers Tower (Project G) which incurred a total MEP subcontracting cost of approximately S$14.2 million.

***Other income***

Our other income decreased from approximately S$51,000 for the year ended 31 December 2018 to approximately S$21,000 for the year ended 31 December 2019, mainly attributable to the decrease in government grant as a result of the decrease in Wage Credit Scheme co-funded by Government from 20.0% to 15.0% which we received during the years ended 31 December 2018 and 2019, respectively.

***Other gains***

We recorded other gains of approximately S$8,000 and approximately S$5,000 for the years ended 31 December 2018 and 2019 respectively, mainly comprises of our gain from disposal of plant and equipment and motor vehicles for the year ended 31 December 2018 and gain on foreign exchange during the year ended 31 December 2019.

***Administrative expenses***

Our administrative expenses increased from approximately S$7.5 million for the year ended 31 December 2018 to approximately S$9.8 million for the year ended 31 December 2019 mainly due to (i) the increase in employees benefit costs as a results of the increase in average headcount of our administrative department from 54 to 62 during the year which included new employment of a business development director and a marketing manager for strengthening the Group's ability to source new project opportunities and the increase in discretionary bonus for administrative staffs; and (ii) the additional Listing expenses incurred of approximately S$1.3 million during the year.

***Finance income***

Our finance income decreased from approximately S$143,000 for the year ended 31 December 2018 to approximately S$38,000 for the year ended 31 December 2019, mainly attributable to the decrease in bank interest income as we placed a smaller average amount of bank deposits during the year ended 31 December 2019.

***Finance costs***

Our finance costs remained minimal at approximately S$28,000 and S$70,000 for the years ended 31 December 2018 and 2019 respectively.

***Income tax expense***

We incurred income tax expenses of approximately S$1.6 million and S$1.4 million for the years ended 31 December 2018 and 2019, respectively, at effective tax rates of 19.8% and 23.7%. Our higher effective tax rate for year ended 31 December 2019 was mainly due to higher non tax deductible Listing expenses incurred of approximately S$2.2 million for the year ended 31 December 2019 when compared to approximately S$0.9 million for the year ended 31 December 2018.

***Profit for the year***

As a result of the foregoing factors, our net profit and net profit margin recorded a decrease from approximately S$6.4 million and 7.9% respectively for the year ended 31 December 2018 to approximately S$4.6 million and 6.1% respectively for the year ended 31 December 2019. The drop in net profit was mainly due to the additional non-recurring Listing expenses of S$1.3 million.

## ANALYSIS OF CERTAIN ITEMS ON THE COMBINED STATEMENTS OF FINANCIAL POSITION

### Property, plant and equipment

The following table sets forth the carrying amount by assets types at the respective dates:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Building | 3,194 | 2,748 | 2,303 |
| Renovation | 63 | 2 | — |
| Plant and equipment | 623 | 425 | 342 |
| Motor vehicles | 198 | 129 | 83 |
| Furniture and fittings | 18 | 11 | 10 |
| **Total** | 4,096 | 3,315 | 2,738 |

Our property, plant and equipment mainly consists of our leasehold property at Sungei Kadut Loop, Singapore, plant and equipment and motor vehicles. Our property, plant and equipment decreased from approximately S$4.1 million as at 31 December 2017 to S$3.3 million for the year ended 31 December 2018, mainly due to the depreciation charges of approximately S$0.8 million. The carrying amount of property, plant and equipment further decreased by S$0.6 million for the year ended 31 December 2019, mainly due to the depreciation charges of approximately S$0.6 million. The building has been pledged to bank in respect of performance bond guarantee provided for the Group.

### Contract assets and liabilities

The following table sets out the contract assets and liabilities as at the respective reporting dates as indicated below.

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Contract assets | 14,404 | 15,597 | 27,874 |
| Less: Loss allowance | (5) | (5) | (5) |
| | 14,399 | 15,592 | 27,869 |
| Contract liabilities | (1,271) | (234) | (—) |
| | 13,128 | 15,358 | 27,869 |

Contract assets represent the Group's right to consideration from customers for the provision of interior fitting-out services to customers that is not yet due for billing as at the end of the reporting period. The contract assets arises when: (i) our Group completed the relevant services under such contracts and pending certification by the customers; and (ii) the customers withhold certain amounts payable to our Group as retention money to secure the due performance of the contracts for a period of generally 12 months (i.e. defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified as trade receivables at the point when it becomes due for billing and is invoiced to the customer. After our customers and/or the professional consultant of the project certify our progress claims and we issue the billings, contract assets would be reclassified as trade receivables. We generally grant our customers a credit term ranging from 30 to 60 days.

Included in contract assets, there was retention receivables amounting to S$4.3 million, S$3.3 million and S$3.2 million as at 31 December 2017, 2018 and 2019, respectively, represent certain percentage of the total contract sum held by our customers. Depending on the contract terms, our customers may hold up a certain percentage of each payment (including progress payment) made to us as retention money. Retention money is normally equivalent to 2.5% to 10.0% of the value of works done and subject to a maximum 5.0% of the total contract sum. Typically, half of the retention money is released upon handover of the project and the remain released upon expiry of the defect liability period of around 12 months. The defect liability period commences on the date of the Certificate of Completion issued by the customer. Thus, the amount of retention receivables as at the end of the reporting period depends on the completion of the project and the defect liability period.

Contract liabilities represent the Group's obligation to transfer project works to customers for which the Group has received consideration in advance from the customers according to progress billing arrangement stated in the contracts.

Our contract assets and liabilities are normally affected by (i) the number, value and stage of projects on hand; (ii) the amount of works completed by our Group at the time close to the end of each reporting period, by reference to the actual costs incurred to date and the total budgeted costs for the projects; (iii) the timing to certify the application of payment progress for billings, which may vary from period to period; (iv) amount of works certified by our customers or the professional consultant of the project and (v) depending on the contract terms, the amount of the retention money held by our customers yet to be released.

Our contract assets (excluding retention receivables) remained stable at approximately S$10.1 million and S$12.3 million as at 31 December 2017 and 2018, respectively. Our contract assets (excluding retention receivables) subsequently increased to S$24.7 million as at 31 December 2019. Contract assets (excluding retention receivables) increased slightly by approximately S$2.2 million to S$12.3 million as at 31 December 2018, mainly due to the increase in the amount of works handled by our Group for the projects close to the end of 31 December 2018, including project located at Robinson Road which commenced work in October 2018, but pending our customer to certify the workdone. Contract assets (excluding retention receivables) further increased by

approximately S$12.4 million to S$24.7 million as at 31 December 2019, mainly due to the increase in the amount of works handled by our Group for the projects close to the end of 31 December 2019, including project located at Alexandra Road (Project L), Market Street, Lok Yang Way (Project O), Shenton Way (Project P) , Penang Road (Project Q), Changi Road and Depot Road (Project S) with total contract sum of approximately S$32.3 million, but pending our customer to certify the workdone.

As at 31 December 2017, 2018 and 2019, our retention receivables remained stable at approximately S$4.3 million, S$3.3 million and S$3.2 million, respectively, which will be released partially upon the completion of the project, and the remaining balance will be released fully upon the expiry of the defect liability period for the relevant projects. Higher retention receivables as at 31 December 2017 was mainly due to the increase in retention money for certain sizeable projects such as project located at Tai Seng Street (Project F), One Raffles Link and Kallang Avenue which were completed during the year ended 31 December 2017.

As at the Latest Practicable Date, we had issued billings of approximately S$12.4 million (equivalent to 50.4%) of our contract assets (excluding retention receivables) as at 31 December 2019, and approximately S$7.1 million of this billed amount had been settled by our customers. We had also issued billings of approximately S$0.7 million of our retention receivables as at 31 December 2019, and approximately S$0.2 million of this billed amount had been settled by our customers. Our Group considered that the expected credit losses for contract assets are negligible as the customers of the Group are reputable organisations. For further details, please refer to Note 2 to the Accountant's Report set out in Appendix I to this prospectus. There was no disagreement on the work we performed and our Group did not notice any loss making project.

**Trade and other receivables, deposits and prepayment**

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Trade receivables | 15,953 | 15,736 | 7,157 |
| Prepaid Listing expense | — | 279 | 1,001 |
| Prepayments | 68 | 120 | 75 |
| Deposit | 637 | 896 | 710 |
| Other receivables[(1)] | 6 | 8 | 9 |
| | 16,664 | 17,039 | 8,952 |
| Less: impairment loss on trade receivables | (19) | (19) | (19) |
| **Total** | 16,645 | 17,020 | 8,933 |

*Note:*

(1) Other receivables primarily consists of interest receivables.

***Trade receivables***

Our trade receivables mainly represented the outstanding billing relating to the provision of interior fitting-out services.

Our trade receivables remained stable at approximately S$16.0 million and S$15.7 million as at 31 December 2017 and 2018 respectively. Our trade receivables decreased to approximately S$7.2 million as at 31 December 2019 was mainly due to the increase in the amount of works handled by our Group for the projects close to the end of 31 December 2019, including project located at Alexandra Road (Project L), Market Street, Lok Yang Way (Project O), Shenton Way (Project P), Penang Road (Project Q), Changi Road and Depot Road (Project S), which the workdone was pending for customer's certification for billing.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| Average trade receivables turnover days*(Note)* | 68 | 71 | 54 |

*Note:* Average trade receivables turnover days is calculated based on the average of beginning and ending balance of trade receivables of a given year divided by revenue for the corresponding year and multiply by the number of calendar days of the year.

Our trade receivable turnover days was approximately 68 days, 71 days and 54 days for the three years ended 31 December 2019, respectively. The trade receivables turnover days were relatively stable for the two years ended 31 December 2018. Our trade receivable turnover days decreased from approximately 71 days as at 31 December 2018 to approximately 54 days as at 31 December 2019 was primarily attributed to the decrease in trade receivables as explained above.

| | For the year ended 31 December | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| Average trade receivables and contract assets turnover days *(Note)* | 141 | 139 | 158 |

*Note:* Average trade receivables and contract assets turnover days is calculated based on the average of beginning and ending balance of trade receivables and contract assets of a given year divided by revenue for the corresponding year and multiply by the number of calendar days of the year.

Our trade receivable and contract assets turnover days was approximately 141 days, 139 days and 158 days for the three years ended 31 December 2019, respectively. The trade receivables and contract assets turnover days were relatively stable throughout the Track Record Period. Our trade receivable and contract assets turnover days increased from approximately 139 days as at 31 December 2018 to approximately 158 days as at 31 December 2019 was primarily attributed to the increase in contract assets as explained in the paragraph headed "Contract assets and liabilities".

*Impairment loss on trade receivables*

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. As at 31 December 2017, 2018 and 2019, the loss allowance provision for trade receivables was approximately S$19,000.

*Aging analysis and subsequent settlement*

Our Group generally grants our customers credit terms of up to 65 days. The following sets out the aging analysis of our trade receivables based on invoice date, as at the respective reporting dates.

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| 0 to 30 days | 8,832 | 9,406 | 3,590 |
| 31 to 60 days | 4,328 | 3,286 | 2,081 |
| 61 to 90 days | 1,345 | 1,257 | 1,041 |
| Over 90 days | 1,448 | 1,787 | 445 |
| **Total** | 15,953 | 15,736 | 7,157 |

As at the Latest Practicable Date, approximately 80.5% (or approximately S$5.8 million) of our trade receivables as at 31 December 2019 had been subsequently settled.

***Prepayment***

Prepayments primarily consists of prepayment for material suppliers and prepaid insurance. Our prepayment increased from approximately S$68,000 as at 31 December 2017 to approximately S$120,000 as at 31 December 2018 which was primarily due to the prepayment made to material suppliers. Our prepayments subsequently decreased to approximately S$75,000 as at 31 December 2019 which was mainly due to the decreased in prepayment made to material suppliers.

***Deposit***

Deposits mainly consist of security deposits, rental deposits, utility deposits and tender deposits. Security deposits are usually made to the property owner before the commencement of a project to ensure the contractor performs the work and returns the property in an acceptable manner. Our deposits increased from approximately S$637,000 as at 31 December 2017 to approximately S$896,000 as at 31 December 2018. The increase in our deposits was primarily due to the increase in security deposits which is in line with the growth of our number of projects that was subjected to security deposits from 37 for the year ended 31 December 2017 to 39 for the year ended 31 December 2018. Our deposits decreased to approximately S$710,000 as at 31 December

2019 was mainly due to the released of 25 completed projects' security deposits of approximately S$468,000 which was offset with placement of 23 new projects' security deposits of approximately S$294,000.

**Pledged fixed deposits**

Our pledged fixed deposits were approximately S$1.5 million, S$1.5 million and S$1.6 million as at 31 December 2017, 2018 and 2019, respectively. Pledged fixed deposits represent our fixed deposits pledged to bank in respect of bankers' guarantee provided to our Group.

**Trade and other payables and accruals**

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Trade payables | 14,828 | 8,086 | 8,334 |
| Accruals for project cost | 11,078 | 14,613 | 13,915 |
| Other payables and accruals | | | |
| — Accrued expenses[(1)] | 705 | 366 | 447 |
| — Goods and services tax payables | 579 | 1,003 | 413 |
| — Others | — | 9 | 3 |
| Accrued Listing expenses | — | 321 | 1,122 |
| **Total** | 27,190 | 24,398 | 24,234 |

*Note:*

(1) Accrued expenses mainly consists of accrued staff costs and provision for audit and tax fees.

***Trade payables***

Our trade payables mainly consists of payables to our suppliers in relations to the subcontracted works and direct material procured for our projects. Our trade payables decreased from approximately S$14.8 million as at 31 December 2017 to approximately S$8.1 million as at 31 December 2018 and remained stable at approximately S$8.3 million as at 31 December 2019. The decreased in trade payables as at 31 December 2018 was mainly due to the more effort we put in to make prompt payment to our suppliers. During the Track Record Period and up to the Latest Practicable Date, save for a tort claim filed by the Group against a subcontractor as disclosed in "Business — Legal Proceedings and Compliance", there were no material disputes between our Group and our suppliers with respect to the payment.

The following sets out the aging analysis of our trade payables, based on the invoice dates as at the end of each year during the Track Record Period.

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| 0 to 30 days | 4,488 | 6,260 | 3,780 |
| 31 to 60 days | 3,207 | 593 | 1,833 |
| 61 to 90 days | 3,655 | 193 | 220 |
| Over 90 days | 3,478 | 1,040 | 2,501 |
| **Total** | 14,828 | 8,086 | 8,334 |

As at the Latest Practicable Date, approximately 76.1% (or approximately S$6.3 million) of our trade payables as at 31 December 2019 had been settled.

Our trade creditors generally grant us credit terms from 30 to 60 days. The following table sets forth our trade payables turnover days during the Track Record Period:

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Average trade payables turnover days[(Note)] | 82 | 73 | 59 |

*Note:* Average trade payables turnover days is calculated based on the average of beginning and ending balance of trade payables of a given year divided by total direct costs for the corresponding year and multiply by the number of calendar days of the year.

Our trade payable turnover days slightly decrease from 82 days for the year ended 31 December 2017 to 73 days for the year ended 31 December 2018. Our trade payable turnover days of approximately 59 days as at 31 December 2019 was consistent with the general credit terms granted by our creditors.

***Accruals for project cost***

Our accruals for project cost mainly comprised direct materials and subcontracting works which had been recognised as our cost of sales but for which we had not yet received invoices from our suppliers as at the end of the respective year. Our accruals for project cost was approximately S$11.1 million, S$14.6 million and S$13.9 million as at 31 December 2017, 2018 and 2019, respectively. Our accruals for project cost increased from approximately S$11.1 million as at 31 December 2017 to approximately S$14.6 million as at 31 December 2018 was mainly due to (i) the increase in our cost of sales; and (ii) the lower amount of work completed by our subcontractors was being certified, including project located at Mapletree Business City (Project A) which was

completed close to the year ended 31 December 2018. Our accruals for project cost remained stable at approximately S$13.9 million as at 31 December 2019 when compared to approximately S$14.6 million as at 31 December 2018.

## LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from our internal generated funds, borrowings, finance leases and amount due to shareholders. Our primary uses of cash are for payment to our employees, suppliers and working capital needs. Upon the Listing, our Group's operations will be funded by internal resources, borrowings and net proceeds from the Share Offer.

### Net current assets

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

| | As at 31 December | | | As at 29 February |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| | S$'000 | S$'000 | S$'000 | S$'000 (unaudited) |
| **Current asset** | | | | |
| Contract assets | 14,399 | 15,592 | 27,869 | 24,985 |
| Trade and other receivables, deposits and prepayments | 16,645 | 17,020 | 8,933 | 25,653 |
| Pledged fixed deposits | 1,518 | 1,536 | 1,560 | 1,560 |
| Cash and cash equivalents | 21,669 | 2,855 | 2,628 | 2,696 |
| | 54,231 | 37,003 | 40,990 | 54,894 |
| **Current liabilities** | | | | |
| Trade and other payables and accruals | 27,190 | 24,398 | 24,234 | 29,571 |
| Contract liabilities | 1,271 | 234 | — | 9 |
| Borrowings | 4,555 | 6,297 | 5,323 | 11,992 |
| Lease liabilities | 110 | 129 | 143 | 125 |
| Current income tax liabilities | 1,627 | 1,567 | 1,776 | 1,892 |
| Amounts due to shareholders | 12,656 | — | — | — |
| | 47,409 | 32,625 | 31,476 | 43,589 |
| **Net current assets** | 6,822 | 4,378 | 9,514 | 11,305 |

Our total current assets as at 31 December 2017, 31 December 2018 and 31 December 2019 amounted to approximately S$54.2 million, S$37.0 million and S$41.0 million, respectively, which primarily consisted of contract assets, trade and other receivables, deposits and prepayments and cash and cash equivalent. Our total current liabilities as at 31 December 2017, 31 December 2018 and 31 December 2019 amounted to approximately S$47.4 million, S$32.6 million and S$31.5 million, respectively, which primarily consisted of trade and other payables and accruals, amounts due to shareholders and borrowings.

Our net current assets decreased from approximately S$6.8 million as at 31 December 2017 to approximately S$4.4 million as at 31 December 2018, primarily due to the increase in our borrowings, decrease in cash and cash equivalents from approximately S$21.7 million as at 31 December 2017 to approximately S$2.9 million as at 31 December 2018. This was partially offset by (i) the increase in the contract assets, trade and other receivables, deposits and prepayments; and (ii) the decrease in trade and other payables and accruals, contract liabilities and amount due to shareholders.

Our net current assets increased from approximately S$4.4 million as at 31 December 2018 to approximately S$9.5 million as at 31 December 2019, primarily due to the increase in our contract assets and decrease in borrowings which was partially offset by the decrease in the trade and other receivables, deposits and prepayments.

Our net current assets increased from approximately S$9.5 million as at 31 December 2019 to approximately S$11.3 million as at 29 February 2020, primarily due to the increase in our trade and other receivables, deposits and prepayments which was partially offset by (i) the decrease in contract assets; and (ii) the increase in trade and other payables and accruals and borrowings.

For reasons of the fluctuations for the items on the combined statements of financial position abovementioned, please refer to the paragraph headed "Combined statements of financial position" in this section.

**Cash flows**

The following table sets forth a condensed summary of our combined statements of cash flows for the financial years indicated:

| | For the year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Net cash generated from operating activities | 11,634 | 2,178 | 1,751 |
| Net cash used in investing activities | (388) | (5) | (68) |
| Net cash used in financing activities | (3,451) | (20,987) | (1,910) |
| Net increase/(decrease) in cash and cash equivalents | 7,795 | (18,814) | (227) |
| Cash and cash equivalents at beginning of the year | 13,874 | 21,669 | 2,855 |
| **Cash and cash equivalents at end of the year** | 21,669 | 2,855 | 2,628 |

***Cash flow from operating activities***

Cash flow from operating activities reflects profit before taxation for the year adjusted for (i) non-cash items such as depreciation, gain on disposal of property, plant and equipment and other items, which lead to the operating profit before working capital changes; (ii) effects of cash flows arising from changes in working capital, including changes in contract assets, trade and other receivables, deposits and prepayment, contract liabilities, trade and other payables and accruals and other items, which lead to cash generated from operations; and (iii) interest received and income tax paid, which result in net cash generated from operating activities.

For the year ended 31 December 2017, our net cash generated from operating activities of approximately S$11.6 million primarily resulted from (1) our operating profit before working capital changes amounting to approximately S$10.1 million; (2) net inflow of working capital amounting to approximately S$2.3 million was mainly attributable to the combined effect of (i) the increase in contract liabilities of S$1.3 million; (ii) the increase in trade and other payables and accruals of S$5.3 million due to the increased in our cost of sales, the amount of works completed by our subcontractors for the projects close to the end of December 2017 and the voluminous invoice we received from our suppliers which required more time to prepare their payment; (iii) the decrease in pledged fixed deposit of approximately S$1.0 million, which was partly offset by (iv) the increase in trade and other receivables, deposit and prepayment of S$5.4 million due to the increased in our revenue and the increased in the amount of work completed for our certain sizeable projects which were due for settlement at the time close to the end of December 2017; and (3) interest received and income tax paid of approximately S$0.1 million and S$0.8 million respectively.

For the year ended 31 December 2018, our net cash generated from operating activities of approximately S$2.2 million primarily resulted from (1) our operating profit before working capital changes amounting to approximately S$8.8 million; (2) net outflow of working capital amounting to approximately S$5.1 million was mainly attributable to the combined effect of (i) the decrease in contract liabilities of S$1.1 million; (ii) the increase in contract assets of S$1.2 million and (iii) the decrease in trade and other payables and accruals of S$2.8 million due to the more effort we put in to make prompt payment to our suppliers, which was partly offset by (iv) the decrease in trade and other receivables, deposit and prepayment of S$0.1 million; and (3) interest received and income tax paid of approximately S$0.1 million and S$1.7 million respectively.

For the year ended 31 December 2019, our net cash generated from operating activities of approximately S$1.8 million primarily resulted from (1) our operating profit before working capital changes amounting to approximately S$6.9 million; (2) net outflow of working capital amounting to approximately S$3.8 million was mainly attributable to the combined effect of (i) the increase in contract assets of S$12.2 million due to the increase in the amount of works handled by our Group for the projects close to the end of 31 December 2019 but pending our customer to certify the workdone; (ii) the decrease in trade and other payables and accruals of S$0.2 million and (iii) the

decrease in contract liabilities of S$0.2 million, which was partly offset by (iv) the decrease in trade and other receivables, deposit and prepayment of S$8.8 million due to the decreased in the amount of work certified and billed; and (3) income tax paid of approximately S$1.3 million.

***Cash flow used in investing activities***

Cash flow from investing activities mainly relates to purchase of property, plant and equipment and movement in pledged fixed deposit.

For the year ended 31 December 2017, our net cash used in investing activities of approximately S$0.4 million was primarily attributable to the purchase of property, plant and equipment, mainly being motor vehicles and plant and equipment of approximately S$0.4 million.

For the year ended 31 December 2018 and 2019, our net cash used in investing activities was marginal.

***Cash flow used in financing activities***

Cash flow from financing activities includes dividends paid, finance cost paid, proceeds/ repayments of borrowings and payment for lease liabilities.

For the year ended 31 December 2017, our net cash used in financing activities decreased to approximately S$3.5 million, which was mainly attributable to (i) repayment of borrowings of approximately S$8.5 million; (ii) dividends paid to our Shareholders of approximately S$7.8 million; and (iii) payment for lease liabilities of approximately S$0.2 million. The cash outflow was partially offset by proceeds from borrowings of approximately S$13.0 million.

For the year ended 31 December 2018, our net cash used in financing activities increased to approximately S$21.0 million, which was mainly attributable to (i) repayment of borrowings of approximately S$23.9 million; (ii) dividends paid to our Shareholders of approximately S$22.3 million; (iii) payment of Listing expenses to be capitalised into equity of approximately S$0.3 million; and (iv) payment for lease liabilities of approximately S$0.1 million. The cash outflow was partially offset by proceeds from borrowings of approximately S$25.7 million.

For the year ended 31 December 2019, our net cash used in financing activities of approximately S$1.9 million, which was mainly attributable to (i) repayment of borrowings of approximately S$37.6 million; (ii) payment of Listing expenses to be capitalised into equity of approximately S$0.7 million; and (iii) payment for lease liabilities of approximately S$0.1 million. The cash outflow was partially offset by proceeds from borrowings of approximately S$36.6 million.

**Sufficiency of working capital**

Our Directors are of the opinion that, taking into consideration the factors disclosed in the section headed "Summary — OUTBREAK OF NOVEL CORONAVIRUS (COVID-19), including but not limited to (i) our Group has not encountered, experienced or expect to encounter any project

suspension and/or cancellation or any supply chain disruptions due to the outbreak of COVID-19 in Singapore except for the Circuit Breaker Measures announced by the Government on 3 April 2020; (ii) the interior fitting out services market is supported by strong pipeline of new commercial and hospitality projects in the coming year; (iii) our Group's ability to secure new projects and receive new tender invitation after the Track Record Period and up to the Latest Practicable Date; (iv) the Resilience Budget of over S$48 billion worth of measures introduced by the Singapore government; and (v) the Solidarity Budget announced by the Singapore Government to provide added support whilst the Circuit Breaker Measures are in effect, the financial resources presently available to our Group, including our cash and cash equivalents on hand, cash flows from operating activities, the unutilised banking facilities presently available to our Group and the estimated net proceeds from the Share Offer, our Group has sufficient working capital to meet our present requirements for at least the next 12 months from the date of this prospectus.

## INDEBTEDNESS AND CONTINGENT LIABILITIES

The table below sets out our total indebtedness as at the dates indicated:

| | As at 31 December | | | As at 29 February |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| | S$'000 | S$'000 | S$'000 | S$'000 (unaudited) |
| **Non-current** | | | | |
| Lease liabilities | 598 | 574 | 582 | 577 |
| **Current** | | | | |
| Borrowings | 4,555 | 6,297 | 5,323 | 11,992 |
| Lease liabilities | 110 | 129 | 143 | 125 |
| Amounts due to shareholders | 12,656 | — | — | — |
| | 17,321 | 6,426 | 5,466 | 12,117 |
| **Total** | 17,919 | 7,000 | 6,048 | 12,694 |

***Lease liabilities***

We have consistently applied IFRS 16 throughout the Track Record Period. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our Group's combined statements of financial position.

Our lease liabilities primarily represented for the leases in relation to the land, motor vehicles and office equipment. Our lease liabilities amounted to approximately S$708,000, S$703,000, S$725,000 and $702,000 as at 31 December 2017, 2018, 2019 and 29 February 2020 respectively.

The lease liabilities of approximately S$38,000, S$147,000, S$183,000 and S$177,000 as at 31 December 2017, 2018, 2019 and 29 February 2020, respectively, are secured by personal guarantees by Directors and shareholders. Our Directors confirmed that the personal guarantees would be released by the financial institution and/or replaced by corporate guarantee of our Group upon Listing.

***Borrowings***

Set out below is the Group's borrowings repayable based on the scheduled repayment dates as at the respective reporting dates indicated:

| | As at 31 December | | | As at 29 February |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| | S$'000 | S$'000 | S$'000 | S$'000 (unaudited) |
| Within 1 year | 4,555 | 6,297 | 5,323 | 11,992 |

The average effective interest rates per annum at the end of the respective reporting dates indicated:

| | As at 31 December | | | As at 29 February |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| | | | | (unaudited) |
| Trade financing | 2.56%–3.54% | 1.50%–3.92% | 3.70%–4.01% | 3.60%–3.62% |
| Bank loan | — | — | 4.84%–4.96% | 4.52%–4.55% |

Our borrowings amounted to approximately S$4.6 million, S$6.3 million, S$5.3 million and S$12.0 million as at 31 December 2017, 2018, 2019 and 29 February 2020, respectively. Our borrowings primarily represented for the trade financing used to support our project costs.

**Contingent liabilities**

As at 29 February 2020, being the latest practicable date for the purpose of this statement of indebtedness, our Group did not have any material contingent liabilities.

*Amount due to shareholders*

The following table sets out our amounts due to shareholders as at the dates indicated:

| | As at 31 December | | | As at 29 February |
|---|---|---|---|---|
| Name of shareholder | 2017 | 2018 | 2019 | 2020 |
| | S$'000 | S$'000 | S$'000 | S$'000 (unaudited) |
| Mr. Chua | 1,898 | — | — | — |
| Mr. Ding | 1,519 | — | — | — |
| Mr. Ng | 1,266 | — | — | — |
| Mr. Leong | 1,266 | — | — | — |
| Mr. Lo | 5,025 | — | — | — |
| Mr. Low Lek Huat | 1,266 | — | — | — |
| Mr. Low Lek Hee | 416 | — | — | — |
| | 12,656 | — | — | — |

The amount due to shareholders as at 31 December 2017, 2018, 2019 and 29 February 2020 amounted to approximately S$12.7 million, nil, nil and nil respectively, mainly representing dividend payable to shareholders. The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.

## INDEBTEDNESS STATEMENT

As at 29 February 2020, being the latest practicable date for the purpose of this indebtedness statement, the outstanding amount of our Group's bank borrowings and lease liabilities amounted to approximately S$12.0 million and S$0.7 million, respectively, which was secured by personal joint and several guarantee by our Directors and shareholders. Our Directors confirmed that the personal joint and several guarantee by them as referred to above would be released by the financial institution and/or replaced by corporate guarantee of our Group upon Listing.

Save as disclosed in this paragraph headed "Indebtedness" in this section, our Directors confirmed that our Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at 29 February 2020, being the latest practicable date for the purpose of this statement of indebtedness.

## BANKING FACILITIES

As at 29 February 2020, our Group had utilized banking facility in relation to performance guarantee, trade financing and specific advance amounting to approximately S$7.1 million, S$10.0 million and S$2.0 million respectively. On the other hand, our Group had unutilised banking facility of approximately S$15.6 million. Our unutilised banking facilities comprised of (i) performance guarantee of approximately S$10.4 million which was issued by the banks to our contractor to guarantee the due performance of the contract; (ii) trade financing of approximately S$5.0 million which can be used to finance our project; and (iii) credit card limit and specific advance facility of approximately S$0.2 million which can be used as our working capital. Our banking facilities relating to performance guarantee and account receivables financing are designated for specific use by the bank.

There were two major financial covenants related to our utilized banking facilities which were (i) maintained net worth of not less than S$5.0 million at all times; and (ii) maintained a current saving account balance of S$2.5 million with the bank at all times. Our Directors confirmed that there was no breach of financial covenants that would materially limit our ability to undertake additional debt or equity financing necessary to carry out our business plan.

Our Directors further confirmed that during the Track Record Period, our Group did not experience any default, delay, withdrawal or request for repayment on demand of borrowings nor did we breach any major finance covenants and that there has not been any material change in our indebtedness and contingent liabilities since 29 February 2020 and up to the Latest Practicable Date. To the best knowledge and belief of our Directors, our Group will not have difficulties in obtaining new banking facilities or renewing banking facilities after the Listing. As at the Latest Practicable Date, we did not have any plan for material external debt financing, save as disclosed under the section headed "Future Plans and Use of Proceeds" of this prospectus.

## CAPITAL EXPENDITURE AND CONTRACTUAL COMMITMENTS

### Capital expenditure and commitments

During the Track Record Period, our Group's capital expenditures principally consists of expenditures on property, plant and equipment of approximately S$0.4 million, S$24,000 and S$68,000 for the three years ended 31 December 2019, respectively. These mainly consist of expenditures on our motor vehicles and plant and equipment. Our capital expenditure was funded by internal resources and finance lease arrangement during the Track Record Period. Subsequent to 31 December 2019 and up to Latest Practicable Date, we did not make any material capital expenditure.

As at the end of the reporting periods during the Track Record Period and the Latest Practicable Date, our Group did not have capital commitments which were not provided for in our combined statements of financial statements.

We estimate that upon Listing, our planned capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds from the Share Offer, cash generated from our operating activities and existing banking facilities available to our Group. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

**Short-term lease commitments**

During the Track Record Period, we leased certain properties (solely representing staff dormitories) from an Independent Third Party with lease term less than one year, which can be exempted from IFRS 16. The following table sets forth the future minimum rental payable under our non-cancellable leases as at the dates indicated.

***As lessee***

| | As at 31 December | | | As at 29 February |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| | S$'000 | S$'000 | S$'000 | S$'000 (unaudited) |
| Not later than one year | 110 | 214 | 240 | 173 |
| | 110 | 214 | 240 | 173 |

## KEY FINANCIAL RATIOS

The following table sets forth the summary of our key financial ratios as of the dates or for the periods indicated:

| | Year ended 31 December or as at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| Net profit margin[(1)] | 11.0% | 7.9% | 6.1% |
| Gross profit margin[(2)] | 21.3% | 18.9% | 20.7% |
| Return on equity[(3)] | 72.2% | 82.9% | 37.4% |
| Return on total assets[(4)] | 13.4% | 15.7% | 10.4% |
| Current ratio[(5)] | 1.1 times | 1.1 times | 1.3 times |
| Quick ratio[(6)] | 1.1 times | 1.1 times | 1.3 times |
| Gearing ratio[(7)] | 47.9% | 90.1% | 48.7% |
| Debt to equity ratio[(8)] | NA[(10)] | 53.3% | 27.6% |
| Interest coverage[(9)] | 75.5 times | 27.7 times | 16.2 times |

*Notes:*

(1) Net profit margin is calculated as net profit for the respective financial year divided by revenue of the respective financial year. Please refer to the section headed "Period to period comparison of results of operation" above for the reasons of fluctuation in our net profit margin.

(2) Gross profit margin is calculated as gross profit for the respective financial year divided by revenue of the respective financial year. Please refer to the section headed "Period to period comparison of results of operation" above for the reasons of fluctuation in our gross profit margin.

(3) Return on equity is calculated as the net profit for the year divided by the total equity as at the respective reporting dates and multiply by 100.0%.

(4) Return on total assets is calculated as the net profit for the year divided by the total assets as at the respective reporting dates and multiply by 100.0%.

(5) Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

(6) Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates.

(7) Gearing ratio is calculated as total interest-bearing debts (borrowings and lease liabilities) divided by total equity as at the respective reporting dates and multiply by 100.0%.

(8) Debt to equity ratio is calculated as net debts (total interest-bearing debts net of cash and cash equivalents) divided by total equity as at the respective reporting dates and multiply by 100.0%.

(9) Interest coverage ratio is calculated as profit before taxation and interest divided by finance costs (including finance costs captured under cost of sales) for the respective years.

(10) NA denotes not applicable since our cash and cash equivalents as at 31 December 2017 exceeded our total debts as of the respective dates.

**Return on equity**

Our return on equity was approximately 72.2%, 82.9% and 37.4% for the three years ended 31 December 2019, respectively. The return on equity increased from approximately 72.2% for the year ended 31 December 2017 to approximately 82.9% for the year ended 31 December 2018 mainly due to the level of decrease in our profit after tax of approximately 18.7% to approximately S$6.4 million for the year ended 31 December 2018 was lesser than the decrease in our equity base of approximately 29.2% to approximately S$7.8 million as at 31 December 2018, as we declared dividends of approximately S$9.6 million during the year ended 31 December 2018. Our return on equity decreased to approximately 37.4% for the year ended 31 December 2019 from approximately 82.9% for the year ended 31 December 2018 was primarily due to the decrease in our profit after tax of approximately 28.0% to approximately S$4.6 million for the year ended 31 December 2019 and the increase in our equity base of approximately 59.7% to approximately S$12.4 million as at 31 December 2019.

**Return on total assets**

Our return on total assets was approximately 13.4%, 15.7% and 10.4% for the three years ended 31 December 2019 respectively. Our return on total assets increased from approximately 13.4% as at 31 December 2017 to approximately 15.7% as at 31 December 2018 mainly due to the greater level of decrease in our total assets as at 31 December 2018 against our profit after tax. In this regards, our profit after tax decreased from approximately S$7.9 million for the year ended 31 December 2017 to approximately S$6.4 million for the year ended 31 December 2018, whereas our total assets decreased by 30.5% from approximately S$59.1 million as at 31 December 2017 to S$41.1 million 31 December 2018, primarily due to decrease in cash and cash equivalent of approximately S$18.8 million. It was mainly utilised to settle the trade and other payables, amount due to shareholders and to finance our on-going projects. Our return on total assets decreased to approximately 10.4% mainly due to the decrease in our profit after tax of approximately 28.0% to approximately S$4.6 million for the year ended 31 December 2019 and the increase in our total assets of approximately 8.3% to approximately S$44.5 million as at 31 December 2019. The increase in our total assets was primarily due to the increase in contract assets as there was an increase in the amount of works handled by our Group for the projects close to the end of 31 December 2019, but pending our customer to certify the workdone.

**Current ratio and quick ratio**

Our Group's current ratio remained relatively stable throughout the Track Record Period, which was approximately 1.1 times, 1.1 times and 1.3 times as at 31 December 2017, 2018 and 2019 respectively. Our quick ratio was the same as our current ratio since our Group had no inventory during the Track Record Period.

**Gearing ratio**

Our gearing ratio is calculated based on total interest-bearing debts divided by total equity. As at 31 December 2017, 2018 and 2019, our gearing ratio was approximately 47.9%, 90.1% and 48.7% respectively, which was mainly due to the increased in our borrowings (including lease liabilities and borrowings) and the decreased in our equity base mainly due to dividends declared during the Track Record Period. Our gearing ratio subsequently decreased to approximately 48.7% as at 31 December 2019 mainly due to the decrease in our bank borrowings when compared to 31 December 2018.

**Debt to equity ratio**

Since our cash and cash equivalents as at 31 December 2017 exceeded our total debts as of the respective dates, debt to equity ratios were not applicable. The debt to equity ratio was approximately 53.3% for the year ended 31 December 2018, which was primarily due to (i) increase in our borrowings; and (ii) decrease in cash and cash equivalents to settle the trade and other payables, amount due to shareholders and to finance its on-going projects. Our debt to equity ratio subsequently decreased to approximately 27.6% as at 31 December 2019 mainly due to the decreased in our bank borrowings.

**Interest coverage ratio**

Our interest coverage was approximately 75.5 times, 27.7 times and 16.2 times for the three years ended 31 December 2019, respectively. Our interest coverage ratio decreased from approximately 75.5 times for the year ended 31 December 2017 to 27.7 times for the year ended 31 December 2018 was mainly due to the increase in our finance costs (including finance costs captured under cost of sales), arising from drawdown of borrowings, from approximately S$124,000 to S$301,000 during the years ended 31 December 2017 and 2018 respectively, and our profit before taxation and interest decreased by approximately 11.0% to approximately S$8.3 million during the year ended 31 December 2018. Our interest coverage decreased from approximately 27.7 times for the year ended 31 December 2018 to 16.2 times for the year ended 31 December 2019 was mainly due to the increase in our finance costs (including finance costs captured under cost of sales), arising from drawdown of borrowings, from approximately S$301,000 to S$400,000 during the years ended 31 December 2018 and 2019 respectively, and our profit before taxation and interest decreased by approximately 22.2% to approximately S$6.5 million during the year ended 31 December 2019.

## CAPITAL MANAGEMENT

Our Group manages its capital to ensure that our Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Our Group's overall strategy remains unchanged throughout the Track Record Period.

Our Directors review the capital structure actively and regularly. As part of the review, they will consider the cost of capital and risks associated with each class of capital in the context of capital structure, and takes appropriate actions to adjust our Group's capital structure. During the Track Record Period, the capital structure of our Group consists of debts, which includes borrowings, lease liabilities, amounts due to shareholders and equity attributable to owners of our Group, comprising issued share capital and reserves. Based on recommendations of our Directors, our Company may balance its overall capital structure through the payment of dividends, share buyback, issuing new shares and raising new debts.

## OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, except for the performance guarantees and operating leases disclosed above, our Group had no material off-balance sheet guarantees, commitment or arrangements.

## RELATED PARTY TRANSACTIONS

During the Track Record Period, other than (i) the personal guarantees from all of our shareholders, which will be released before the Listing/will be replaced by corporate guarantees provided by our Company before the Listing; (ii) salaries to Mr. Lo and Mr. Low Lek Huat as senior advisor of our Group; and (iii) compensation of key management personnel, our Group did not entered into other related party transactions. Please refer to Note 29 to the Accountant's Report set out in Appendix I to this prospectus.

## FINANCIAL INSTRUMENTS

Our Group have not entered into any financial instruments for hedging purposes during the Track Record Period and as at the Latest Practicable Date.

## RETAINED PROFITS

The aggregate amount of the accumulated profits as at 31 December 2017, 2018 and 2019 of our Group were approximately S$9.5 million, S$6.3 million and S$10.9 million respectively.

## DISTRIBUTABLE RESERVES

Our Company was incorporated on 7 January 2019. As at 31 December 2019, our Company had no reserves available for distribution to our Shareholders.

## DIVIDEND AND DIVIDEND POLICY

We had declared dividends of approximately S$12.7 million, S$9.6 million and nil, being 57.1%, 60.4% and nil of the cumulative retained earnings before dividend for the three years ended 31 December 2019 respectively. The dividend declared during the years ended 31 December 2017 and 2018 had been settled as at the Latest Practicable Date. Dividends declared and paid in the past should not be regarded as an indication of the future dividend payment to be adopted by our Group following the Listing.

Our Directors proposed the dividend amount which our management deems reasonable to the level of our retained earnings, taking into account the need for preserving sufficient capital for business development and providing our Shareholders with reasonable returns for their investment. Since Mr. Chua, Mr. Ding, Mr. Leong and Mr. Ng took up the core management role of Ngai Chin from 1 January 2011, our Group has consistently declared dividend every financial year since 2013 and the dividend payout ranged from approximately 25.0% to 60.0% of cumulative retained earnings before dividend.

Our Directors intend to recommend dividends which would amount in total to not less than 35.0% of the retained earnings before dividends declared but subject to, among other things, our operational needs, earnings, financial condition, working capital requirements and future business plans as our Board may deem relevant at such time. Such intention does not amount to any guarantee or representation or indication that our Company must or will declare and pay dividend in such manner or declare and pay any dividend at all.

## LISTING EXPENSES

The total Listing expenses (based on the mid-point of the Offer Price range) are estimated to be approximately S$10.9 million (equivalent to approximately HK$58.7 million). S$6.4 million (equivalent to approximately HK$34.8 million) is directly attributable to the issue of the Offer Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of S$4.5 million (equivalent to approximately HK$23.9 million) shall be charged to profit

or loss of our Group, in which approximately S$0.9 million (equivalent to HK$4.9 million) and approximately S$2.2 million (equivalent to HK$11.9 million) has already been charged to our combined statements of comprehensive income of our Group for the year ended 31 December 2018 and 2019 respectively, and approximately S$1.4 million (equivalent to HK$7.1 million) will be charged to profit or loss for the upcoming financial period upon Listing. The Listing expenses above are the latest practicable estimate and are for reference only. The actual amount may differ from this estimate.

## FINANCIAL, CAPITAL AND MARKET 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 paragraph headed "Risk management and internal control systems" under the section headed "Business" in this prospectus and Note 3 of the Accountant's Report set out in Appendix I to this prospectus.

## DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, save for the expenses in connection with the Listing, there has been no material adverse change in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we were aware, there was no material change in the general market conditions that had affected or would affect our business operations or financial conditions materially and adversely.

## UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this prospectus of our unaudited pro forma adjusted net tangible assets.

## FUTURE PLANS

Please refer to the paragraph headed "Business — business strategies" in this prospectus for a detailed description of our business strategies and future plans.

## USE OF PROCEEDS

### Net proceeds

The net proceeds from the Share Offer are estimated to be approximately HK$85.1 million assuming the Offer Price of HK$0.58 per Offer Share (being the mid-point of the Offer Price range) and 250,000,000 Offer Shares being offered under the Share Offer and after deducting the underwriting commission and expenses relating to the Share Offer.

We intend to use the net proceeds from the Share Offer for the following purposes:

(a) approximately HK$27.4 million (equivalent to approximately S$5.0 million), representing approximately 32.2% of the estimated net proceeds comprising:

  (1) approximately HK$13.7 million (equivalent to approximately S$2.5 million), representing approximately 16.1% of the estimated net proceeds to recruit new or additional skilled employees and support staff to strengthen our in-house capacity to undertake additional interior fitting-out projects. Our Group plans to recruit the additional employees by the end of 31 December 2020 in order to reduce our reliance on our subcontractors and to support our business expansion for the New Rented Property. Taking into consideration (i) the manpower deployed by our subcontractors and their respective fees for the provision of their specialised services during the Track Record Period; (ii) the annual cost-savings to be achieved by recruiting our in-house employees; and (iii) our Directors' assessment of the growing market demand for interior fitting-out services in the office space and hospitality sectors, we believe the hiring of 89 additional employees is sufficient and optimal to develop our business as an integrated interior fitting-out provider;

  (2) approximately HK$13.7 million (equivalent to approximately S$2.5 million), representing approximately 16.1% of the estimated net proceeds to broaden our scope of associated services by providing MEP services in-house through the recruitment of skilled personnel and applying for registrations under certain ME workheads with the BCA;

  As mentioned under the section headed "Business — Business strategies" in this prospectus, our establishment and expansion of our in-house MEP, Metal Works and Wet Works competencies is to, *inter alia*, reduce our reliance on MEP, Metal Works and Wet Works subcontractors and the need to engage these subcontractors to perform services requested or required by our customers.

  Our Group plans to recruit the MEP employees by the end of 31 December 2020 in order to reduce our reliance on our subcontractors for the provision of MEP services. Taking into consideration (i) the manpower deployed by our subcontractors and their respective

fees for the provision of MEP services during the Track Record Period; (ii) the annual cost-savings to be achieved by recruiting our in-house MEP skilled personnel; (iii) the amount of revenue recognised from the provision of MEP works both during the project and from ad-hoc maintenance works after the defects liability period; and (iv) our Directors' assessment of the market demand for M&E services, we believe the hiring of MEP skilled personnel is sufficient and optimal to develop our business as an integrated interior fitting-out provider.

Our Directors consider that the utilisation of the proceeds from the Share Offer for the recruitment and retention of qualified MEP, Metal Works and Wet Works personnel is necessary as:

(i) we estimate the annual cost for our staff (including the additional MEP, Metal Works and Wet Works personnel to be hired) to be approximately S$2.1 million, and the respective annual cost saving from carrying out the in-house MEP, Metal Works and Wet Works service (assuming no overtime costs incurred and the cost structure of our projects remain the same as the projects we carried out during the Track Record Period) to be approximately S$1.2 million. As such, the annual cost savings to be reaped is not sufficient to maintain the annual cost of the additional staff we plan to recruit under our business strategies, and our Directors consider it necessary to utilise the proceeds from the Share Offer to recruit and retain these additional staff;

(ii) under a typical project undertaken by us, we do not receive payments or deposits from our customers prior to the commencement of work, and there are costs (such as the purchase of materials, subcontracting costs and salary payments for our employees) which are incurred at an early stage and throughout the execution of a project. We may experience time lags of approximately three months between the payment of such costs and the collection of sales receipts from our customers, and the current mismatch is mainly being financed through our bank borrowings,. For the three years ended 31 December 2019, our trade financing amounted to approximately S$4.6 million, S$6.3 million and S$3.3 million, and our gearing ratio for the same periods was 47.9%, 90.1% and 48.7%, respectively. Our Directors consider that we are restricted by our inability to take on more projects for MEP services as it would require an increase in manpower to carry out such works, which would consequently result in an increase in our bank borrowings to finance the resultant mismatch. This would have an adverse impact on our gearing ratio and our financial positions (which is a factor taken into consideration by our customers when evaluating our tenders). By utilising the net proceeds from the Share Offer to finance such upfront costs, we would be able to maintain, if not reduce, our current gearing ratio and remain competitive when submitting tenders, and we would also not be restricted in taking on more projects for MEP services as a result;

(iii) there is a time lag for payment following the receipt of invoice from our subcontractors up till payment which can be up to two to three months as demonstrated by our average trade payables turnover days for the three years ended 31 December 2019 of approximately 71 days, depending on the credit period agreed upon with said subcontractor. This is contrasted with the recruitment and retention of MEP, Metal Works and Wet Works personnel by our Group, whereby salary payment of employees occurs in a timely manner on a monthly basis according to Singapore laws and regulations, which will further contribute to tight liquidity and cash mismatch from the recruitment and retention of qualified MEP, Metal Works and Wet Works personnel by our Group. Therefore, utilisation of net proceeds from the Share Offer will be required to finance such monthly salary costs. According to our Directors' best estimate, the total average amount of upfront salaries and material costs for the provision of MEP, Metal Works and Wet Works services would be approximately S$2.1 million per annum, depending on the size of our contracts that require such works; and

(iv) we will need some time to establish a track record for the provision of in-house MEP services. Our Group has obtained the L1 grade registrations for ME01, ME05 and ME06 workheads and currently fulfilled the registration requirements for the L1 grading under the ME12 workhead, but we do not have sufficient track record or qualified personnel to fulfil the L3 grade registration requirements. Following the establishment of our in-house MEP team, there is no guarantee that we will be able to provide or tender for MEP projects (whether as services offered on their own or as part of our interior fitting-out projects) as we may not meet the minimum grade requirements for such works. We will accordingly need to focus on building up our track record by tendering for more projects, and would therefore need to ensure that we have sufficient manpower to be adequately staffed at such projects. This would in turn result in an increase in upfront costs incurred for purchases of materials and payment of salaries to the employees. As elaborated in (ii) above, our mismatches in the payment of upfront costs and sales receipts from customers has been funded by our bank borrowings, and any increase in our borrowings due to an increase in salary payments to be made would have an adverse impact on our gearing ratio. By utilising the net proceeds from the Share Offer for the recruitment of the relevant MEP personnel, we would be able to build up our track record for MEP services without impacting our borrowings and financial ratios, and we estimate that barring any unforeseen circumstances, it will take us between one and two years to build up our track record for MEP services in order to meet the track record requirements for the L3 grade workhead.

(b) approximately HK$24.2 million (equivalent to approximately S$4.5 million), representing approximately 28.4% of the estimated net proceeds to rent the New Rented Property to expand our existing production facilities.

Our Directors believe that expanding our current production facility through the rental of the New Rented Property would provide us with, amongst others, the following benefits to our business and financial performance:

(i) we will be able to better monitor and control the quality of the manufacturing our carpentry/joinery and integral fixtures exactly according to the dimensions and specifications as requested by our customers' needs and requirements;

(ii) our new production facility will have the capacity to support more manufacturing of our carpentry/joinery and integral fixtures, which would previously be sub-contracted out, and we will be able to capture the profit margin previously earned by such subcontractors;

(iii) we will expand our market share and solidify our market position as an integrated interior fitting-out solutions provider due to the increase in our in-house production capacity;

(iv) we estimate that the direct costs of producing our own carpentry/joinery and integral fixtures as compared to subcontracting it to our subcontractors will be slightly less due to economies of scale in production and purchase of raw materials and components through bulk purchases and centralised management.

(c) approximately HK$12.9 million (equivalent to approximately S$2.4 million), representing approximately 15.2% of the estimated net proceeds, for the strategic acquisition of a Singapore-based interior design company to, *inter alia*, (i) avoid the growing opportunity cost incurred from lack of in-house design-related expertise, (ii) increase our competitiveness in the tender process by demonstrating our in-house capability in undertaking interior design works; and (iii) streamline our business operations through vertical integration;

(d) approximately HK$7.8 million (equivalent to approximately S$1.4 million), representing approximately 9.2% of the estimated net proceeds to invest in hardware devices and computer software to enhance our information technology capability and project implementation efficiency; and

(e) approximately HK$4.7 million (equivalent to approximately S$0.9 million), representing approximately 5.5% of the estimated net proceeds to expand our scale of operations through the acquisition of new machinery and equipment to reduce the need to rely on our subcontractors for the provision of such machinery and equipment.

## IMPLEMENTATION PLAN

Our Directors have drawn up an implementation plan for the period up to the six months ending 31 December 2022 with a view to achieving our business objective. The detailed implementation plan and expanded timetable are set out below:

| Business strategies | Use of proceeds (Approx.) | Implementation plans |
|---|---|---|
| ***From the Listing Date to 30 June 2020*** | | |
| Acquisition of new machinery and equipment | • HK$4.7 million in the following proportion<br>— HK$3.0 million<br>— HK$0.2 million<br>— HK$0.6 million<br>— HK$0.9 million | • Purchases of:<br>— 2 buses to transport employees<br>— 1 forklift<br>— MEP equipment<br>— Metal and wet works equipment |
| Enhancing our information technology capability and project implementation efficiency | • HK$2.0 million | • To fund 25% of the amounts required for the purchase of hardware and computer software devices including workflow management system such as the ERP system |
| ***For the period of six months ending 31 December 2020*** | | |
| Strengthen our in-house capacity to undertake more projects and extending our service scope to include MEP services | • HK$6.5 million in the following proportion<br>— HK$0.1 million<br>— HK$0.4 million<br>— HK$0.3 million<br>— HK$1.0 million<br>— HK$1.3 million<br>— HK$3.4 million | • Staff costs for the recruiting of:<br>— 1 sales and marketing personnel<br>— 3 QS/QC personnel<br>— 2 drivers<br>— 25 additional on-site construction workers<br>— 9 metal and wet work personnel<br>— 35 skilled MEP personnel recruited in mid July 2020 so as to qualify for the ME01, ME05, ME06 and ME12 workheads, in line with our business strategy to provide MEP services in-house and reduce our reliance on MEP subcontractors |
| | • HK$0.3 million | • Rental costs for dormitories to house the 25 additional on-site construction workers and production workers |
| Enhancing our information technology capability and project implementation efficiency | • HK$2.0 million | • To fund 25% of the amounts required for the purchase of hardware and computer software devices including workflow management system such as the ERP system |

| Business strategies | Use of proceeds (Approx.) | Implementation plans |
|---|---|---|
| ***For the period of six months ending 30 June 2021*** | | |
| Acquiring a Singapore-based interior design company | HK$12.9 million | • Purchase consideration of the Singapore-based interior design company we intend to acquire after conducting comprehensive due diligence and negotiations |
| Strengthen our in-house capacity to undertake more projects and extending our service scope to include MEP services | • HK$6.5 million in the following proportion<br>— HK$0.1 million<br>— HK$0.4 million<br>— HK$0.3 million<br>— HK$1.0 million<br>— HK$1.3 million<br>— HK$3.4 million | • Staff costs for the retention of:<br>— 1 sales and marketing personnel<br>— 3 QS/QC personnel<br>— 2 drivers<br>— 25 additional on-site construction workers<br>— 9 metal and wet work personnel<br>— Staff costs for the retention of 35 skilled MEP personnel recruited in mid July 2020 |
| | • HK$0.3 million | • Rental costs for dormitories to house the 25 additional on-site construction workers |
| Increase our production capacity | • HK$6.7 million in the following proportion<br>— HK$0.7 million<br>— HK$4.1 million<br>— HK$1.2 million<br>— HK$0.5 million<br>— HK$0.2 million | • Purchases of machinery and equipment for New Rented Property:<br>— 1 finishing expansion<br>— Production equipment<br>— Licensing and software for modeling; furniture and fittings<br>— 2 lorries<br>— 1 forklift |
| | • HK$1.8 million | • Rental costs for New Rented Property |
| | • HK$2.4 million | • Staff costs for the hiring of 32 staff to increase production capacity |
| | • HK$0.3 million | • Rental costs for dormitories to house the additional 32 production workers |
| Enhancing our information technology capacity and project implementation efficiency | • HK$3.8 million | • To fund 50% of the amounts required for the purchase of hardware and computer software devices including workflow management system such as the ERP system |
| ***For the period of six months ending 31 December 2021*** | | |
| Strengthen our in-house capacity to undertake more projects and extending our service scope to include MEP services | • HK$6.5 million in the following proportion<br>— HK$0.1 million<br>— HK$0.4 million<br>— HK$0.3 million<br>— HK$1.0 million<br>— HK$1.3 million<br>— HK$3.4 million | • Staff costs for the retention of:<br>— 1 sales and marketing personnel<br>— 3 QS/QC personnel<br>— 2 drivers<br>— 25 additional on-site construction workers<br>— 9 metal and wet work personnel<br>— Staff costs for the retention of 35 skilled MEP personnel recruited in mid July 2020 |
| | • HK$0.3 million | • Rental costs for dormitories to house the 25 additional on-site construction workers |
| Increase our production capacity | • HK$1.8 million | • Rental costs for New Rented Property |
| | • HK$2.4 million | • Staff costs for the retention of the additional 32 staff to be recruited to increase production capacity |
| | • HK$0.3 million | • Rental costs for dormitories to house the 32 production workers |

| Business strategies | Use of proceeds (Approx.) | Implementation plans |
|---|---|---|
| ***For the period six months ending 30 June 2022*** | | |
| Strengthen our in-house capacity to undertake more projects and extending our service scope to include MEP services | • HK$6.6 million in the following proportion<br>— HK$0.1 million<br>— HK$0.4 million<br>— HK$0.3 million<br>— HK$1.1 million<br>— HK$1.3 million<br>— HK$3.4 million | • Staff costs for the retention of:<br>— 1 sales and marketing personnel<br>— 3 QS/QC personnel<br>— 2 drivers<br>— 25 additional on-site construction workers<br>— 9 metal and wet work personnel<br>— Staff costs for the retention of 35 skilled MEP personnel recruited in mid July 2020 |
| | • HK$0.3 million | • Rental costs for dormitories to house the 25 additional on-site construction workers |
| Increase our production capacity | • HK$1.8 million | • Rental costs for New Rented Property |
| | • HK$2.4 million | • Staff costs for the retention of the additional 32 staff to be recruited to increase production capacity |
| | • HK$0.2 million | • Rental costs for dormitories to house the 32 production workers |
| ***For the period six months ending 31 December 2022*** | | |
| Increase our production capacity | • HK$1.7 million | • Rental costs for New Rented Property |
| | • HK$2.3 million | • Staff costs for the retention of the additional 32 staff to be recruited to increase production capacity |
| | • HK$0.2 million | • Rental costs for dormitories to house the additional 32 production workers |

## Bases and assumptions

Investors should note that the implementation plans are formulated on the bases and assumptions below:

(i) there will be no material change in the existing political, legal, fiscal or economic conditions in Singapore;

(ii) there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in Singapore, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;

(iii) there will be no material change in the existing laws, regulations, policies or industry standards in Singapore or any part of the world relating or applicable to us;

(iv) there will be no material change in the bases or rates of taxation in Singapore;

(v) the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;

(vi) our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;

(vii) we will not be materially and adversely affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus;

(viii) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(ix) we will be able to recruit additional key management personnel when required;

(x) there will be no change in the funding requirement for each of the business strategies described in this prospectus from the amount estimated by our Directors; and

(xi) we will be able to continue our operations in substantially the same manner as we had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any aspects.

The above bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section "Risk Factors" in this prospectus. Our actual course of business may vary from the business objective set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objective will be accomplished. Whilst the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the implementation plans.

## NO LISTING APPLICATION MADE IN SINGAPORE

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

## REASONS FOR LISTING

Our Directors believe that the Listing will benefit our Group for the following reasons:

### 1. Funding needs for implementing our business strategies

As at 29 February 2020, our cash and cash equivalent amounted to approximately S$2.7 million, as set out in the section headed "Financial information — Net current assets" in this prospectus, represents our immediately available working capital. Our Directors consider that the amount of our bank balances and cash fluctuates from time to time, depending on the timing of (i) receipt of payment from our customers; and (ii) payment to our subcontractors and suppliers of materials. Therefore, the amount of our bank balances and cash as at a particular date may not fully reflect our general liquidity position.

Of the S$2.7 million cash and cash equivalent as at 29 February 2020, our Group had reserved a sum of S$2.5 million at our current saving account to fulfilling the financial covenants of our utilized banking facilities, which requires our Group to maintain a minimum average balance of S$2.5 million in our current saving account with the lender. Having considered the aforesaid and without taking into account other transactions (such as cash inflow from customers and outflow for payment of expenses) that took place after 29 February 2020, our current available cash at bank is approximately S$0.2 million.

Based on the current scale of our operations and the costs incurred by us during the Track Record Period, without taking into account of projects costs such as subcontracting charges and cost of materials, our Directors estimate that currently we have to incur an average monthly overhead expenses of approximately S$1.3 million, primarily comprising rental costs, staff costs and administrative expenses, for our daily operations. Our current cash resources available of approximately S$0.2 million is sufficient to meet our average monthly expenses for only less than one month. In addition, although our project duration only ranged from three to six months, some of the projects costs, such as the subcontracting charges and cost of materials, are usually required to be paid before we received our payment from customers. There can be no assurance that we will receive payments from our customers before we are required to settle our suppliers' invoices and other current liabilities, which may result in possible cash flow mismatch.

As at 29 February 2020, our Group has unutilized banking facilities of approximately S$15.6 million comprising (i) performance guarantee of approximately S$10.4 million which was issued by the banks to our contractor to guarantee the due performance of the contract; and (ii) trade financing of approximately S$5.0 million which can be used to finance our project; and (iii) credit card limit and specific advance facility of approximately S$0.2 million which can be used as our working capital. Notwithstanding the foregoing, our Group is only able to draw down approximately S$0.3 million for its working capital for the following reasons:

(a) In relation to our Group's unutilized performance guarantee of approximately S$10.4 million, our Group is only able to fully utilize approximately S$5.4 million. To utilize the remaining S$5.0 million, our Group is required to place 50% of the amount utilized in fixed deposit as security for such amounts. The unutilized performance guarantee amounts are also ear-marked specifically as performance guarantees which are given to our contractors to guarantee the due performance of the contract, and cannot be utilized to fund our expansion plans and business strategies.

(b) In relation to our Group's unutilized trade financing of approximately S$5.0 million, comprising approximately S$4.9 million for our accounts payables financing and approximately S$0.1 million for our accounts receivables financing, our Group is only able to utilize this line of credit to finance our projects. To utilize our Group's accounts payables financing, our Group is required to maintain a minimum of S$1 million in our current saving account with the lender. As set out above, as our Group only has approximately S$0.2 million of available cash resource, our Group is unable to place the minimum requirement amounts in its current saving account

with the lender in order to utilize the S$5.0 million line of credit for accounts payables financing. Furthermore, under our accounts payables financing arrangement with the lender, we are required to, *inter alia*, submit invoices with payment certificates issued by professional architects or QS for the lender's approval. Our accounts payables financing arrangement is also limited by the list of approved debtors which is maintained by the lender. In addition, under our accounts receivables financing arrangement with the lender, we are required to submit the accounts receivables invoices to the lender for approval, and provide payment certificate or documents evidencing the certified job. The trade financing arrangements were obtained by our Group to strengthen our financial position as customers may consider the tenderer's financial position and the availability of credit lines with lenders during the tender stage. Accordingly, given the restrictions on the terms of use of the unutilized trade financing with the lenders, our Group is unable to utilize such amounts to fund our expansion plans and business strategies.

(c) In relation to our Group's unutilized credit card and specific advance facility of S$0.2 million, it comprises S$0.2 million for its credit card line.

Having considered the aforesaid, out of the total unutilized bank facilities of S$15.6 million, our Group is only able to draw down on S$0.3 million, being S$0.1 million available for accounts receivables financing, which is limited to the conditions imposed by the lender, including the approved list of debtors for its working capital expenditure and S$0.2 million from credit card and specific advance facility. Accordingly, our Directors are of the view that our Group has genuine funding need to raise additional capital to facilitate the successful implementation of our business strategies. Therefore, our Directors consider that pursuing the Listing is in the interest of our Group.

It is the current intention of our Directors to apply the net proceeds of approximately S$15.8 million from the Share Offer (estimated to be approximately HK$85.1 million based on an Offer Price of HK$0.58 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.50 to HK$0.65 per Offer Share) for the implementation of the business strategies as aforementioned.

When considering the options for funding our expansion plans, our Directors have taken into account the following factors and came to the conclusion that it is in the interests of our Group and our Shareholders as a whole to proceed with equity financing in the form of Listing than through a combination of our internal resources and bank borrowings:

(i) our Directors have considered funding our expansion plans by applying our unutilized bank facilities of S$15.6 million. However, as mentioned above, our Group is only able to draw down on approximately S$0.3 million available for its

accounts receivables financing, which is limited to the conditions imposed by the lender, including the approved list of debtors. Accordingly, our Directors are of the view that our unutilized bank facilities are insufficient to fund our expansion plans.

(ii) our Directors have also considered funding our expansion plans to acquire new machinery, equipment and vehicles through external finance lease arrangements. Having regard to our Group's unutilized bank facilities of S$0.3 million which is available for use, pursuant to the financing arrangements with the lender, the unutilized amounts shall be for the purpose of our Group's projects and cannot be used for asset acquisitions. In addition, based on preliminary discussions with lender, majority of the machinery, equipment and vehicles we intend to purchase cannot be financed by finance lease arrangements after the lender have reviewed the list of machinery, equipment and vehicles (i.e. lender cannot finance software and ERP system). Accordingly, after taking into account, (i) majority of the machinery, equipment and vehicles we intend to purchase cannot be funded by finance lease arrangements and there is uncertainty for us to secure such finance lease arrangements; and (ii) the effective interest rate under lease liabilities of approximately 5.70% to 6.48% during the Track Record Period, financing the acquisition of machinery, equipment and vehicle by finance lease would increase our interest expense and may adversely affect our financial performance, our Directors are of the view that proceed with equity financing in the form of Listing rather than finance lease would be in the best interest of our Group.

**2. To enhance our ability to provide a full suite of interior fitting-out services so as to become a comprehensive one-stop provider for interior fitting-out services and ancillary needs**

As set out in the Frost & Sullivan Report, the interior fitting-out service providers are extending their service scope to fulfil clients' rising expectations. Accordingly, our Directors believe that in order to stay competitive, it is in the interest of our Group to have the ability to provide a full suite of interior fitting-out services so as to become a comprehensive one-stop provider for interior fitting-out services and ancillary needs. As it is our business strategy to become an integrated interior fitting-out solutions provider, our Directors consider it necessary for our Group to have the competency to provide certain key services which are crucial in an interior fitting-out project, such as MEP, Metal Works and Wet Works services.

In addition, providing such services in-house will reduce our Group's reliance on subcontractors, who generally charge a profit mark up over their services. If we are able to provide such services in-house, it would increase the profit margin of our projects. During the Track Record Period, we relied on our subcontractors to provide their services, *inter alia*, (i) when we do not have the relevant expertise to carry out the works, and/or (ii) when we lack the capacity and resources to undertake the work ourselves. For the Track Record Period, the subcontracting costs incurred by us for the MEP services amounted to approximately S$15.7 million, S$25.9 million and S$18.5 million respectively, representing approximately 27.8%,

39.3% and 30.4% respectively of our total costs of sales. Our subcontracting costs (excluding subcontracting costs incurred for MEP services) incurred by us amounted to approximately S$27.2 million, S$25.9 million and S$27.2 million, representing approximately 48.1%, 39.3% and 44.8% of our total costs of services, respectively. During the Track Record Period, our Group did not incur any subcontracting cost in relation to the interior design services.

The following table sets forth a breakdown of our subcontracting costs incurred for Metal Works and Wet Work services as well as the manufacture of carpentry/joinery products and other integral fixtures during the Track Record Period:

| | Subcontracting costs incurred for the year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | (S$'000) | (S$'000) | (S$'000) |
| Metal Works and Wet Works services | 2,286 | 1,508 | 2,557 |
| Manufacture of carpentry/joinery products and other integral fixtures | 2,084 | 707 | 2,776 |

As it is our plan to reduce the engagement of subcontractors in general to reduce our subcontracting costs and increase our competitiveness in the market, our Directors consider it to be in our Group's commercial interest to obtain funding from the Listing to enhance our ability to provide services which are presently subcontracted as we lack of such capabilities (such as MEP services, Metal Works and Wet Works), as well as to increase our existing capacity to undertake more projects through the strengthening of our manpower and expansion of our production facility.

Based on the aforesaid, our Directors consider that it is in our Group's commercial interest to apply the capital raised through the Share Offer to finance (i) the additional staff required to set out our in-house MEP, Metal Works and Wet Works teams; (ii) the acquisition of the machinery and equipment required in the provision of the MEP services and Metal Works and Wet Works services; (iii) expand the capacity of our production facility to be able to manufacture more carpentry/joinery and integral fixtures.

In addition, as part of our business strategy to become a comprehensive one-stop provider, we intend to acquire a Singapore-based interior design company to enable us to undertake the interior design aspect of the Design and Build projects. Our Directors consider that the acquisition of such company will enable our Group to better position ourselves as an integrated interior fitting-out solutions provider. In particular, we will be able to (i) increase our competitiveness in the tender process by demonstrating in-house capability in undertaking interior design works; (ii) streamline efficiency to minimise delays in the schedule of our projects and foster customer relationships as we are able to better understand their specific requirements; and (iii) leverage on the enlarged customer base to promote our services, as we gain access to the existing customer base of the interior design company we intend to acquire.

**3. To capture the growing market demand for interior fitting-out services in Singapore in the commercial sector**

According to the Frost & Sullivan Report, the private commercial sector (which comprise of office space and hospitality segments) is expected to grow a CAGR of 7.9% from 2019 to 2023 due to the expediting of land planning and development and surging demand from the office segment. It is expected that there will be a rising demand in projects involving office space, as well as the hospitality sector due to the increase in the average GFA under construction of retail space (being space used for shops, F&B, entertainment and health and fitness purposes) and hotel rooms. In view of the favourable market trend and our established track record in providing interior fitting-out services for commercial offices, as well as our past experience in providing interior fitting-out services in the hospitality sector, our Directors consider that it is an opportune timing for us to expand our scale of operation and to implement our business plans as set out in the paragraph headed "Business — Business Strategies" in this prospectus. Our Directors believe that the Listing will enable us to obtain sufficient funding to implement our business plans, which will strengthen our market presence in the interior fitting-out industry and enable us tap into new market sectors within the office and hospitality sector to seek new business opportunities involving additional and more sizeable interior fitting-out projects.

**4. To strengthen our competitiveness and reputation as an interior fitting-out services provider in Singapore**

As confirmed by our Directors, during the tender process, customers usually consider the capabilities of the tenderers, including their ability to provide in-house interior design services and the registrations which the company has obtained under the Contractors Registration System. In addition, according to the Frost & Sullivan Report, contractors with in-house production facilities are in an advantageous position in view of growing construction productivity as they can manage their production schedule and deliver the carpentry/joinery and integral fixtures in a shorter lead time. During the Track Record Period, depending on the length and complexity of the project, we were able to take on an average of 6 projects concurrently, which require the manufacturing of customised carpentry/joinery and integral fixtures.

Accordingly, our Directors believe that with the funding obtained from the Listing, we will be able to, *inter alia*, establish in-house interior design capabilities, MEP capabilities, Metal Works and Wet Works services, and increase our production capacity such that we are able to undertake more projects which require the manufacturing of customised carpentry/joinery and integral fixtures. Our Directors believe that this will enable us to improve our overall competitiveness and reputation as an interior fitting-out services provider in Singapore, and increase our tender success rate.

**5. Strengthen our corporate profile**

Our Directors believe that the Listing will increase the profile of our Group and enable our Group to be considered more favourable by Professional Consultants, customers, suppliers and bankers, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosure and corporate governance.

In particular, during the Track Record Period, our customers included multinational corporations, major financial institutions and other multinational professional services firms, which have an international presence. Please refer to the paragraph headed "Business — Competitive Strengths" in this prospectus. In addition, some of our top customers during the Track Record Period are subsidiary or member companies of companies listed on different stock markets globally. Please refer to the paragraph headed "Business — Customers — Top Customers" in this prospectus. Accordingly, our Directors consider that the Listing will strengthen our customers' confidence in our Group's services, financial strengths and credibility, which may increase our chances of being awarded for tenders with projects with more internationally established customers and strengthen our reputation as a leading interior fitting-out services provider in Singapore.

**6. Facilitate the recruitment and retention of talent**

Our Directors believe that being listed on the Stock Exchange will facilitate us in attracting talents to join our Group. Access to a larger pool of talents will improve our service quality and facilitate our recruitment of additional manpower under our expansion plans. In addition, the status of being a listed company will also facilitate our in-house talent management, through staff retention and development, whereby our existing staff may be motivated to further develop their career with us in view of the perceived status associated with working for a company which is listed on the Stock Exchange.

Apart from the aforesaid, we intend to implement our business strategies and future plans as detailed in this section and the paragraph headed "Business — Business strategies" in this prospectus, which require funding and are intended to be financed by the proceeds from the Share Offer.

We have evaluated various avenues for listing, including Singapore, and having considered the benefits that come along with a Hong Kong listing, we considered that Hong Kong is the most suitable venue for our Group. We believe that the Stock Exchange has worldwide recognition particularly among the Southeast Asian investors and that listing in Hong Kong would be perceived more favorably by our potential investors. Considering the level of internationalism of the Stock Exchange, we believe listing in Hong Kong would enhance our corporate profile and publicity on an international level, making our Group's brands known to retail customers in the Southeast Asian markets through the media to create a positive brand image as a listed company and help differentiate ourselves from our counterparts in those countries with a listing platform to improve our financial strength to finance our expansion as and when necessary. As such, we believe that the Stock Exchange

would be the most suitable platform to raise our brand awareness and reputation and for fund raising given the Stock Exchange's internationalism, diversity of investors, institutional capital and flow of funds with sustained investor interest following listed companies.

Our Directors also consider that the level of trading activity on a stock exchange is one of the key factors indicating the ease of conducting secondary fund raising exercises after a listing. According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, the Stock Exchange is ranked the fifth largest market of the world's leading stock exchanges in terms of market capitalisation as at the end of December 2019 with a total market capitalisation of approximately US$4,899.23 billion. It was also the third largest stock market in Asia falling behind Japan and Shanghai as at the end of December 2019. Moreover, according to the data compiled by the World Bank, in 2018, the turnover ratio of stocks traded in the Hong Kong stock market was approximately 59.4% while the turnover ratio of stocks traded in the stock exchange in Singapore was approximately 31.9%. Our Directors therefore believe that the stock market in Hong Kong has a higher trading liquidity and volume as compared to the stock market in Singapore. As a result, our Directors consider that the Listing in Hong Kong will enable us to have access to the capital market more easily for fundraising at later stages through the issuance of equity and debt securities for the implementation of business strategies in the long run. Our Directors also believe that a public listing status in Hong Kong will allow us to have greater exposure to international financial market and investment community, which may open up a new channel of financing and enable us to more effectively diversify our Shareholder base.

In addition, an important reason why our Company chose Hong Kong to list is the dynamism of the Stock Exchange. For instance, historically, technology companies have sought to list in the U.S. because the U.S. trading platforms were commonly seen as a suitable place for attracting investors in that type of industry even though such companies may not have a presence (business or otherwise) there. By the same token, our Directors are of the view that the location of our operations in Singapore should not be the deciding factor of where we pursue our listing status but instead should be based on an evaluation of the aforementioned considerations and the benefits of a listing in Hong Kong as stated above. With information technology and retail stock trading platforms that cater to multiple stock exchanges, our Directors do not view that the location of our operations has to be the same or limit our options as where we pursue a listing.

Therefore, our Directors believe that although we do not have a business presence in Hong Kong, the Stock Exchange would be the most suitable platform to assist us to attract investors and enhance our market position as a major player in the interior fitting-out industry in Singapore. Further, the Listing in Hong Kong can also strengthen our ability to compete with other industry players, some of whom are existing listed companies.

We believe that the listing status is strategically critical to our long-term growth as it will provide us with additional sources to raise capital for expansion and other development needs. As mentioned above, following the Listing, we will have access to the capital markets,

providing us with additional sources for future fundraising through the issuance of equity and debt securities for business expansion. Equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings and therefore would allow our Group to react promptly to market conditions and business opportunities. Further, we believe that the Listing status would allow us to gain leverage in obtaining bank financing for our expansion on relatively more favourable terms. Therefore, the Listing will allow us to offer us more flexibility in fundraising which could be instrumental to our expansion and improving our operating and financial performance to enhance Shareholder's return.

In the event that the Over-allotment Option is exercised in full, we estimated that we will receive additional net proceeds from the sales of these additional Offer Shares of approximately HK$17.5 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK$0.58 per Share, being the mid-point of the proposed Offer Price range of HK$0.50 to HK$0.65.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds from the sales of these additional Offer Shares of approximately HK$15.2 million. In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds from the sales of these additional Offer Shares of approximately HK$19.7 million. The allocation of the additional net proceeds will be used in the same proportions as set out above.

Assuming the Over-allotment Option is not exercised at all, and in the event that the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received from the Share Offer will increase or decrease by approximately HK$15.2 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.

## UNDERWRITERS

### Public Offer Underwriters

**Kingsway Financial Services Group Limited**
**Lego Securities Limited**
**Shanxi Securities International Limited**
**Guotai Junan Securities (Hong Kong) Limited**
**Quasar Securities Co., Limited**
**Grand China Securities Limited**

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Public Offer

#### *Public Offer Underwriting Agreement*

Pursuant to the Public Offer Underwriting Agreement, our Company is offering 25,000,000 Shares for subscription by the public in Hong Kong subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to, (i) the granting of the listing of and permission to deal the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee; and (ii) certain other conditions set out in the Public Offer Underwriting Agreement (including our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price and the execution and delivery of the Placing Underwriting Agreement and becoming unconditional), the Public Offer Underwriters have severally agreed to procure applications for their respective applicable proportions of the Public Offer Shares being offered or, failing which, to apply for such Public Offer Shares themselves on the terms and conditions as set out in the Public Offer Underwriting Agreement.

#### *Grounds for termination*

The Joint Bookrunners (for themselves and on behalf of the other Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time prior to 8:00 a.m. on the Listing Date if:

(A) there shall develop, occur, exist or come into effect:

(i) any change or prospective change (whether or not permanent) in the business, earnings, operations, financial position, trading position, or prospects of our Group, or any change in capital stock or long-term debt of our Company or any other member of our Group, which (in any such case) is not set forth or contemplated in this Prospectus; or

(ii) any change or development involving a prospective change or development, or any event or series of events resulting or representing or may 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, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, and interbank markets) in or affecting any of Hong Kong, Singapore, the BVI, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, the PRC, Taiwan, South Korea, Malaysia or any other jurisdictions where any member of our Group is incorporated (collectively, the "**Relevant Jurisdictions**"); or

(iii) 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

(iv) any new law or change (whether or not forming part of a series of changes) 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 other public, regulatory or governmental agency or authority (including, without limitation, the Stock Exchange and the SFC), other authority and any court at the national, provincial, municipal or local level in or affecting any of the Relevant Jurisdictions; or

(v) 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

(vi) 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

(vii) any event, act or omission which gives rise to or may give rise to any liability of any of the warrantors pursuant to the indemnity contained in the Public Offer Underwriting Agreement; or

(viii) the imposition or declaration of (a) any suspension or restriction on dealings in shares or securities generally on the Main Board or any other major international stock exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or relevant authorities, or (b) 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

(ix) the imposition of economic, political or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

(x) 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, drought, flooding, severe snow or hail storms, explosion, earthquake, hurricanes, tornadoes, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, radiation or chemical contaminations, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

(xi) any change or development or event involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" of this Prospectus; or

(xii) any change in the system under which the value of the Hong Kong dollars or is linked to that of the United States dollars, or Singapore dollars (the lawful currency of Singapore) or a material devaluation of Hong Kong dollars or Singapore dollars against any foreign currency; or

(xiii) 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

(xiv) save as disclosed in this Prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or

(xv) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares pursuant to the terms of the Share Offer; or

(xvi) non-compliance of any statement or disclosure of this Prospectus or Application Forms or any aspect of the Share Offer with the Listing Rules or any other applicable law; or

(xvii) other than with the prior approval of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) (such approval not to be unreasonably withheld or delayed), the issue or requirement to issue by our Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xviii) an order is made or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xix) any litigation or claim of any third party being instigated against any member of our Group; or

(xx) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from being a director or taking part in the management of a company; or

(xxi) the chairman, the chief executive officer, the chief financial officer, the head of technical support or the general manager of our Group vacating his or her office; or

(xxii) the commencement by any governmental, regulatory, political or judicial body or organisation of any action against a Director or any member of our Group or an announcement by any governmental, regulatory, political or judicial body or organisation that it intends to take any such action; or

(xxiii) our Company withdraws any of the Public Offer Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares); or

(xxiv) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Public Offer Documents and/or any other documents used in connection with the contemplated subscription of the Offer Shares, or to the issue of any such documents,

which, whether individually or in aggregate, in the sole and absolute opinion of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the other Public Offer Underwriters):

(a) has or will or may have a material adverse effect on the business, financial, trading or other condition or prospects of any member of our Group or our Group taken as a whole and/or to any present or prospective shareholder in its capacity as such; or

(b) has or will or may have a material adverse effect on the success of the Public Offer, the Placing or the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

(c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (a) for any part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented as envisaged or (b) to proceed with or to market the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this Prospectus; or

(B) any of the Sole Sponsor or any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:

(i) any of the warranties or undertakings given by the warrantors pursuant to the Public Offer Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Sole Sponsor and the Joint Bookrunners in their sole and absolute discretion or has been declared or determined by any court or relevant authorities of the Relevant Jurisdictions to be illegal, invalid or unenforceable; or

(ii) any statement contained in the this prospectus or any other documents issued or used by or on behalf of our Company in connection with the Public Offer and the Placing and/or the Share Offer (including any supplement or amendment thereto) (the "**Offer Documents**") was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if the Offer Documents were to be issued at that time, constitute an omission therefrom as determined by the Joint Bookrunners in their sole and absolute discretion; or

(iii) any forecasts, expressions of opinion, intention or expectation expressed in the Offer Documents are not fair and honest nor based on reasonable assumptions; or

(iv) there has been a breach on the part of any of the warrantors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by the Joint Bookrunners in their sole and absolute discretion and such is not rectified within a reasonable period of time.

**Undertakings pursuant to the Listing Rules**

***Undertakings by our Company***

Pursuant to Rule 10.08 of the Listing Rules, our Company will not, any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities (whether or not of a class already listed) of our Company or enter into any agreement or arrangement to issue such shares or securities (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 or for the circumstances prescribed by Rule 10.08 of the Listing Rules.

***Undertakings by our Controlling Shareholders***

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders, has undertaken to the Stock Exchange, the Joint Bookrunners, the Joint Lead Managers and us that he/it will not, save as permitted under the Listing Rules:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities directly or indirectly beneficially owned by it; and

(b) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company.

In addition, in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange, the Joint Bookrunners, the Joint Lead Managers and us that, within the First Six-month Period and the Second Six-month Period, it will:

(a) when he/it pledges or charges any Shares or other securities of our Company in respect of which it is the beneficial owner in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of any such pledge or charge and the number of Shares or other securities of our Company so pledged or charged; and

(b) when he/it receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us of any such indication.

**Undertakings pursuant to the Public Offer Underwriting Agreement**

***Undertakings by our Company***

Pursuant to the Public Offer Underwriting Agreement, we have undertaken to the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters that our Company will, and each of our Controlling Shareholders and executive Directors undertakes to the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters to procure that our Company (and procure each member of our Group), except pursuant to the Capitalisation Issue, the Share Offer or to the options that may be granted under the Share Option Scheme, during the First Six-month Period, not without

the prior written consent of the Joint Bookrunners (on behalf of the Public Offer Underwriters) and the Sole Sponsor (such consent not to be unreasonably withheld or delayed), and subject always to the provisions of the Listing Rules:

(a) 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 cash settlement or otherwise) by our Company or any of its Affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares);

(b) 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 any interest in any Shares or any voting or other right attaching to any Shares) or such securities;

(c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; and

(d) offer or agree to do any of the foregoing transactions and publicly disclose any intention to effect such transaction;

whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise.

During the First Six-month Period, we shall not 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 the Company (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares)) or repurchase any Shares except in compliance with the Listing Rules and the Code on Share Buy-Backs or grant any options, warrants or other rights to subscribe for any Shares 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 options that may be granted under the Share Option Scheme.

During the Second Six-month Period, we will not do any of the acts set out in paragraphs (a) to (b) above and in the paragraph immediately above such that any of the Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of the Company (within the meaning defined in the Listing Rules). During the Second Six-month Period, in the event that the Company does any of the acts set out in paragraphs (a) to (b) or in the paragraph immediately

above, or offers to or agrees to or announces any intention to effect any such transaction, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

***Undertakings by our Controlling Shareholders***

Each of our Controlling Shareholders has represented, warranted and undertaken us, the Sole Sponsor, Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that:

(i) neither him/it nor, to the best of his/its knowledge, any of their respective associates (as defined in the Listing Rules) or companies controlled by him/it has any present intention of disposing of any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or other securities of our Company in respect of which he/it is shown in the Prospectus to be the beneficial owner (directly or indirectly) (or any beneficial interest therein) during the First Six-month Period; and

(ii) he/it will not, without the prior written consent of the Joint Bookrunners (on behalf of the Public Offer Underwriters, and will procure that none of his/its associates (as defined in the Listing Rules) or companies controlled by him/it or any nominee or trustee holding in trust for him/it shall, directly or indirectly, (i) offer, pledge, sell, mortgage, assign, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or any interest therein, beneficially owned by him/it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) immediately following the completion of the Share Offer, (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities of our Company or any interest therein, (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above or (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (i) through (iii) above whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the First Six-month Period; he/it will not, and will procure that such associate, companies, nominee or trustee will not, without the prior written consent of the Joint Bookrunners, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, or any interest therein at any time during the Second Six-month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall result in any of our Controlling Shareholders, directly or indirectly, ceasing to be a

controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and he/it shall take all steps to ensure if he/it enters into any of such transactions, or offers to or agrees to or announces any intention to effect any such transaction, he/it will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to the provisions in paragraph (i) and (ii) above, each of our Controlling Shareholders has undertaken to us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that within the First Six-month Period and the Second Six-month Period he/it shall:

(i) if and when he/it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him/it, immediately inform our Company, the Sole Sponsor and the Joint Bookrunners (on behalf of 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

(ii) if and when he/it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company pledged or charged by him or it will be disposed of, immediately inform our Company, the Sole Sponsor and the Joint Bookrunners (on behalf of the Public Offer Underwriters) in writing of such indications.

**Placing**

In connection with the Placing, it is expected that our Company, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Placing Underwriters and our Controlling Shareholders will enter into the Placing Underwriting Agreement with the Placing Underwriters, 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 Underwriting Agreement, the Placing Underwriters will severally agree to subscribe or purchase or procure subscribers or purchasers for the Placing Shares offered pursuant to the Placing.

**Total commission, fee and expenses**

In connection with the services of the Public Offer Underwriters under the Public Offer Underwriting Agreement (regardless of whether or not any of them is required to procure subscribers for the Public Offer Shares in accordance with the terms of the Public Offer Underwriting Agreement), our Company will pay or cause to be paid to the Settlement Agent for themselves and on behalf of the Public Offer Underwriters (by way of deduction from the subscription and (if applicable) purchase moneys payable under the Underwriting Agreements), not later than 8:00 a.m. on the Listing Date, an underwriting commission calculated at the rate of 19% of the aggregate Offer Price of the Public Offer Shares actually underwritten by the Public Offer

Underwriters (for the avoidance of doubt, the Public Offer Underwriters shall be responsible for all fees payable to any sub-underwriters procured by them under the Share Offer), provided always that:

(a) any Public Offer Shares which may be reallocated from the Public Offer to the Placing shall be disregarded (and shall be deducted from the number of the Public Offer Shares and no underwriting commission shall be payable to the Public Offer Underwriters for any such Public Offer Shares); and

(b) any Placing Shares which may be reallocated from the Placing to the Public Offer shall be disregarded (and not be added to the number of Public Offer Shares and no underwriting commission shall be payable to the Public Offer Underwriters for any such Placing Shares).

In connection with the Share Offer, the Sole Sponsor will receive a sponsorship fee of approximately HK$5.9 million. Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$0.58 being the mid-point of the Offer Price range of HK$0.50 to HK$0.65, the underwriting commission, sponsorship fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and professional fees together with printing and advertising costs, and other expenses relating to the Share Offer are estimated to amount to about HK$63.0 million in total.

Our Company, our Controlling Shareholders and our executive Directors jointly and severally have agreed fully to indemnify the Public Offer Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Public Offer Underwriting Agreement, and any breach by our Company of the Public Offer Underwriting Agreement. Similar indemnities are expected to be given by the Company to the Placing Underwriters under the Placing Underwriting Agreement.

**Underwriters' interests in our Company**

Save for the obligations and the interests under the Underwriting Agreements as disclosed above, none of the Underwriters is interested legally or beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

**Sole Sponsor's independence**

The Sole Sponsor satisfies the independence criteria applicable to sponsor as regulated under Rule 3A.07 of the Listing Rules.

## THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer and the total number of Offer Shares under the Placing and the Public Offer is 250,000,000 Shares. 225,000,000 Shares, representing approximately 90.0% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription under the Placing; and 25,000,000 Shares, representing approximately 10.0% of the total number of Shares initially available under the Share Offer, will be offered under the Public Offer.

Investors may apply for Shares under the Public Offer or indicate an interest for Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The Placing will involve selective marketing of the Placing Shares to professional and institutional investors and other private investors which 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 Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is fully underwritten by the Placing Underwriters, in each case, on a several basis, and each being subject to the conditions set out in the section headed "Underwriting" in this prospectus.

In particular, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company must agree on the Offer Price.

## PRICE PAYABLE ON APPLICATION

Applicants shall have to pay on application the maximum Offer Price of HK$0.65 per Offer Share plus 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. This means that for every board lot of 8,000 Offer Shares, the amount payable by the subscriber is HK$5,252.40. Each Application Form includes a table showing the exact amount payable for certain numbers of Offer Shares.

## CONDITIONS OF THE SHARE OFFER

Acceptance of all application for the Offer Shares under the Share Offer is conditional upon the fulfilment of the following conditions:

(a) the Listing Committee granting the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may fall to be issued upon the exercise of the Over-allotment Option, and such listing and permission not subsequently being revoked prior to 8:00 a.m. on the Listing Date;

(b) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date;

(c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional, including, if relevant, as a result of the waiver of any conditions by the Joint Bookrunners (for themselves and on behalf of the Underwriters), and not being terminated in accordance with its terms or otherwise prior to 8:00 a.m. on the Listing Date; and

(d) the Offer Price having been duly determined between us and the Joint Bookrunners (for themselves and on behalf of the Underwriters) and the Price Determination Agreement not subsequently having been terminated in accordance with its terms and otherwise prior to 8:00 a.m. on the Listing Date,

unless and to the extent such conditions are validly waived on or before such times and dates specified in the Underwriting Agreements, and in any event not later than the date which is 30 days after the date of this prospectus or, if that is not a business day, the business day immediately before such date.

The consummation of each of the Public Offer and the Placing is conditional upon the other becoming unconditional and not having been terminated in accordance with their respective terms.

In the event that the Share Offer does not become unconditional, the Share Offer will lapse and a press announcement will be made by our Company as soon as possible. In that event, your application money will be returned to you as soon as possible without interest. The terms for refund of money are set out under the paragraph headed "Refund of application money" on the Application Forms. In the meantime, such application money will be held in one or more separate bank account(s) with the receiving bankers or any other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

**PRICING**

The Offer Price is expected to be fixed by agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 24 April 2020 and, in any event, not later than Monday, 27 April 2020 (Hong Kong time).

The Offer Price will be not more than HK$0.65 per Offer Share and is expected to be not less than HK$0.50 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a 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. Upon the issuance of such notice, the revised number of Offer Shares and/or the revised Offer Price range will be final and conclusive. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range.

In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus and the number of Offer Shares will under no circumstances be fewer than the number as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or before Monday, 27 April 2020 (Hong Kong time), the Share Offer (including the Public Offer) will not proceed subject to the Underwriting Agreements.

## OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES

### The Share Offer

The Share Offer consists of the Placing and the Public Offer. The 250,000,000 Shares initially offered will comprise 225,000,000 Shares being offered under the Placing and 25,000,000 Shares being offered under the Public Offer. The 250,000,000 Shares being offered under the Share Offer will represent approximately 25.0% of the Company's enlarged share capital immediately after completion of the Share Offer.

Subject to possible reallocation on the basis set forth below, 25,000,000 Shares, representing approximately 10.0% of the total number of Shares initially being offered under the Share Offer, will be offered to the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors.

Out of the total 250,000,000 Shares offered pursuant to the Share Offer, 225,000,000 Shares, representing approximately 90.0% of the total number of Shares initially being offered under the Share Offer, will be placed with professional and institutional investors in Hong Kong and elsewhere under the Placing. The Placing Shares will be offered in Hong Kong, and other jurisdictions outside the United States.

The levels of indication of interest in the Placing and the basis of allotment and the results of application under the Public Offer are expected to be available through a variety of channels, including the websites of the Stock Exchange (***www.hkexnews.hk***) and our Company's website at ***www.rafflesinterior.com***, as described under the paragraph headed "Publication of results" in the section headed "How to apply for the Public Offer Shares" in this prospectus on Wednesday, 6 May 2020.

The net proceeds of the Share Offer to be received by our Company, after deducting commissions and expenses and assuming an Offer Price of HK$0.58 per Offer Share (being the mid-point of the stated range of the Offer Price between HK$0.50 to HK$0.65 per Offer Share) are estimated to be about HK$112.0 million.

**The Placing**

The Placing initially comprises 225,000,000 Shares, representing in aggregate approximately 90.0% of the total number of Offer Shares initially available under the Share Offer, subject to the clawback arrangement, reallocation and the exercise of the Over-allotment Option as mentioned in the paragraph headed "Over-allotment Option" below. Investors subscribing for or purchasing the Placing Shares are also required to pay 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. The Placing is fully underwritten by the Placing Underwriters, subject to the terms and conditions of the Placing Underwriting Agreement, including our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

It is expected that the Placing Underwriters or selling agents nominated by them on behalf of our Company will conditionally place the Placing Shares at the Offer Price with selected professional and institutional investors in Hong Kong and certain other jurisdictions outside the U.S.. The Placing Shares may also be allocated to individual investors in Hong Kong and certain other jurisdictions outside the U.S. to the extent that the relevant securities laws and requirements are complied with.

Allocation of the Placing Shares pursuant to the Placing is based on a number of factors, including the level of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to acquire further Shares, and/or hold or sell its Shares after the commencement of dealings in the Shares on the Main Board of the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid institutional and professional shareholders base to the benefit of our Company and its shareholders as a whole. Investors who have been allocated any Placing Shares will not be allocated any Public Offer Shares. Similarly, investors who are allocated any Public Offer Shares will not be allocated Placing Shares under the Placing.

The total number of Placing Shares may change as a result of the clawback arrangement referred to below, reallocation of unsubscribed Public Offer Shares originally included in the Public Offer to the Placing as mentioned under "The Public Offer" below, and reallocation of untaken Placing Shares to the Public Offer.

**The Public Offer**

We are initially offering 25,000,000 Public Offer Shares under the Public Offer, at the Offer Price, representing approximately 10.0% of the total number of the Offer Shares initially available under the Share Offer, for subscription by way of a public offer in Hong Kong, subject to the clawback arrangement as mentioned below. The Public Offer is lead-managed by the Joint Bookrunners and is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement, including our Company and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) agreeing on the Offer Price. Applicants for the Public Offer Shares are required to pay on application the Offer Price plus 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Public Offer is open to all members of the public in Hong Kong. Persons allotted Shares under the Public Offer cannot apply for Shares under the Placing. The Public Offer will be subject to the conditions stated under "Conditions of the Share Offer" above.

**Allocation**

Allocation of Public Offer Shares to investors under the Public Offer will be based 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 would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Share.

The total number of Public Offer Shares being offered for subscription under the Public Offer will be divided equally into two pools: pool A and pool B. Each of pool A and pool B will comprise 12,504,000 Shares and 12,496,000 Shares respectively, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of over HK$5 million and up to the total value of pool B, will fall into pool B.

Applicants should be aware that applications in pool A and pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in either pool A or pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 12,496,000 Public Offer Shares.

If the Public Offer is not fully subscribed, the Joint Bookrunners will have the absolute discretion to reallocate all or any unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such number as they deem appropriate.

Multiple or suspected multiple applications and any application for more than 12,496,000 Public Offer Shares will be rejected. The total number of Public Offer Shares to be allotted and issued pursuant to the Public Offer may also change as a result of the clawback arrangement referred to below.

**Reallocation**

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment. 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 Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share

Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Joint Bookrunners shall apply a clawback mechanism following the closing of the application lists on the following basis:

- If the Public Offer is not undersubscribed and the number of Offer Shares validly applied for under the Public Offer represents less than 15 times of the number of Offer Shares initially available for subscription under the Public Offer, then up to 25,000,000 Offer Shares may be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 50,000,000 Offer Shares, representing 20.0% of the Offer Shares initially available under the Share Offer;

- If the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Public Offer, then 50,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 75,000,000 Offer Shares, representing 30.0% of the Offer Shares initially available under the Share Offer;

- If the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Public Offer, then 75,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 100,000,000 Offer Shares, representing 40.0% of the Offer Shares initially available under the Share Offer; and

- If the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available for subscription under the Public Offer, then 100,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 125,000,000 Offer Shares, representing 50.0% of the Offer Shares initially available under the Share Offer.

In each case, based on the additional Offer Shares reallocated to the Public Offer, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may in 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 is not fully subscribed, the Joint Bookrunners will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares in such amount as the Joint Bookrunners deem appropriate.

Where the Placing Shares are not fully subscribed and:

- if the Public Offer Shares are not fully subscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

- if (i) the Public Offer Shares are fully subscribed irrespective of the number of times the number of Offer Shares initially available under the Public Offer or (ii) if the Public Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of the Offer Shares under the Public Offer, then up to 25,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, increasing the total number of Offer Shares available under the Public Offer to 50,000,000, representing 20% of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option), and in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK$0.50 per Offer Share).

For reallocation of Offer Shares from the Placing to the Public Offer, the number of Offer Shares allocated to the Placing will correspondingly be reduced, and such additional Public Offer Shares will be reallocated to pool A and pool B in the Public Offer in such manner as the Joint Bookrunners deem appropriate.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

## OVER-ALLOTMENT OPTION

Our Company will grant the Over-allotment Option to the Placing Underwriters, exercisable by the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters) at any time commencing from the Listing Date and up to (and including) the date which is the 30th day after the last day for lodging applications under the Public Offer, to require our Company to allot and issue up to an aggregate of 37,500,000 additional Offer Shares, representing 15.0% of the number of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer, at the Offer Price to, cover over-allocations in the Placing. The Joint Bookrunners (for themselves and on behalf of the Placing Underwriters) may also cover such over-allocations by purchasing Shares in the secondary market or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 37,500,000 Shares and the Offer Shares will represent approximately 3.6% and 27.7%, respectively, of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise of the Over-allotment Option.

In the event that the Over-allotment Option is exercised or expired, an announcement will be made.

## STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the Underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. 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 any person acting for it 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 within 30 days after the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 37,500,000 Shares, which is 15.0% of the Offer Shares initially available under the Share Offer.

Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules under the SFO includes: (i) over-allocation for the purpose of preventing or minimising 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 minimising 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 minimising any reduction in the market price of our Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of our Shares;

- 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 following announcement of the Offer Price, and is expected to expire on 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;

- 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

- 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 procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

## STOCK BORROWING ARRANGEMENT

In connection with the Share Offer, the Stabilising Manager may cover over-allocations by various methods including borrowing up to 37,500,000 Shares from our Controlling Shareholders, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under a stock borrowing agreement (the "**Stock Borrowing Agreement**").

Such stock borrowing arrangement, if entered into, is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the following requirements as set out in Rule 10.07(3) of the Listing Rules are to be complied with:

- the stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from the Controlling Shareholders will be limited to the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed will be returned to the Controlling Shareholders or its nominees (as the case may be) within three Business Days following the earlier of (i) the last day for exercising the Over-allotment Option; and (ii) the date on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with applicable Listing Rules, laws and other regulatory requirements; and

- no payments will be made to the Controlling Shareholders in relation to such stock borrowing arrangement.

## 1. METHODS TO APPLY FOR PUBLIC OFFER SHARES

To make an application for the Public Offer Shares, you may:

(a) use a **WHITE** or **YELLOW** Application Form;

(b) apply online via **HK eIPO White Form** service at ***www.hkeipo.hk*** or by the IPO App; or

(c) 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.

You may apply for Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both.

## 2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying is an individual, and:

- are 18 years of age or above;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S of the U.S. Securities Act);
- are outside the U.S.; and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** Service Provider, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact phone number.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be stamped with the company chop (bearing the company name) and signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person under a power of attorney, the Joint Bookrunners 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 and they may not apply by means of the **HK eIPO White Form** service for the Public Offer Shares.

Save as permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you or any person(s) for whose benefit you are applying are/is:

- an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- an eligible Director or chief executive of the Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of the Company or any of its subsidiaries or a person who will become a connected person of the Company or any of its subsidiaries immediately upon completion of the Share Offer;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or have indicated an interest in any Placing Shares under the Placing or otherwise participate in the Placing.

## 3. APPLYING FOR PUBLIC OFFER SHARES

### Which application channel to use

(a) Use a **WHITE** Application Form or apply through ***www.hkeipo.hk*** or the IPO App if you want the Public Offer Shares to be issued in your own name.

(b) For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to you or designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

### Where to Collect the Prospectuses and the Application Forms

Copies of the Prospectus, together with the **WHITE** Application Forms, may be obtained during normal business hours from 9:00 a.m. (in respect of (i) and (iii) below) or 10:00 a.m. (in respect of (ii) below) on Tuesday, 21 April 2020 until 12:00 noon on Friday, 24 April 2020 from:

(i) the following offices of the Public Offer Underwriters:

| | |
|---|---|
| Kingsway Financial Services Group Limited | 7th Floor, Tower 1<br>Lippo Centre<br>89 Queensway<br>Hong Kong |

| | |
|---|---|
| Lego Securities Limited | Room 301, 3/F<br>China Building<br>29 Queen's Road Central<br>Central, Hong Kong |
| Shanxi Securities International Limited | Unit A, 29/F<br>Admiralty Centre, Tower 1<br>18 Harcourt Road, Admiralty<br>Hong Kong |
| Guotai Junan Securities (Hong Kong) Limited | 27th Floor, Low Block<br>Grand Millennium Plaza<br>181 Queen's Road Central<br>Hong Kong |
| Quasar Securities Co., Limited | Unit A, 12/F<br>Harbour Commercial Building<br>122–124 Connaught Road Central<br>Hong Kong |
| Grand China Securities Limited | Room 503, 5/F<br>Loke Yew Building<br>50–52 Queen's Road Central<br>Hong Kong |

(ii) or any of the following branches of the receiving bank:

| District | Branch | Address |
|---|---|---|
| **Hong Kong Island** | Head Office | G/F, The Center, 99 Queen's Road Central, Central |
| | North Point Branch | G/F, 391 King's Road, North Point |
| **Kowloon** | Nathan Road — SME Banking Centre | 2/F, Wofoo Commercial Building, 574–576 Nathan Road, Mongkok |
| **New Territories** | Kwai Chung Branch | G/F, 1001 Kwai Chung Road, Kwai Chung |

(iii) the following office of the Sole Sponsor:

| | |
|---|---|
| Kingsway Capital Limited | 7/F, Tower 1<br>Lippo Centre<br>89 Queensway<br>Hong Kong |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 21 April 2020 to 12:00 noon on Friday, 24 April 2020 from:

**Depository Counter**
Hong Kong Securities Clearing Company Limited
1/F One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

or your stockbroker who may have the **YELLOW** Application Forms and this prospectus available.

**Time for lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "TING HONG NOMINEES LIMITED — RAFFLES INTERIOR PUBLIC OFFER", should be deposited in any of the special collection boxes provided at any of the listed branches of the receiving bank listed above under the paragraph headed "Where to collect the Prospectuses and the Application Forms" on the following dates and at the following times:

| | | |
|---|---|---|
| **10:00 a.m. to 4:00 p.m.** | **—** | **Tuesday, 21 April 2020** |
| **10:00 a.m. to 4:00 p.m.** | **—** | **Wednesday, 22 April 2020** |
| **10:00 a.m. to 4:00 p.m.** | **—** | **Thursday, 23 April 2020** |
| **10:00 a.m. to 12:00 noon** | **—** | **Friday, 24 April 2020** |

To safeguard the health and safety of its employees and customers in light of the rapidly changing novel coronavirus situation in Hong Kong, the receiving bank referred to above may adjust its branch services (including branch operation hours) from time to time. For the latest arrangement on branch services, please refer to the DBS website at ***https://www.dbs.com.hk/personal/default.page***

**Application lists**

The application lists of the Public Offer will open from 11:45 a.m. to 12:00 noon on Friday, 24 April 2020, the last application day or such later time as provided in the paragraph headed "Effect of bad weather on the opening and closing of the application lists of the Share Offer" below. No proceedings will be taken on applications for the Public Offer Shares and no allotment of any such Public Offer Shares will be made until after the closing of the application lists.

## 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (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, Sole Sponsor and/or the Joint Bookrunners (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 Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any of the Placing Shares nor participated in the Placing;

(viii) agree to disclose to our Company, the Hong Kong Branch Share Registrar, receiving banks, the Sole Sponsor, Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers 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 for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

**Additional instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for details.

## 5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

**General**

Individuals who meet the criteria in "Who can apply for the Public Offer Share" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website ***www.hkeipo.hk*** or the IPO App.

Detailed instruction for application through the **HK eIPO White Form** service are on the designated website or in the IPO App. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website or in the IPO App, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

**Time for submitting applications under the HK eIPO White Form**

You may submit your application to the **HK eIPO White Form** Service Provider at ***www.hkeipo.hk*** or in the IPO App (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 21 April 2020 until 11: 30 a.m. on Friday, 24 April 2020 and the latest time for completing full payment of application monies in respect of such application will be 12:00 noon on Friday, 24 April 2020 or such later time under the paragraph headed "Effect of bad weather on the opening and closing of the application lists of the Share Offer" of this section.

**No multiple applications**

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

**Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, the Company and other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

**General**

CCASS Participants may give **electronic application instructions** to apply for the 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 the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners, and our Hong Kong Branch Share Registrar.

**Giving electronic application instructions to HKSCC via CCASS**

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
- (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, our Directors, the Sole Sponsor and the Joint Bookrunners, the Joint Lead Managers 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;
- 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 Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and 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 Hong Kong Branch Share Registrar, receiving banks, the Sole Sponsor and the Joint Bookrunners, the Joint Lead Managers and the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) and the Articles; 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.

**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 8,000 Public Offer Shares. Instructions for more than 8,000 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(1)**

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

| | | |
|---|---|---|
| **9:00 a.m. to 8:30 p.m.** | **—** | **Tuesday, 21 April 2020** |
| **8:00 a.m. to 8:30 p.m.** | **—** | **Wednesday, 22 April 2020** |
| **8:00 a.m. to 8:30 p.m.** | **—** | **Thursday, 23 April 2020** |
| **8:00 a.m. to 12:00 noon** | **—** | **Friday, 24 April 2020** |

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 21 April 2020 until 12:00 noon on Friday, 24 April 2020 (24 hours daily, except on Friday, 24 April 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 24 April 2020, the last application day or such later time as described in the paragraph headed "Effect of bad weather on the opening and closing of the application lists of the Share Offer" of this section.

*Note (1):* The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants

**No multiple applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

**Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

**Personal data**

The section of the Application Form headed "Personal Data" applies to any personal data held by us, the Hong Kong Branch Share Registrar, the receiving banks, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents and advisers take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any 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 Friday, 24 April 2020.

## 8. HOW MANY APPLICATIONS CAN YOU MAKE

There is only one situation where you may make more than one application for the Public Offer Shares:

If you are a nominee, in which case you may lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominee(s)" you must include for each beneficial owner or, in the case of joint beneficial owners, for each of such beneficial owners:

- an account number; or
- some other identification code.

If you do not include this information, the application will be treated as being made for your benefit.

**Multiple applications are not allowed**

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form;
- (if you are an agent for another person) **warrant** that reasonable enquiries have been made with that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form, and that you are duly authorised to sign the Application Form as that other person's agent;

Multiple applications or suspected multiple applications will be rejected and all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with others) on a **WHITE** and/or **YELLOW** Application Form; or
- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form for more than 12,496,000 Public Offer Shares; or
- apply for, take up, indicate an interest (whether individually or jointly with others) for any Placing Shares or otherwise participate in the Placing; or
- both apply on one **WHITE** Application Form and one **YELLOW** Application Form; or
- receive any Placing Shares under the Placing.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form**, 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 in relation to a company*** means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting powers of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

## 9. HOW MUCH TO PAY FOR THE PUBLIC OFFER SHARES

The Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage fee, the SFC transaction levy and the Stock Exchange trading fee in full when you apply for the Public Offer Shares. Your payment must be made by one cheque or one banker's cashier order and must comply with the terms set forth in the Application Forms relating to the Public Offer. Your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Friday, 24 April 2020. Details of the procedures for refund are contained in the paragraph headed "14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES" below.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 8,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at ***www.hkeipo.hk*** or in the IPO App.

If your application is successful, brokerage will be paid to participants of the Stock Exchange, the trading fee will be paid to the Stock Exchange and the transaction levy will be paid to the SFC.

## 10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS OF THE SHARE OFFER

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "**BLACK**" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 24 April 2020. Instead the application lists will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

Business day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

If the Application Lists do not open and close on Friday, 24 April 2020, the dates mentioned in the section headed "Expected timetable" in this prospectus and the related Application Forms and other dates mentioned in this prospectus (including, without limitation, the latest time for the exercise of termination rights under the Underwriting Agreement) may be affected. An announcement will be made in such event on the Stock Exchange's website at ***www.hkexnews.hk*** and the website of our Company at ***www.rafflesinterior.com***.

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters, their respective affiliates and directors, officers, employees, agents, advisers and any other parties involved in the Public Offer are entitled to rely on any warranty, representation or declaration made by you in your application. In respect of any joint application, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally. You may be prosecuted if you make a false declaration.

## 11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

Details of the circumstances in which you will not be allotted the Public Offer Shares are set out in the notes contained in the Application Forms, and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allotted to you or your application is liable to be rejected.

### If your application is revoked

By completing and lodging an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that you cannot revoke your application on or before the expiration of the fifth day (excluding for this purpose a Saturday, Sunday and a public holiday in Hong Kong) after the opening of the application lists. This agreement will take effect as a collateral contract with our Company.

Your application may only be revoked on or below the expiration of the fifth day (excluding for this purpose a Saturday, Sunday and a public holiday in Hong Kong) after the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section

342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) issues a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who has/have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw his/her/their applications. If applicant(s) have not been so notified, or if applicant(s) has/have been notified but has/have not withdrawn his/her/their applications in accordance with the procedure so notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application once made is irrevocable and all applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application has been accepted, it cannot be revoked or withdrawn. For this purpose, acceptance of applications will be constituted by notification in the announcement 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.

**At the full discretion of our Company, the Sole Sponsor, the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) or their respective agents, your application may be rejected**

Our Company, the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters), the **HK eIPO White Form** Service Provider or their respective agents and nominees as agents of our Company, have the full discretion to reject or accept any application, in whole or in part, without assigning any reason therefore.

**If your application is rejected**

Your application will be rejected if:

- it is a multiple or a suspected multiple application;
- your Application Form is not completed correctly or fully completed in accordance with the instructions as stated in the Application Form;
- your **electronic application instructions** through the **HK eIPO White Form** Service Provider are not completed in accordance with the instructions, terms and conditions of the designated website or in the IPO App;
- your payment is not made in the correct form or amount;
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation;

- your application is for more than 12,496,000 Public Offer Shares;
- you or the person(s) for whose benefit you are applying have applied for or taken up or indicated an interest for the Placing Shares;
- the Underwriting Agreements do not become unconditional or are terminated; or
- our Company, the Sole Sponsor, the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) or their respective agents or nominees believe that by accepting your application, it would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is, or is suspected to have been, completed and/or signed.

**If the allotment of the Public Offer Shares is void**

Any allotment of the Public Offer Shares in respect of your application will be void if the Listing Committee does not grant the listing of and permission to deal in the Shares on the Main Board either:

- within three weeks from the closing date of the application lists of the Share Offer; 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 of the Share Offer.

## 12. PUBLICATION OF RESULTS

The announcement of the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer, the basis of allocation of the Public Offer Shares and the number of Offer Shares re-allocated between the Public Offer and the Placing, if any, will be published in our Company's website at ***www.rafflesinterior.com*** and the Stock Exchange's website at ***www.hkexnews.hk*** on or before Wednesday, 6 May 2020.

The results of allocations of the Public Offer Shares, including applications made under **WHITE** or **YELLOW** Application Forms, which will include the Hong Kong identity card numbers/passport numbers/Hong Kong business registration certificate numbers of successful applicants and the number of the Public Offer Shares successfully applied for will be made available at the times and dates and in the manner specified below:

- in the announcement to be posted on the Company's website at ***www.rafflesinterior.com*** and the Stock Exchange's website at ***www.hkexnews.hk*** by no later than Wednesday, 6 May 2020;

- results of allocations will also be available from the website at ***www.tricor.com.hk/ipo/result*** or ***www.hkeipo.hk/IPOResult*** or in "Allotment Result" function in the IPO App on a 24-hour basis from 8:00 a.m. on Wednesday, 6 May 2020 to 12:00 midnight on Tuesday, 12 May 2020. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its Application Form to search for his/her/its own allocation result;

- by telephone enquiry by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 6 May 2020 to Monday, 11 May 2020 (excluding Saturdays, Sundays and public holidays in Hong Kong); and

- in the special allocation results booklets setting out the results of allocations which will be available for inspection during opening hours of the receiving banks' designated branches from Wednesday, 6 May 2020 to Friday, 8 May 2020 at the addresses set forth under the paragraph under "Where to collect the prospectuses and the Application Forms" in this section.

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.

## 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$0.65 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 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, 6 May 2020.

## 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the 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, 6 May 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 7 May 2020 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

**Personal collection**

**(i)** ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 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 our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 6 May 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 6 May 2020, by ordinary post and at your own risk.

**(ii)** ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. 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, 6 May 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 6 May 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

**(iii)** ***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.

**(iv)** ***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, 6 May 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

**(v)** ***If you apply through the HK eIPO White Form service***

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 6 May 2020 or such other date as notified by the Company in the newspapers as at the date of despatch/collection of share certificate(s)/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address on the relevant application instruction on Wednesday, 6 May 2020, by ordinary post and at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

**(vi)** ***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, 6 May 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of results" above on Wednesday, 6 May 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 6 May 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 6 May 2020. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 6 May 2020.

## 15. 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 Main Board and the 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 commencement date of dealings in the Shares on the Main Board 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 advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

*The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

pwc 羅兵咸永道

## ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF RAFFLES INTERIOR LIMITED AND KINGSWAY CAPITAL LIMITED

### Introduction

We report on the historical financial information of Raffles Interior Limited (the "Company") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-43, which comprises the combined statements of financial position as at 31 December 2017, 2018 and 2019, the company statement of financial position as at 31 December 2019, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-43 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 21 April 2020 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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**Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2019 and the combined financial position of the Group as at 31 December 2017, 2018 and 2019 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to Note 15 to the Historical Financial Information which contains information about the dividends paid by the companies now comprising the Group in respect of the Track Record Period. No dividends have been paid by the Company since its incorporation in respect of the Track Record Period.

***No statutory financial statements of the Company***

No statutory financial statements have been prepared for the Company since its date of incorporation.

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 21 April 2020

## I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**IAASB**") ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Singapore dollars and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

### COMBINED STATEMENTS OF COMPREHENSIVE INCOME

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2017 | 2018 | 2019 |
| | *Note* | S$'000 | S$'000 | S$'000 |
| Revenue | *6* | 71,776 | 81,167 | 76,659 |
| Cost of sales | *9* | (56,507) | (65,820) | (60,769) |
| **Gross profit** | | 15,269 | 15,347 | 15,890 |
| Other income | *7* | 76 | 51 | 21 |
| Other gains | *8* | — | 8 | 5 |
| Administrative expenses | *9* | (6,183) | (7,487) | (9,803) |
| **Operating profit** | | 9,162 | 7,919 | 6,113 |
| Finance income | | 109 | 143 | 38 |
| Finance costs | | (29) | (28) | (70) |
| Finance income/(costs), net | *12* | 80 | 115 | (32) |
| **Profit before income tax** | | 9,242 | 8,034 | 6,081 |
| Income tax expense | *13* | (1,316) | (1,594) | (1,443) |
| **Profit and total comprehensive income for the year** | | 7,926 | 6,440 | 4,638 |
| **Earnings per share for profit attributable to equity holders of the Company — Basic and diluted earnings per share (expressed in S$ per share)** | *14* | N/A | N/A | N/A |

## COMBINED STATEMENTS OF FINANCIAL POSITION

| | Note | As at 31 December 2017 S$'000 | 2018 S$'000 | 2019 S$'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | *16* | 4,096 | 3,315 | 2,738 |
| Right-of-use assets | *25* | 760 | 749 | 746 |
| | | 4,856 | 4,064 | 3,484 |
| **Current assets** | | | | |
| Contract assets | *23* | 14,399 | 15,592 | 27,869 |
| Trade and other receivables, deposits and prepayments | *17* | 16,645 | 17,020 | 8,933 |
| Pledged fixed deposits | *24* | 1,518 | 1,536 | 1,560 |
| Cash and cash equivalents | *18* | 21,669 | 2,855 | 2,628 |
| | | 54,231 | 37,003 | 40,990 |
| **Total assets** | | 59,087 | 41,067 | 44,474 |
| **EQUITY** | | | | |
| Combined capital | *19* | 1,500 | 1,500 | 1,500 |
| Retained earnings | *19* | 9,477 | 6,271 | 10,909 |
| **Total equity** | | 10,977 | 7,771 | 12,409 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Deferred income tax liabilities | *21* | 103 | 97 | 7 |
| Lease liabilities | *25* | 598 | 574 | 582 |
| | | 701 | 671 | 589 |
| **Current liabilities** | | | | |
| Trade and other payables and accruals | *22* | 27,190 | 24,398 | 24,234 |
| Contract liabilities | *23* | 1,271 | 234 | — |
| Borrowings | *20* | 4,555 | 6,297 | 5,323 |
| Lease liabilities | *25* | 110 | 129 | 143 |
| Current income tax liabilities | | 1,627 | 1,567 | 1,776 |
| Amounts due to shareholders | *29* | 12,656 | — | — |
| | | 47,409 | 32,625 | 31,476 |
| **Total liabilities** | | 48,110 | 33,296 | 32,065 |
| **Total equity and liabilities** | | 59,087 | 41,067 | 44,474 |

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Note | As at 31 December 2019 S$'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current asset** | | |
| Investment in a subsidiary | | — |
| **Current asset** | | |
| Prepaid listing expenses | *17* | 1,001 |
| **Total assets** | | 1,001 |
| **EQUITY** | | |
| **Equity attributable to the owners of the Company** | | |
| Share capital | *19* | — |
| Accumulated losses | *19* | (3,109) |
| **Total deficit** | | (3,109) |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accrued listing expenses | *22* | 1,122 |
| Amounts due to related company | | 2,988 |
| **Total liabilities** | | 4,110 |
| **Total equity and liabilities** | | 1,001 |

## COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | |
|---|---|---|---|
| | Combined capital | Retained earnings | Total equity |
| | S$'000 | S$'000 | S$'000 |
| **Balance as at 1 January 2017** | 1,500 | 14,207 | 15,707 |
| Profit for the year | — | 7,926 | 7,926 |
| **Total comprehensive income for the year** | — | 7,926 | 7,926 |
| **Transactions with owners in their capacity as owners:** | | | |
| Dividends | — | (12,656) | (12,656) |
| | — | (12,656) | (12,656) |
| **Balance as at 31 December 2017** | 1,500 | 9,477 | 10,977 |
| **Balance as at 1 January 2018** | 1,500 | 9,477 | 10,977 |
| Profit for the year | — | 6,440 | 6,440 |
| **Total comprehensive income for the year** | — | 6,440 | 6,440 |
| **Transactions with owners in their capacity as owners:** | | | |
| Dividends | — | (9,646) | (9,646) |
| | — | (9,646) | (9,646) |
| **Balance as at 31 December 2018** | 1,500 | 6,271 | 7,771 |
| **Balance as at 1 January 2019** | 1,500 | 6,271 | 7,771 |
| Profit for the year | — | 4,638 | 4,638 |
| **Total comprehensive income for the period** | — | 4,638 | 4,638 |
| **Balance as at 31 December 2019** | 1,500 | 10,909 | 12,409 |

## COMBINED STATEMENTS OF CASH FLOWS

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2017 | 2018 | 2019 |
| | *Note* | S$'000 | S$'000 | S$'000 |
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | *26(a)* | 12,332 | 3,695 | 3,037 |
| Interest received | | 109 | 143 | 38 |
| Income tax paid | | (807) | (1,660) | (1,324) |
| Net cash generated from operating activities | | 11,634 | 2,178 | 1,751 |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | | (388) | (24) | (68) |
| Proceeds from disposals of property, plant and equipment | | — | 19 | — |
| Net cash used in investing activities | | (388) | (5) | (68) |
| **Cash flows from financing activities** | | | | |
| Proceeds from borrowings | | 13,018 | 25,663 | 36,607 |
| Repayment of borrowing | | (8,463) | (23,921) | (37,581) |
| Payment for lease liabilities | | (188) | (120) | (144) |
| Finance cost paid | | (29) | (28) | (70) |
| Dividends paid | | (7,789) | (22,302) | — |
| Payment of listing expenses to be capitalised in equity | | — | (279) | (722) |
| Net cash used in financing activities | | (3,451) | (20,987) | (1,910) |
| **Net increase/(decrease) in cash and cash equivalents** | | 7,795 | (18,814) | (227) |
| Cash and cash equivalents at beginning of the year | | 13,874 | 21,669 | 2,855 |
| Cash and cash equivalents at end of the year | *18* | 21,669 | 2,855 | 2,628 |

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

#### 1.1 General information

The Company was incorporated in the Cayman Islands on 7 January 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-111, Cayman Islands.

The Company is an investment holding Company and its subsidiaries are principally engaged in the provision of interior fitting-out services in Singapore (the "**Listing Business**"). The ultimate shareholders of the Group are Mr. Lo Lek Chew ("**Mr. Lo**"), Mr. Chua Boon Par ("**Mr. Chua**"), Mr. Ding Hing Hui ("**Mr. Ding**"), Mr. Leong Wai Kit ("**Mr. Leong**"), Mr. Low Lek Huat, Mr. Low Lek Hee and Mr. Ng Foo Wah ("**Mr. Ng**") (collectively the "**Ultimate Shareholders**"), each holding an effective interest of 33%, 15%, 12%, 10%, 10%, 10% and 10% in the Company, respectively.

#### 1.2 Reorganisation

Prior to the incorporation of Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the Listing Business was carried out by Ngai Chin Construction Pte. Ltd. (the "**Operating Company**"). The Operating Company was controlled by the Ultimate Shareholders throughout the Track Record Period.

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation which principally involved the following steps:

(i) On 27 July 2018, Flourishing Honour Limited ("**Flourishing Honour**") was incorporated in the British Virgin Islands (the "**BVI**"). On 18 January 2019, Flourishing Honour allotted and issued one share to the Company for cash at par.

(ii) On 7 January 2019, the Company was incorporated in the Cayman Islands. Upon its incorporation, one nil-paid initial share was transferred to Ultimate Global Enterprises Limited ("**Ultimate Global**"), which is a company incorporated in the BVI on 8 November 2018 and owned by the Ultimate Shareholders in proportion to the effective interest held by each of the Ultimate Shareholders in the Operating Company.

(iii) On 30 March 2020, a sale and purchase agreement was entered into between the Ultimate Shareholders, Flourishing Honour and the Company, pursuant to which the Ultimate Shareholders transferred their entire shareholding interests in the Operating Company to Flourishing Honour, in consideration of the Company (i) allotting and issuing 99 Shares to Ultimate Global, credited as fully paid; and (ii) crediting the initial share held by Ultimate Global as fully paid.

Upon the completion of the Reorganisation, the Company has become the holding Company of the companies now comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

| Name of subsidiaries | Principal activities | Place and date of incorporation | Date of incorporation | Particulars of share capita | Effective interest held as at 31 December[c] | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | | 2017 | 2018 | 2019 | |
| | | | | | % | % | % | |
| **Directly held** | | | | | | | | |
| Flourishing Honour Limited | Investment holding | BVI, 27 July 2018 | 27 July 2018 | US$1 | — | 100 | 100 | (a) |
| **Indirectly held by the Company** | | | | | | | | |
| Ngai Chin Construction Pte. Ltd. | Construction, interior decoration and renovation, including manufacturing and supply of furniture and fittings | Singapore, 30 June 1986 | 30 June 1986 | S$1,500,000 | 100 | 100 | 100 | (b) |

*Notes:*

(a) No audited financial statements were issued for this subsidiary as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

(b) The statutory financial statements of this subsidiary for the year ended 31 December 2017 were audited by Zhen Public Accounting Firm for the year ended 31 December 2017. The statutory financial statements for the year ended 31 December 2018 was audited by PricewaterhouseCoopers LLP, Singapore. As of the date of this report, the statutory financial statements for the year ended 31 December 2019 has not yet been issued.

(c) All companies comprising the Group have adopted 31 December as their financial year end date.

### 1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business was held by and conducted through the Operating Company. Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the combined financial statements of the Operating Company, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business under the combined financial statements of the Operating Company for all periods presented.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with International Financial Reporting Standards (**"IFRS**") issued by the International Accounting Standards Board (the "**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities, which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

**(a)** ***New standards and amendments to existing standards not yet adopted by the Group***

The followings are the new standards and amendments to existing standards that are relevant to the Group, which have been published but are not yet effective for the Track Record Period and which the Group has not early adopted:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| IFRS 3 (Amendments) | Definition of a business | 1 January 2020 |
| IAS 1 and IAS 8 (Amendments) | Definition of Material | 1 January 2020 |
| Conceptual Framework for Financial Reporting 2018 | Revised Conceptual Framework for Financial Reporting | 1 January 2020 |
| IFRS 17 | Insurance contracts | 1 January 2021 |
| IFRS 10 and IAS 28 (2011) (Amendments) | Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture | To be determined |
| IFRS7, IFRS 9 and IAS 39 | Interest rate benchmark reform — amendment to IFRS 7, IFRS 9, and IAS39 | 1 January 2020 |

The Group has already commenced an assessment of the related impact to the Group of the above standards and amendments that are relevant to the Group upon initial application. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial positions and results of operations.

**2.2 Subsidiaries**

***Consolidation***

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests in the results and equity of subsidiaries shown separately in the combined statements of comprehensive income, combined statements of changes in equity, and combined statements of financial position respectively.

*Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a

contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statement of comprehensive income.

Intra-group transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**2.3 Foreign currency translation**

**(a)** ***Functional and presentation currency***

Items included in the Historical Financial Information of the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in Singapore dollars ("**S$**"), which is the Company's functional and the Group's presentation currency.

**(b)** ***Transactions and balances***

Transactions in a currency other than the functional currency ("**foreign currencies**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statements of comprehensive income.

**2.4 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive directors (the "**Executive Directors**"), who make strategic decisions.

**2.5 Property, plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to combined statements of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residue values, over their estimated useful lives, in terms of building and renovation, the shorter lease term as follows:

| | |
|---|---|
| Building | 12 years |
| Renovation | 7 to 10 years |
| Plant and equipment | 5 to 10 years |
| Motor vehicles | 5 to 6 years |
| Furniture and fittings | 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains" in the combined statements of comprehensive income.

**2.6 Impairment of non-financial assets**

Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the combined statements of comprehensive income.

**2.7 Financial assets**

**(a)** ***Classification***

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

— the asset is held within a business model whose objective is to collect the contractual cash flows;

— the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group classifies its financial assets at amortised cost.

See Note 27 for details about categories of financial assets at amortised cost.

**(b)** ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**(c)** ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

**(d)** ***Impairment***

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables and contract assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For other receivables, the Group applies either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition then impairment is measured as lifetime expected credit losses.

**(e)** ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the combined statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.8 Trade and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. See note 2.7 for further information about the Group's accounting and impairment policies for trade and other receivables.

**2.9 Cash and cash equivalents**

For the purpose of presentation in the combined statements of cash flows, cash and cash equivalents include cash in hand, deposits held with banks and bank overdrafts which are subject to an insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the combined statements of financial position.

**2.10 Combined capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**2.11 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.12 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in combined statements of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the combined statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**2.13 Borrowing costs**

There were no qualifying assets during the Relevant Periods. All borrowing costs are recognised in combined statements of comprehensive income in the period in which they are incurred. Borrowing costs include interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

**2.14 Current and deferred income tax**

The tax expense comprises current and deferred tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(a)** ***Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(b)** ***Deferred income tax***

*Inside basis differences*

Deferred income tax is recognised based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined statements of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

*Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

**(c)** ***Offsetting***

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.15 Employee benefits**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

**(a)** ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") in Singapore, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions to defined contribution plans are recognised in the reporting period to which they relate.

**(b)** ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

**(c)** ***Provision for bonus plans***

Bonus payments to employees are discretionary to management. Bonus payments are recognised in combined statements of comprehensive income in the period when the Group has formally announced the bonus payments to employees.

**2.16 Provisions**

Provisions are recognised when the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economics benefit is remote.

**2.17 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised are described below.

**(a)** ***Revenue from construction contract***

The Group is specialising in interior fitting-out works, including new commercial properties and on existing commercial spaces that involve upgrades and/or makeovers and/or demolition of exiting works, as well as small scale works, such as interior alteration, repair and maintenance works that involve no structure changes.

The Group has to identify the performance obligation in contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. Generally, the interior fitting-out construction contract will provide a significant integration services and the good and services within the contract will be highly dependent on or highly integrated with other goods or services. As such, different elements of a construction contract are accounted as a single performance obligation. The Group treated all of the construction contracts as a single performance obligations as the construction works are not capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits of the Group's performance as the Group performs.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not assess there to be the arrangement with customers have significant financing component. The Group has, therefore, recognised revenue on percentage of completion over the period during which the services are rendered and transferred to customers.

The Group recognised the revenue from the contract progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The contractual penalties or liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 2.16.

The Group has used the practical expedients to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

There is no obligation for returns, refunds for construction contract.

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention receivables are settle in accordance with the terms of the respective contracts. Retention receivables are classified as contract assets when the portion is related to the uncompleted contracts. All the retention receivables during Track Record Period are related to the uncompleted contracts.

**(b)** ***Interest income***

Interest income from a financial asset is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2.18 Leases**

***Lessee***

The Group leases a land, certain office equipment and motor vehicles. Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Lease liabilities include the net present value of the following lease payments, where applicable:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payment that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is recognised in the combined statements of comprehensive income over the lease term using effective interest rate method.

Right-of-use assets are measured at cost comprising the following, where applicable:

(a) the amount of the initial measurement of lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct costs; and

(d) reinstatement costs.

Right-of-use asset for land and office equipment is depreciated from the commencement date and over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use asset for motor vehicle is deprecated from the commencement date and over the asset's useful life. The annual rates used for the asset's depreciation purpose are:

| | |
|---|---|
| Land | 12 years |
| Office equipment | 5 years |
| Motor vehicle | 5 to 6 years |

The Group has applied short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss.

**2.19 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the combined financial statement in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the combined financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as a liability at the end of the reporting period.

**2.20 Government grants**

Grants from the government are recognised as receivables at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the combined statements of comprehensive income over the periods necessary to match them with the costs that they are intended to compensate.

**2.21 Contingent liabilities**

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(b) A present obligation that arises from past events but is not recognised because:

(i) It is not probably that an outflow of resources embodying economic benefit will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the combined statements of financial position of the Group.

## 3 FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

**(a)** ***Market risk***

(i) *Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the entity's functional currency. The Group has no significant foreign exchange risk as the Group mainly operates in Singapore with majority of the transactions settled in Singapore Dollars ("**S$**").

(ii) *Interest rate risk*

The Group has no significant interest-bearing assets except for cash at bank and fixed deposits, which earn low interest income. The Group's exposures to change in interest rates are mainly attributable to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

If interest rates on borrowings and lease liabilities had been 100 basis points fluctuated with all other variables held constant, the Group's post-tax profit for the year ended 31 December 2017, 2018 and 2019 would have been affected by S$58,000, S$179,000 and S$238,000 respectively.

**(b)** ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 arises from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to trade and other receivables and contract assets.

(i) *Risk management*

Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances and fixed deposits are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

The Group trades only with recognised and creditworthy third parties. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

(ii) *Impairment of financial assets*

The Group has four types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents and bank deposits
- trade receivables
- contract assets relating to construction contracts
- other receivables

While cash and cash equivalents and pledged fixed deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. Cash at banks and fixed deposit that are mainly deposits with regulated banks.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

As at 31 December 2017, 2018 and 2019, the Group has assessed that the expected loss rate for trade receivables and contract assets were less than 1%, given there is no history of significant defaults from customers and immaterial impact from forward-looking macroeconomic factors. Therefore, there is no material loss allowance provision for trade receivables and contract assets recognised during the Track Record Period.

Other receivables

The Group adopt the general approach for expected credit losses of other receivables and consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only consider 12-month expected credit losses.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, and when the interest and/or principal repayment are 30 days past due. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

— significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

There is no other receivables balance that is past due and/or impaired. On that basis, the Group determined that the risk of default by counterparties is low based on their credit history. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. There is immaterial loss provision required for other receivables as at 31 December 2017, 2018 and 2019 based on historical recoverability experience and creditability of its debtors.

A default on a financial asset is when the counterparty fails to make contractual payments within 120 days when they fall due. Trade and other receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group days past due.

Impairment losses on trade and other receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The adoption of IFRS 9 did not result in material impact on the trade and other receivables, contract assets and loss allowances reported for the financial years ended 31 December 2017, 2018 and 2019.

**(c)** ***Liquidity risk***

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 20) to meet obligations when due. At the balance sheet date, assets held by the Group for managing liquidity risk included cash and cash equivalents as disclosed in Note 18.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility (Note 20) and cash and cash equivalents (Note 18) of the Group on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows by considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

| | On demand | Less than 1 year | Between 1 and 2 years | Between 3 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **At 31 December 2017** | | | | | | |
| Trade and other payable and accruals | — | 26,611 | — | — | — | 26,611 |
| Borrowings | 4,586 | — | — | — | — | 4,586 |
| Amounts due to shareholders | 12,656 | — | — | — | — | 12,656 |
| Lease liabilities | — | 133 | 264 | 208 | 188 | 793 |
| **At 31 December 2018** | | | | | | |
| Trade and other payables and accruals | — | 23,395 | — | — | — | 23,395 |
| Borrowings | 6,341 | — | — | — | — | 6,341 |
| Lease liabilities | — | 152 | 286 | 212 | 140 | 790 |
| **As at 31 December 2019** | | | | | | |
| Trade and other payables and accruals | — | 23,820 | — | — | — | 23,820 |
| Borrowings | 5,347 | — | — | — | — | 5,347 |
| Lease liabilities | — | 167 | 311 | 282 | 52 | 812 |

Taking into account the Group's financial position, the Directors do not consider that it is probable that the banks will exercise their discretions to demand immediate repayment. The directors believe that such loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreement.

**3.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that they can provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity as shown in statements of financial position. Total debt represents borrowings plus obligations under finance leases, and total capital is calculated as combine capital plus retained earnings.

The gearing ratios as at 31 December 2017, 2018 and 2019 were as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Borrowings | 4,555 | 6,297 | 5,323 |
| Lease liabilities | 708 | 703 | 725 |
| Total debt | 5,263 | 7,000 | 6,048 |
| Total equity | 10,977 | 7,771 | 12,409 |
| **Gearing ratio** | 47.9% | 90.1% | 48.7% |

**3.3 Fair value estimation**

The carrying amounts of the Group's current financial assets and liabilities, including cash and cash equivalents, pledged fixed deposits, trade and other receivables, trade and other payables and accruals, borrowings and amount due to shareholders, approximate their fair values as at the reporting date due to their short term maturities.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Revenue recognition of construction work**

The Group recognises contract revenue according to the percentage of completion of construction works. The stage of completion is measured by reference to the proportion of contract cost incurred for work performed to date bear to the estimated total construction costs.

Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or suppliers involved and the experience of the management.

Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

## 5 SEGMENT INFORMATION

The Group is principally engaged in the provision of interior fitting-out services in the Republic of Singapore. Revenue recognised during the Track Record Period is analysed by the chief operating decision-maker. For the purposes of resources allocation and performance assessment, the executive directors, reviews the overall results and financial position of the Group as a whole prepared based on the same set of accounting policies as set out in Note 2. Accordingly, the Group has a single operating segment and no discrete operating segment financial information is available.

### (a) Geographical information

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore.

### (b) Information about major customers

For the year ended 31 December 2017, 2018 and 2019, revenue generated from the top three customers accounted for approximately 30.5%, 35.4% and 36.3% of the total revenue for the Company, respectively. Other individual customers accounts for less than 10% of revenue.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Customer A | — | 14,955 | — |
| Customer B | — | — | 13,972 |
| Customer C | 8,233 | — | — |
| | 8,233 | 14,955 | 13,972 |

*Note 1:* Revenue from the customer is less than 10% of the total revenue of the Group for the respective year.

## 6 REVENUE

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Contract revenue | 71,776 | 81,167 | 76,659 |
| Timing of revenue recognition: | | | |
| Over time | 71,776 | 81,167 | 76,659 |

## 7 OTHER INCOME

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Government grant *(Note a)* | 54 | 34 | 20 |
| Others | 22 | 17 | 1 |
| | 76 | 51 | 21 |

*Note a:* The Group obtained government grants and recognised as income of S$54,000, S$34,000 and S$20,000 from Wage Credit Scheme, Temporary Employment Credit Scheme and Special Employment Credit Scheme for the years ended 31 December 2017, 2018 and 2019.

## 8 OTHER GAINS

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Gain on disposals of plant, property and equipment | — | 8 | — |
| Exchange gain | — | — | 5 |
| | — | 8 | 5 |

## 9 EXPENSES BY NATURE

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Subcontractor charges | 42,881 | 51,735 | 45,672 |
| Cost of materials used | 5,933 | 5,861 | 5,501 |
| Employee benefit expenses (including directors' emoluments) *(Note 10)* | 11,054 | 11,329 | 13,450 |
| Depreciation of property, plant and equipment *(Note 16)* | 797 | 770 | 645 |
| Depreciation of right-of-use assets *(Note 25)* | 114 | 126 | 169 |
| Rental expenses | 54 | 174 | 210 |
| Utilities | 90 | 281 | 217 |
| Repair and maintenance | 622 | 727 | 822 |
| Auditor's remuneration | | | |
| — Audit services | 19 | 20 | 101 |
| Listing expenses | — | 869 | 2,240 |
| Others | 1,126 | 1,415 | 1,545 |
| | 62,690 | 73,307 | 70,572 |
| Represented by: | | | |
| Cost of sales | 56,507 | 65,820 | 60,769 |
| Administrative expenses | 6,183 | 7,487 | 9,803 |
| | 62,690 | 73,307 | 70,572 |

## 10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Wages, salaries, bonus and allowances | 10,394 | 10,625 | 12,632 |
| Pension costs — defined contribution plans | 457 | 465 | 568 |
| Other employment benefits | 203 | 239 | 250 |
| | 11,054 | 11,329 | 13,450 |

### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2017, 2018 and 2019, include three, three and three directors, respectively, whose emoluments are reflected in the analysis shown in Note 11. The emoluments paid to the remaining two, two and two individuals during the years ended 31 December 2017, 2018 and 2019 respectively, are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Wages, salaries, bonus and allowances | 673 | 668 | 634 |
| Pension costs — defined contribution plan | 34 | 34 | 33 |
| | 707 | 702 | 667 |

The emoluments fell within the following bands:

| | Number of individuals | | |
|---|---|---|---|
| | Year ended 31 December | | |
| | 2017 | 2018 | 2019 |
| **Emolument bands** | | | |
| HK$1,500,000-HK$2,000,000 | — | — | 2 |
| HK$2,000,000 to HK$2,500,000 | 2 | 2 | — |

## 11 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

### (a) Directors' emoluments

| | Fee | Salaries | Other allowances and benefits in kind | Discretionary bonuses | Employer's contribution to a retirement benefit scheme | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **For the year ended 31 December 2017** | | | | | | |
| Executive directors | | | | | | |
| Mr. Chua Boon Par | 19 | 309 | 9 | 64 | 16 | 417 |
| Mr. Ding Hing Hui | 10 | 289 | 9 | 43 | 17 | 368 |
| Mr. Leong Wai Kit | 10 | 288 | 9 | 23 | 17 | 347 |
| Independent non-executive directors | | | | | | |
| Mr. Chia Kok Seng | — | — | — | — | — | — |
| Mr. Gay Soon Watt | — | — | — | — | — | — |
| Mr. Wong Heung Ming Henry | — | — | — | — | — | — |
| | 39 | 886 | 27 | 130 | 50 | 1,132 |
| **For the year ended 31 December 2018** | | | | | | |
| Executive directors | | | | | | |
| Mr. Chua Boon Par | 20 | 309 | 9 | 64 | 16 | 418 |
| Mr. Ding Hing Hui | 10 | 285 | 9 | 43 | 17 | 364 |
| Mr. Leong Wai Kit | 10 | 281 | 9 | 23 | 17 | 340 |
| Independent non-executive directors | | | | | | |
| Mr. Chia Kok Seng | — | — | — | — | — | — |
| Mr. Gay Soon Watt | — | — | — | — | — | — |
| Mr. Wong Heung Ming Henry | — | — | — | — | — | — |
| | 40 | 875 | 27 | 130 | 50 | 1,122 |
| **For the year ended 31 December 2019** | | | | | | |
| Executive directors | | | | | | |
| Mr. Chua Boon Par | 21 | 308 | 9 | 24 | 16 | 378 |
| Mr. Ding Hing Hui | 11 | 288 | 9 | 23 | 17 | 348 |
| Mr. Leong Wai Kit | 11 | 287 | 9 | 23 | 17 | 347 |
| Independent non-executive directors | | | | | | |
| Mr. Chia Kok Seng | — | — | — | — | — | — |
| Mr. Gay Soon Watt | — | — | — | — | — | — |
| Mr. Wong Heung Ming Henry | — | — | — | — | — | — |
| | 43 | 883 | 27 | 70 | 50 | 1,073 |

Mr. Chua Boon Par, Mr. Ding Hing Hui and Mr. Leong Wai Kit were appointed as executive directors of the Company on 7 January 2019.

Mr. Chia Kok Seng, Mr. Gay Soon Watt and Mr. Wong Heung Ming Henry were appointed as independent non-executive directors of the Company on 30 March 2020.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as directors or employees of the Operating Company and no directors waived any emolument during the years ended 31 December 2017, 2018 and 2019.

**(b) Directors' retirement benefits and termination benefits**

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the Track Record Period.

No payment was made to directors as compensation for the early termination of the appointment during the Track Record Period.

**(c) Consideration provided to third parties for making available directors' services**

No payment was made to any former employers of directors for making available the services of them as a director of the Company during the Track Record Period.

**(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

Save as disclosed in Note 29, there were no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

**(e) Director's material interests in transactions, arrangements or contracts**

Save as disclosed in Note 29, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the Track Record Period.

## 12 FINANCE INCOME/(COSTS), NET

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| **Finance costs:** | | | |
| Bank charges | (3) | (6) | (43) |
| Interest expense | (26) | (22) | (27) |
| | (29) | (28) | (70) |
| **Finance income:** | | | |
| Bank deposit | 109 | 143 | 38 |
| **Finance income/(costs), net** | 80 | 115 | (32) |

## 13 INCOME TAX EXPENSE

Singapore income tax has been provided at the rate of 17% on the estimated assessable profit during the Track Record Period.

The amount of income tax expense charged to the combined statements comprehensive income represents:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Current income tax | 1,300 | 1,600 | 1,533 |
| Deferred income tax charge/(credit) *(Note 21)* | 16 | (6) | (90) |
| Income tax expense | 1,316 | 1,594 | 1,443 |

The tax on the Group's profit before tax differs from the theoretical amount as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Profit before income tax | 9,242 | 8,034 | 6,081 |
| Tax calculated at tax rate of 17% | 1,571 | 1,366 | 1,034 |
| Expenses not deductible for tax purposes | 79 | 265 | 441 |
| Income not subject to tax | — | (1) | — |
| Singapore statutory income exemption | (41) | (36) | (17) |
| Tax incentives *(Note)* | (294) | — | — |
| Others | 1 | — | (15) |
| | 1,316 | 1,594 | 1,443 |

*Note:* During the Track Record Period, the Group incurred certain qualified capital expenditure relates to Productivity and Innovation Credit (PIC) Scheme, which allows entities to claim 400% tax deduction.

## 14 EARNINGS PER SHARE

No earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the group reorganisation and the preparation of the results for each of the years ended 31 December 2017, 2018 and 2019 on a combined basis as disclosed in Note 1.3 above.

## 15 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends during each of the years ended 31 December 2017, 2018 and 2019 represented dividends declared by the Operating Company of the then equity holders of the companies for each of the years ended 31 December 2017, 2018 and 2019. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Dividends | 12,656 | 9,646 | — |

**16 PROPERTY, PLANT AND EQUIPMENT**

| | Building | Renovation | Plant and equipment | Motor vehicles | Furniture and fittings | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **Year ended 31 December 2017** | | | | | | |
| Opening net book amount | 3,640 | 156 | 403 | 269 | 37 | 4,505 |
| Additions | — | — | 388 | — | — | 388 |
| Depreciation | (446) | (93) | (168) | (71) | (19) | (797) |
| Closing net book amount | 3,194 | 63 | 623 | 198 | 18 | 4,096 |
| **As at 31 December 2017** | | | | | | |
| Cost | 5,460 | 469 | 1,306 | 650 | 97 | 7,982 |
| Accumulated depreciation | (2,266) | (406) | (683) | (452) | (79) | (3,886) |
| Net book value | 3,194 | 63 | 623 | 198 | 18 | 4,096 |
| **Year ended 31 December 2018** | | | | | | |
| Opening net book amount | 3,194 | 63 | 623 | 198 | 18 | 4,096 |
| Additions | — | — | 24 | — | — | 24 |
| Disposals | — | — | (11) | — | — | (11) |
| Written off | — | — | (24) | — | — | (24) |
| Depreciation | (446) | (61) | (187) | (69) | (7) | (770) |
| Closing net book amount | 2,748 | 2 | 425 | 129 | 11 | 3,315 |
| **As at 31 December 2018** | | | | | | |
| Cost | 5,460 | 469 | 1,228 | 547 | 97 | 7,801 |
| Accumulated depreciation | (2,712) | (467) | (803) | (418) | (86) | (4,486) |
| Net book value | 2,748 | 2 | 425 | 129 | 11 | 3,315 |
| **Year ended 31 December 2019** | | | | | | |
| Opening net book amount | 2,748 | 2 | 425 | 129 | 11 | 3,315 |
| Additions | — | — | 65 | — | 3 | 68 |
| Depreciation | (445) | (2) | (148) | (46) | (4) | (645) |
| Closing net book amount | 2,303 | — | 342 | 83 | 10 | 2,738 |
| **As at 31 December 2019** | | | | | | |
| Cost | 5,460 | 469 | 1,291 | 545 | 101 | 7,866 |
| Accumulated depreciation | (3,157) | (469) | (949) | (462) | (91) | (5,128) |
| Net book value | 2,303 | — | 342 | 83 | 10 | 2,738 |

Depreciation of the Group's property, plant and equipment has been charged to the combined statements of comprehensive income as follow:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Cost of sales | 512 | 499 | 388 |
| Administrative expenses | 285 | 271 | 257 |
| | 797 | 770 | 645 |

The building has been pledged to bank in respect of performance bond guarantee and the trade financing provided for the Group.

## 17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| **Current** | | | |
| Trade receivables | 15,953 | 15,736 | 7,157 |
| Less: provision for allowance for doubtful debts | (19) | (19) | (19) |
| Trade receivables, net | 15,934 | 15,717 | 7,138 |
| Prepayments | 68 | 120 | 75 |
| Deposits | 637 | 896 | 710 |
| Deferred listing expenses | — | 279 | 1,001 |
| Other receivables | 6 | 8 | 9 |
| | 711 | 1,303 | 1,795 |
| Total | 16,645 | 17,020 | 8,933 |

The carrying amounts of trade and other receivables approximate their fair value.

The Company's trade and other receivables are denominated in S$.

**Trade receivables**

The Company normally grants credit terms to its customers of up to 65 days. The ageing analysis of these trade receivables based on invoice date is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| 0 to 30 days | 8,832 | 9,406 | 3,590 |
| 31 to 60 days | 4,328 | 3,286 | 2,081 |
| 61 to 90 days | 1,345 | 1,257 | 1,041 |
| Over 90 days | 1,448 | 1,787 | 445 |
| | 15,953 | 15,736 | 7,157 |

**(i)** ***Transferred receivables***

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained the late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its combined statements of financial position. The amount repayable under the factoring agreement is presented as trade financing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Transferred receivables | 5,694 | 7,872 | 4,154 |
| Associated trade financing borrowing *(Note 20)* | 4,555 | 6,297 | 3,323 |

**(ii)** ***Fair values of trade receivables***

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

**(iii)** ***Impairment and risk exposure***

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets. As at 31 December 2017, 2018 and 2019, the Group has assessed that the expected loss rate for trade receivables was consistently at an insignificant level. Thus no additional loss allowance provision for trade receivables was recognised during the Track Record Period.

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The Group does not hold any collateral as security.

## 18 CASH AND CASH EQUIVALENTS

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Cash at bank | 21,667 | 2,853 | 2,625 |
| Cash on hand | 2 | 2 | 3 |
| | 21,669 | 2,855 | 2,628 |

The Group's cash and cash equivalents are denominated in S$.

## 19 COMBINED CAPITAL AND RETAINED EARNINGS

As mentioned in Note 1.3 above, the Historical Financial Information has been prepared as if the Group structure after the Reorganisation had been in existence throughout the Track Record Period.

Combined capital and retained earnings as at 31 December 2017, 2018 and 2019 represent the combined share capital and retained earnings of the companies now comprising the Group. Apart from profit and total comprehensive income and dividends, there were no other movements in combined capital and retained earnings during the Track Record Period.

## 20 BORROWINGS

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Trade financing | 4,555 | 6,297 | 3,323 |
| Bank loan | — | — | 2,000 |
| | 4,555 | 6,297 | 5,323 |

The Group's borrowings, after taking into account of repayable on demand clause, are repayable as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Within 1 year or on demand | 4,555 | 6,297 | 5,323 |

The average effective interest rates per annum at the end of each Track Record Period were set out as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| Trade financing | 2.56%–3.54% | 1.5%–3.92% | 3.7%–4.01% |
| Bank loan | — | — | 4.84%–4.96% |

The carrying amounts of the Group's borrowings approximate their fair values as at 31 December 2017, 2018 and 2019 are denominated in S$.

Total bank borrowings of S$4,555,000, S$6,297,000 and S$5,323,000 as at 31 December 2017, 2018 and 2019 are secured by personal joint and several guarantee by the directors and shareholders. The guarantees provided by the directors and shareholders are expected to be released upon Listing.

The undrawn borrowing facilities at the end of each Track Record Period were set out as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Floating rate | | | |
| — Expiring within one year | 5,445 | 10,703 | 11,677 |

The facilities expiring within one year from the balance sheet date are facilities subject to annual review at various dates during the Track Record Period. The other facilities are arranged mainly to help finance the Group's proposed expansion.

## 21 DEFERRED INCOME TAX

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| **Deferred income tax liabilities** | | | |
| To be settled after more than 12 months | 103 | 97 | 7 |

The movements in the deferred income tax liabilities of the Group during the year are as follows:

| | Accelerated tax depreciation | | |
|---|---|---|---|
| | As at 31 December | | |
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Beginning of the year | 87 | 103 | 97 |
| Charged/(credited) to the combined statements of comprehensive income *(Note 13)* | 16 | (6) | (90) |
| End of the year | 103 | 97 | 7 |

## 22 TRADE AND OTHER PAYABLES AND ACCRUALS

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Trade payables | 14,828 | 8,086 | 8,334 |
| Accruals for project cost | 11,078 | 14,613 | 13,915 |
| Other payables and accruals | | | |
| — Accrued expenses | 705 | 366 | 447 |
| — Accrued listing expenses | — | 321 | 1,122 |
| — Goods and services tax payables | 579 | 1,003 | 413 |
| — Others | — | 9 | 3 |
| | 27,190 | 24,398 | 24,234 |

The ageing analysis of the trade payables based on invoice date as at 31 December 2017, 2018 and 2019 is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| 0 to 30 days | 4,488 | 6,260 | 3,780 |
| 31 to 60 days | 3,207 | 593 | 1,833 |
| 61 to 90 days | 3,655 | 193 | 220 |
| Over 90 days | 3,478 | 1,040 | 2,501 |
| | 14,828 | 8,086 | 8,334 |

The carrying amounts of trade and other payables and accruals approximate their fair values due to their short maturities.

The Group's trade and other payables and accruals are denominated in S$.

## 23 CONTRACT ASSETS AND LIABILITIES

The contract assets primarily relate to our Group's right to consideration for work completed and not billed, as the rights are conditioned on our Group's future performance in satisfying the respective performance obligations at each reporting date. The contract liabilities primarily relate to our Group's obligation to render services to customers for which our Group has received consideration from the customers.

The following table sets out the contract assets and liabilities:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Current | | | |
| Contract assets *(Note A)* | 14,404 | 15,597 | 27,874 |
| Loss allowance | (5) | (5) | (5) |
| | 14,399 | 15,592 | 27,869 |
| Contract liabilities | (1,271) | (234) | (—) |
| | 13,128 | 15,358 | 27,869 |

*Note A:* Contract assets are the Group's right to consideration in the exchange for services that the Group has transferred to customer. Contract assets are reclassified to receivables when the right to the consideration has become unconditional.

Contract assets relating to interior fitting-out services have decreased/increased due to the fluctuation of the number, value and stage of projects on hand; and also due to the amount of works completed by the Group at the time close to the year end of each reporting period, by reference to the actual costs incurred to date and the total budgeted costs for the projects.

**Movement in contract assets:**

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| At the beginning of the year | 14,333 | 14,399 | 15,592 |
| Progress billing during the year | (70,545) | (76,189) | (63,715) |
| Revenue recognised during the year | 70,611 | 77,382 | 75,992 |
| | 14,399 | 15,592 | 27,869 |

**Movement in contract liabilities:**

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| At the beginning of the year | — | 1,271 | 234 |
| Receipt from customers | 2,436 | 2,748 | 432 |
| Revenue recognised upon the provision of project works | (1,165) | (3,785) | (666) |
| | 1,271 | 234 | — |

**Unsatisfied performance obligations**

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied | | | |
| — Construction contracts | | | |
| To be recognized within 1 year | 8,503 | 7,643 | 43,592 |
| To be recognized between 1 to 2 years | — | 924 | — |
| | 8,503 | 8,567 | 43,592 |

Management expects that all the transaction price allocated to the unsatisfied performance obligation as of 31 December 2017, 2018 and 2019 may be recognised as revenue during reporting period mentioned above. The amount disclosed above does not include variable consideration which is not highly probable that a significant reversal will not occur.

## 24 PLEDGED FIXED DEPOSITS

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Pledged bank deposits — current | 1,518 | 1,536 | 1,560 |

The average effective interest rates per annum at the end of each Track Record Period were set out as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| Fixed deposits pledged | 1.18% | 1.3% | 1.6% |

Fixed deposits have been pledged to bank in respect of performance bond guarantee provided for the Group.

## 25 LEASES

### (a) Amounts recognised in the combined statements of financial position

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Right-of-use assets | | | |
| Land | 498 | 414 | 349 |
| Plant and equipment | 124 | 91 | 131 |
| Motor vehicles | 138 | 244 | 266 |
| | 760 | 749 | 746 |
| Lease liabilities | | | |
| Current | 110 | 129 | 143 |
| Non-current | 598 | 574 | 582 |
| | 708 | 703 | 725 |

Additions to the right-of-use assets for the years ended 31 December 2017, 2018 and 2019 were S$96,000, S$135,000 and S$166,000 respectively.

The lease liabilities of S$38,000, S$147,000 and S$183,000 as at 31 December 2017, 2018 and 2019 respectively are secured by personal guarantees by directors and shareholders. The guarantees provided by the directors and shareholders are expected to be released upon Listing.

### (b) Amounts recognised in the combined statements of comprehensive income

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Depreciation charge of right-of-use assets | | | |
| Land | 70 | 65 | 65 |
| Plant and equipment | 32 | 32 | 45 |
| Motor vehicle | 12 | 29 | 59 |
| | 114 | 126 | 169 |
| Interest expense | 26 | 22 | 27 |
| Expenses relating to short-term lease | 54 | 174 | 209 |
| | 80 | 196 | 236 |

The total cash outflow for leases liabilities in 31 December 2017, 2018 and 2019 were S$216,000, S$142,000 and S$171,000 respectively.

**(c) Variable lease payments**

The land lease contain variable payment term that rent is subject to annual revision based on the market rent rate. Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date and lease liabilities are remeasured when there is a change to reflect changes in market rental rates following a market rent review. The lease liability shall be remeasured to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect).

Adjustment for variable rent were a decrease of S$112,000, S$20,000 and S$Nil respectively for the years ended 31 December 2017, 2018 and 2019.

## 26 NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

**(a)** In the combined statements of cash flows, cash flows from operating activities comprise:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Profit before income tax | 9,242 | 8,034 | 6,081 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment *(Note 16)* | 797 | 770 | 645 |
| Depreciation of right-of-use assets *(Note 25)* | 114 | 126 | 169 |
| Gain on disposals of property, plant and equipment *(Note 8)* | — | (8) | — |
| Plant and equipment written off | — | 24 | — |
| Bad debts written off — trade receivables | — | — | — |
| Finance income *(Note 12)* | (109) | (143) | (38) |
| Finance costs *(Note 12)* | 29 | 28 | 70 |
| Operating profit before working capital changes | 10,073 | 8,831 | 6,927 |
| Changes in working capital: | | | |
| — contract assets | (66) | (1,193) | (12,277) |
| — contract liabilities | 1,271 | (1,037) | (234) |
| — trade and other receivables, deposits and prepayments | (5,316) | (96) | 8,809 |
| — pledged fixed deposits | 1,000 | (18) | (24) |
| — trade and other payables and accruals | 5,370 | (2,792) | (164) |
| Cash generated from operations | 12,332 | 3,695 | 3,037 |

**(b) Cash flow information — financing activities**

This section sets out the reconciliation of liabilities arising from financing activities for the Track Record Period.

| | 1 January 2017 | Adjustment for variable rent | Addition to new lease | Draw down | Principal repayments | Interest Paid | Interest accretion | 31 December 2017 |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Lease liabilities | 912 | (112) | 96 | — | (188) | (26) | 26 | 708 |
| Borrowings | — | — | — | 13,018 | (8,463) | — | — | 4,555 |
| | 912 | (112) | 96 | 13,018 | (8,651) | (26) | 26 | 5,263 |

| | 1 January 2018 | Adjustment for variable rent | Addition to new lease | Draw down | Principal repayments | Interest Paid | Interest accretion | 31 December 2018 |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Lease liabilities | 708 | (20) | 135 | — | (120) | (22) | 22 | 703 |
| Borrowings | 4,555 | — | — | 25,663 | (23,921) | — | — | 6,297 |
| | 5,263 | (20) | 135 | 25,663 | (24,041) | (22) | 22 | 7,000 |

| | 1 January 2019 | Adjustment for variable rent | Addition to new lease | Draw down | Principal repayments | Interest Paid | Interest accretion | 31 December 2019 |
|---|---|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| Lease liabilities | 703 | — | 166 | — | (144) | (27) | 27 | 725 |
| Borrowings | 6,297 | — | — | 36,607 | (37,581) | — | — | 5,323 |
| | 7,000 | — | 166 | 36,607 | (37,725) | (27) | 27 | 6,048 |

## 27 FINANCIAL INSTRUMENTS BY CATEGORY

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| **Financial assets as per combined statements of financial position** | | | |
| Financial assets measured at amortised cost | | | |
| — Trade and other receivables and deposits | 16,577 | 16,621 | 7,857 |
| — Cash and cash equivalents | 21,669 | 2,855 | 2,628 |
| — Pledged bank deposits | 1,518 | 1,536 | 1,560 |
| **Total** | 39,764 | 21,012 | 12,045 |
| **Financial liabilities as per combined statements of financial position** | | | |
| Financial liabilities measured at amortised cost | | | |
| — Trade and other payables and accruals | 26,611 | 23,395 | 23,820 |
| — Amounts due to shareholders | 12,656 | — | — |
| — Borrowings | 4,555 | 6,297 | 5,323 |
| — Lease liabilities | 708 | 703 | 725 |
| **Total** | 44,530 | 30,395 | 29,868 |

## 28 COMMITMENTS

**Short-term lease commitments — Group as lessee**

The Group leases certain properties from third parties under non-cancellable lease agreements with lease terms less than one year, which can be exempted from IFRS 16. The future aggregate minimum lease payments under non-cancellable leases are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Not later than 1 year | 110 | 214 | 240 |
| | 110 | 214 | 240 |

## 29 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors of the Group are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

| Name of related parties | Relationship with the Group |
|---|---|
| Lo Lek Chew | Shareholder |
| Low Lek Huat | Shareholder |
| Low Lek Hee | Senior Management and Shareholder |
| Chua Boon Par | Common Director and Shareholder |
| Ding Hing Hui | Common Director and Shareholder |
| Leong Wai Kit | Common Director and Shareholder |
| Ng Foo Wah | Senior Management and Shareholder |

There is no transaction or balance with a related company or corporations outside of the Group.

**(a) Key management compensation**

Key management include directors and senior management. The compensation paid or payable to key management for employee services is shown below:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Wages, salaries, bonus and allowances | 1,533 | 1,536 | 1,562 |
| Pension costs — defined contribution plan | 84 | 87 | 99 |
| | 1,617 | 1,623 | 1,661 |

**(b) Balances with related parties**

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Amounts due to shareholders | 12,656 | — | — |

The non-trade amounts due to shareholders are denominated in S$, unsecured, interest free and repayable on demand.

**(c) Transactions with related parties**

During the Track Record Period, the remuneration received by related parties is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Wages, salaries, bonus and allowances | 655 | 660 | 610 |
| Pension costs — defined contribution plan | 34 | 34 | 31 |
| | 689 | 694 | 641 |

**(d) Guarantees by the directors and shareholders**

During the Track Record Period, the Group's banking facility is secured by personal joint and several guarantees by the directors and shareholders as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | S$'000 | S$'000 | S$'000 |
| Joint and several guarantee | 28,200 | 35,200 | 35,200 |

The details of the guarantees given by related parties in respect of trade financing agreements and hire purchase arrangements are set out in Note 20 and Note 25 to the Historical Financial Information.

**30 SUBSEQUENT EVENTS**

In addition to that disclosed elsewhere in this report, the following significant events took place subsequent to 31 December 2019:

(i) Subsequent to the outbreak of the COVID-19 in early 2020, the Singapore government has announced the "circuit breaker" measures from 7 April 2020 to 4 May 2020 to contain COVID-19 infections. Such measures include suspending all business except for those businesses in the selected economic sectors which are critical for Singapore's local and global supply chains. The Group has suspended its existing projects and operations in accordance with these measures. It is uncertain whether the circuit breaker measures will persist longer than expected or more severe measures being introduced. As a result, the Group's operational and financial performance are being affected where the extent of the impact cannot be estimated at the date of this report.

(ii) On 30 March 2020, the authorised share capital of the Group was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares.

**31 CONTINGENT LIABILITIES**

The Group had no material contingent liabilities outstanding as at 31 December 2017, 2018 and 2019.

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019 and up to the date of this report. Save as disclosed in Note 15 of this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019.

*The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.*

## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to the equity holders of the Company as of 31 December 2019 as if the Share Offer had taken place on 31 December 2019.

The unaudited pro forma statement of adjusted 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 net tangible assets of the Group had the Share Offer been completed as at 31 December 2019 or at any future dates following the Share Offer.

| | **Audited combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2019** | **Estimated net proceeds from the Share Offer** | **Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2019** | **Unaudited pro forma adjusted combined net tangible assets per Share** | |
|---|---|---|---|---|---|
| | **(Note 1)** | **(Note 2)** | | **(Note 3)** | **(Note 3)** |
| | **S$'000** | **S$'000** | **S$'000** | **S$** | **HK$** |
| Based on an Offer Price of HK$0.50 per Share | 12,409 | 16,026 | 28,435 | 0.03 | 0.15 |
| Based on an Offer Price of HK$0.65 per Share | 12,409 | 21,640 | 34,049 | 0.03 | 0.18 |

*Notes:*

(1) The audited combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as at 31 December 2019 of approximately S$12,409,000 as the Group has no intangible assets as at 31 December 2019.

(2) The estimated net proceeds from the Share Offer are based on 250,000,000 Offer Shares and the indicative Offer Price of HK$0.50 per Offer Share and HK$0.65 per Offer Share, being the low and high end of the indicative Offer Price range, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately S$3,109,000 which have been accounted for in the combined statements of comprehensive income of the Group prior to 31 December 2019) paid/payable by the Company, and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates to repurchase Shares as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,000,000,000 Shares were in issue, assuming that the Share Offer and Capitalisation Issue have been completed on 31 December 2019 but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed 'Share Capital" in this prospectus.

(4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 December 2019.

## B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*

pwc 羅兵咸永道

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Raffles Interior Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Raffles Interior Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 21 April 2020, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 December 2019 as if the proposed initial public offering had taken place at 31 December 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended 31 December 2019, on which an accountant's report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**
*Certified Public Accountants*
Hong Kong, 21 April 2020

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 January 2019 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

## 1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 30 March 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

### (a) Shares

#### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

#### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of

that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(iii)** ***Alteration of capital***

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(iv)** ***Transfer of shares***

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

**(v)** ***Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

**(vi)** ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

**(vii)** ***Calls on shares and forfeiture of shares***

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20.0%) 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. (20.0%) per annum as the board determines.

**(b) Directors**

**(i)** ***Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

**(ii)** ***Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued

shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

**(iii)** ***Power to dispose of the assets of the Company or any of its subsidiaries***

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

**(iv)** ***Borrowing powers***

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**(v)** ***Remuneration***

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

**(vi)** ***Compensation or payments for loss of office***

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

**(vii)** ***Loans and provision of security for loans to Directors***

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

**(viii)** ***Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

**(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

**(d) Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(e) Meetings of members**

**(i)** ***Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

**(ii)** ***Voting rights and right to demand a poll***

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**(iii)** ***Annual general meetings and extraordinary general meetings***

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

**(iv)** ***Notices of meetings and business to be conducted***

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or

deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

**(v)** ***Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

**(vi)** ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

**(f) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

**(g) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(j) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the

subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

## 3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

### (a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

### (b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder

petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 23 January 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

**(n) Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same

manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(o) Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

**(p) Beneficial Ownership Register**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25.0% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

**(q) Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the

conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

**(r) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75.0%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(s) Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90.0%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(t) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**(u) Economic Substance Requirements**

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

## 4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this 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.

## FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES

### 1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 January 2019. Our Company has established its principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 21 March 2019, with Ms. Lam Wing Chi appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong on 25 March 2019.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising the Memorandum and the Articles. A summary of certain provisions of the Memorandum and the Articles and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

### 2. Changes in the 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. Upon its incorporation, one Initial Share was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited. On the same day, the Initial Share was transferred to Ultimate Global. As a result, our Company became a wholly-owned subsidiary of Ultimate Global.

On 30 March 2020, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank *pari passu* in all respects with the existing Shares.

Save as disclosed in the section headed "History, Reorganisation and Group Structure" of this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus and up to the Latest Practicable Date.

### 3. Changes in the share capital of our subsidiaries

Our principal subsidiaries are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Reorganisation and Group Structure" of this prospectus, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus and up to the Latest Practicable Date.

**4. Resolutions in writing of our sole Shareholder passed on 30 March 2020**

Pursuant to the resolutions in writing passed by of our sole Shareholder on 30 March 2020, among other things:

(a) our Company approved and adopted the amended and restated Memorandum with immediate effect and the Articles of our Company with effect from the Listing Date:

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;

(c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, on the Main Board, the Shares in issue and Shares to be allotted and issued as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options to be granted under the Share Option Scheme; (bb) the Offer Price having been duly determined and the execution and delivery of the Public Offer Underwriting Agreement on the date as specified in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), 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 before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:

(i) the Share Offer and the grant of the Over-allotment Option by our Company were approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer and the exercise of the Over-allotment Option; (bb) implement the Share Offer and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "14. Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised to approve any amendment(s) to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK$7,499,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 749,999,900 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 the date prior to the Listing Date (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

(iv) a general unconditional mandate (the "**Issue Mandate**") was granted to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive the Shares) which would or might require Shares to be allotted and issued or dealt with whether or not such securities, warrants or options involve the allotment or issue of Shares during or after the Relevant Period (as defined below), otherwise than by way of a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles, or upon the exercise of the Over-allotment Options or pursuant to a specific authority granted by our Shareholders in general meeting, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under the Share Offer or Capitalisation Issue, provided that such aggregate number of Shares which be allotted, issued or dealt with or agreed to be allotted, issued or dealt with should not exceed the sum of (aa) 20% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme); and (bb) the aggregate number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, 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 or any other applicable laws of the Cayman Islands to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying or renewing the authority given to our Directors, whichever occurs first (the "**Relevant Period**");

(v) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this

purpose such number of Shares as will represent up to 10.0% of the aggregate of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that 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 or any applicable Cayman Islands Companies Law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and

(vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10.0% of the number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme).

(d) our Company approved the form and substance of each of the service contracts made between each of our executive Directors and our Company, and the form and substance of each of the appointment letter made between each of our independent non-executive Directors with our Company.

## 5. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. For details, please see the section headed "History, Reorganisation and Group Structure" in this prospectus.

## 6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Main Board of the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own shares.

(i) *Shareholders' approval*

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to the resolutions in writing of our sole Shareholder passed on 30 March 2020, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, Shares representing up to 10.0% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme), and the Repurchase Mandate shall remain in effect 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 the Cayman Islands Companies Law or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchase(s) by us may be made out of profits of our Company, share premium or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on a redemption or the repurchase, out

of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if so authorised by the Articles and subject to the Companies Law, out of capital.

(iii) *Core connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

***(b) Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

***(c) Funding of repurchase***

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue immediately after the Listing (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme), would result in up to 100,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

*(d) General*

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention to sell any Share(s) 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 Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders co-operating, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25.0% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified our Group that he/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

### 7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the sale and purchase agreement dated 30 March 2020 entered into among Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat, Mr. Ng and our Company, pursuant to which Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng transferred their entire shareholding interests in Ngai Chin to our nominee, Flourishing Honour, in consideration of our Company (i) allotting and issuing 99 Shares to Ultimate Global (as the nominee of Mr. Lo, Mr. Chua, Mr. Ding, Mr. Leong, Mr. Low Lek Hee, Mr. Low Lek Huat and Mr. Ng), credited as fully paid; and (ii) crediting the Initial Share as fully paid;

(b) the Deed of Indemnity; and

(c) the Public Offer Underwriting Agreement.

## 8. Intellectual property rights of our Group

### *(a) Trademarks*

As at the Latest Practicable Date, our Group has registered for the following trademarks:

| Trademark | Registrant | Place of registration | Class | Registration number | Expiry date |
|---|---|---|---|---|---|
| | Ngai Chin | Hong Kong | 37 | 304794526 | 7 January 2029 |
| Ngai Chin | Ngai Chin | Singapore | 37 and 42 | 40201901878T | 28 January 2029 |
| | Ngai Chin | Singapore | 37 and 42 | 40201901879R | 28 January 2029 |

### *(b) Domain names*

As at the Latest Practicable Date, our Group had registered the following domain names:

| Domain name | Registrant | Expiry date |
|---|---|---|
| www.ngaichin.com.sg | Ngai Chin | 5 August 2022 |
| www.rafflesinterior.com | Ngai Chin | 3 October 2021 |

The contents of the website(s) do not form part of this prospectus. Save as disclosed above, there are no other trademarks, patents or other intellectual property rights which are material in relation to the business of our Group.

## FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 9. Particulars of Directors' service contracts and letters of appointment

#### *(a) Executive Directors' service contracts*

Each of our executive Directors has entered into a service contract with our Company on 30 March 2020. The terms and conditions of each service contract are similar in all material aspects. Each service contract is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing. Under the service contracts, the initial annual salary payable to our executive Directors is as follows:

| Name | Amount (approx.) |
|---|---|
| | S$ |
| Mr. Chua | 456,066 |
| Mr. Ding | 400,825 |
| Mr. Leong | 376,968 |

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of that executive Director. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board regarding the amount of annual salary and discretionary bonus payable to himself.

#### *(b) Independent non-executive Directors' letter of appointment*

Each of our independent non-executive Directors has entered into a letter of appointment with our Company on 30 March 2020. Each letter of appointment is for an initial term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least one month's notice in writing. Under the letters of appointment, the annual director's fees payable to our independent non-executive Directors are as follows:

| Name | Amount (approx.) |
|---|---|
| | HK$ |
| Mr. Chia Kok Seng | 240,000 |
| Mr. Gay Soon Watt | 240,000 |
| Mr. Wong Heung Ming Henry | 240,000 |

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

*(c) Directors' remuneration*

The aggregate of the remuneration (including salaries and allowance, bonuses and employer's contribution to CPF) paid and benefits in kind granted by our Group to our Directors for FY2017, FY2018 and FY2019 were approximately S$1,132,000, S$1,122,000 and S$1,073,000, respectively.

Under the arrangements currently in force, the aggregate amount of compensation (excluding any discretionary bonus, if any, payable to our Directors) payable by our Group to and benefits in kind receivable by our Directors for FY2020 is estimated to be approximately S$1,339,459.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for FY2017, FY2018 and FY2019 (i) as an inducement to join or upon joining our Company or (ii) 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.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for FY2017, FY2018 and FY2019.

## 10. Interests and short positions of Directors and chief executives in the share, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise the Over-allotment Option or of any options that may be granted under the Share Option Scheme), the interests or short positions of our Directors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once the Shares are listed on the Stock Exchange, will be as follows:

### *(i) Interests in our Company*

| Name of Director | Capacity/Nature of interest | Shares held immediately following the completion of the Share Offer and the Capitalisation Issue *(Note 1)* | |
|---|---|---|---|
| | | Number of Shares | Percentage of shareholding in our Company |
| Mr. Chua | Interest in a controlled corporation *(Note 2)* | 750,000,000 (L) | 75.0% |
| Mr. Ding | Interest in a controlled corporation *(Note 3)* | 750,000,000 (L) | 75.0% |
| Mr. Leong | Interest in a controlled corporation *(Note 4)* | 750,000,000 (L) | 75.0% |

*Notes:*

1. The letter "L" denotes the person's long position in the relevant Shares.

2. The entire issued shares of Ultimate Global is legally and beneficially owned as to 15.0% by Mr. Chua, who is also a director of Ultimate Global. Pursuant to the Controlling Shareholders' Confirmation, Mr. Chua is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO. Mr. Chua is an executive Director and a member of our group of Controlling Shareholders.

3. The entire issued shares of Ultimate Global is legally and beneficially owned as to 12.0% by Mr. Ding, who is also a director of Ultimate Global. Pursuant to the Controlling Shareholders' Confirmation, Mr. Ding is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO. Mr. Ding is an executive Director and a member of our group of Controlling Shareholders.

4. The entire issued shares of Ultimate Global is legally and beneficially owned as to 10.0% by Mr. Leong, who is also a director of Ultimate Global. Pursuant to the Controlling Shareholders' Confirmation, Mr. Leong is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO. Mr. Leong is an executive Director and a member of our group of Controlling Shareholders.

### *(ii) Interests in associated corporation*

| Name of Director | Associated corporation | Capacity/ Nature of interest | No. of Shares held/ interested in | Percentage of shareholding |
|---|---|---|---|---|
| Mr. Chua | Ultimate Global | Beneficial owner | 15 | 15.0% |
| Mr. Ding | Ultimate Global | Beneficial owner | 12 | 12.0% |
| Mr. Leong | Ultimate Global | Beneficial owner | 10 | 10.0% |

## 11. Interest disclosable under the SFO and 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 pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), the following persons (not being a Director or the chief executive of our Company) will have an interest or a short position in Shares or underlying shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

| | | **Shares held immediately following the completion of the Share Offer and the Capitalisation Issue** *(Note 1)* | |
|---|---|---|---|
| **Name** | **Capacity/Nature of interest** | **Number of Shares** | **Percentage of shareholding in our Company** |
| Ultimate Global | Beneficial owner | 750,000,000 (L) | 75.0% |
| Mr. Lo | Interest in a controlled corporation *(Note 2)* | 750,000,000 (L) | 75.0% |
| Mr. Low Lek Hee | Interest in a controlled corporation *(Note 3)* | 750,000,000 (L) | 75.0% |
| Mr. Low Lek Huat | Interest in a controlled corporation *(Note 4)* | 750,000,000 (L) | 75.0% |
| Mr. Ng | Interest in a controlled corporation *(Note 5)* | 750,000,000 (L) | 75.0% |
| Ms. Ong Poh Eng | Interest of spouse *(Note 6)* | 750,000,000 (L) | 75.0% |
| Ms. Neo Bee Ling Pauline | Interest of spouse *(Note 7)* | 750,000,000 (L) | 75.0% |
| Ms. Loke Yoke Mei | Interest of spouse *(Note 8)* | 750,000,000 (L) | 75.0% |
| Ms. Lee Ling Wei | Interest of spouse *(Note 9)* | 750,000,000 (L) | 75.0% |
| Ms. Lim Bee Peng | Interest of spouse *(Note 10)* | 750,000,000 (L) | 75.0% |
| Ms. Pan Lulu | Interest of spouse *(Note 11)* | 750,000,000 (L) | 75.0% |
| Ms. Emily Sng Siew Luan | Interest of spouse *(Note 12)* | 750,000,000 (L) | 75.0% |

*Notes:*

1. The letter "L" denotes the person's long position in the relevant Shares.

2. The entire issued shares of Ultimate Global is legally and beneficially owned as to 33.0% by Mr. Lo. Pursuant to the Controlling Shareholders' Confirmation, Mr. Lo is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO.

3. The entire issued shares of Ultimate Global is legally and beneficially owned as to 10.0% by Mr. Low Lek Hee. Pursuant to the Controlling Shareholders' Confirmation, Mr. Low Lek Hee is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO.

4. The entire issued shares of Ultimate Global is legally and beneficially owned as to 10.0% by Mr. Low Lek Huat. Pursuant to the Controlling Shareholders' Confirmation, Mr. Low Lek Huat is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO.

5. The entire issued shares of Ultimate Global is legally and beneficially owned as to 10.0% by Mr. Ng. Pursuant to the Controlling Shareholders' Confirmation, Mr. Ng is deemed to be interested in 750,000,000 Shares held by Ultimate Global by virtue of the SFO.

6. Ms. Ong Poh Eng is the spouse of Mr. Lo. Therefore, Ms. Ong Poh Eng is deemed to be interested in all of the Shares held by Mr. Lo by virtue of the SFO.

7. Ms. Neo Bee Ling Pauline is the spouse of Mr. Chua. Therefore, Ms. Neo Bee Ling Pauline is deemed to be interested in all of the Shares held by Mr. Chua by virtue of the SFO.

8. Ms. Loke Yoke Mei is the spouse of Mr. Ding. Therefore, Ms. Loke Yoke Mei is deemed to be interested in all of the Shares held by Mr. Ding by virtue of the SFO.

9. Ms. Lee Ling Wei is the spouse of Mr. Leong. Therefore, Ms. Lee Ling Wei is deemed to be interested in all of the Shares held by Mr. Leong by virtue of the SFO.

10. Ms. Lim Bee Peng is the spouse of Mr. Low Lek Hee. Therefore, Ms. Lim Bee Peng is deemed to be interested in all of the Shares held by Mr. Low Lek Hee by virtue of the SFO.

11. Ms. Pan Lulu is the spouse of Mr. Low Lek Huat. Therefore, Ms. Pan Lulu is deemed to be interested in all of the Shares held by Mr. Low Lek Huat by virtue of the SFO.

12. Ms. Emily Sng Siew Luan is the spouse of Mr. Ng. Therefore, Ms. Emily Sng Siew Luan is deemed to be interested in all of the Shares held by Mr. Ng by virtue of the SFO.

## 12. Related party transactions

During the three years immediately preceding the date of this prospectus, our Group engaged in the related party transactions as mentioned in Note 29 of the Accountant's Report set out in Appendix I to this prospectus.

## 13. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken 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 will be

required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in the Shares or the underlying Shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10.0% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the paragraph headed "21. Qualifications and consents of experts" below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or were 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;

(d) none of our Directors or the persons listed in the paragraph headed "21. Qualifications and consents of experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(e) none of the persons listed in the paragraph headed "21. Qualifications and consents of experts" below has any shareholding (whether legally or beneficially) in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and

(g) so far as is known to our Directors, none of our Directors or their respective close associates or any Shareholders of our Company (which to the knowledge of our Directors owns 5.0% or more of the issued share capital of our Company) has any interest in any of the top five customers or the top five suppliers of our Group.

## 14. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by resolutions in writing of our sole Shareholder passed on 30 March 2020. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

### *(a) Purpose of the Share Option Scheme*

The purpose of this Share Option Scheme is to enable our Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to our Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

### *(b) Who may join*

Subject to the provisions in the Share Option Scheme, our Directors may at any time and from time to time within a period of 10 years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK$1.00 per grant of option, to grant option to any person belonging to the following classes of participants (the "**Eligible Person(s)**"):

(i) any employee or proposed employee (whether full time or part time, including any director) of any member of the Group or invested entity; and

(ii) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of our Group or any invested entity.

### *(c) Maximum number of Shares*

(i) 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 shall not, in aggregate, exceed 30.0% of the total number of Shares in issue from time to time.

(ii) 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 in aggregate exceed 100,000,000 Shares, being 10.0% of the total number of Shares

(assuming no options are granted under the Share Option Scheme and the Over-allotment Option is not exercised) in issue on the Listing Date (the "**Scheme Limit**") unless approved by our Shareholders pursuant to paragraph (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company shall not be counted for the purpose of calculating the Scheme Limit.

(iii) Our Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10.0% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. 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 scheme of our Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules shall be sent by our Company to the Shareholders.

(iv) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Limit provided that the Options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought and that the proposed grantee(s) and his close associates (or his associates if the proposed grantee is a connected person) shall abstain from voting in the general meeting. For the purpose of seeking the approval of the Shareholders, our Company shall send a circular to the 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 any other information as required under the Listing Rules.

***(d) Maximum entitlement of each Eligible Person***

No option shall be granted to any Eligible Person 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 would exceed 1.0% of the total number of Shares in issue from time to time (the "**Participant Limit**"), unless:

(i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Eligible Person and his close associates shall abstain from voting;

(ii) a circular regarding the grant has been dispatched to the 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 Person, the number and terms of the options to be granted and options previously granted to such Eligible Person); and

(iii) the number and terms (including the subscription price) of such option are fixed before our Shareholders' approval is sought.

***(e) Grant of options to connected persons***

(i) Any grant of options to any Director, chief executive, or substantial shareholder (excluding the proposed director or chief executive) of our Company or any of their respective associates shall be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is an offeree of an option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

(ii) Where an option is to be granted to a substantial shareholder or an independent non-executive Director (or any of their 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 under the Share Option Scheme and any other share option schemes of our Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue at the relevant time of grant; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5.0 million (or such other amount as may from time to time be specified by the Stock Exchange), such grant shall not be valid unless: (aa) a circular containing the details of the grant has been dispatched to the 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, a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of an option) to the independent Shareholders as to voting); and (bb) the grant has been approved by the independent Shareholders in general meeting (taken on a poll), at which the proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour of the grant.

(iii) Where any change is to be made to the terms of any option granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the Shareholders in general meeting as required under sub-paragraph above.

*(f) Time of acceptance and exercise of an option*

An offer of grant of an option may be accepted by an Eligible Person within the date as specified in the offer letter issued by our Company, being a date not later than 21 days inclusive of, and from, the date upon which it is made, by which the Eligible Person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme or after the termination of the Share Option Scheme, and no such offer may be accepted by a person who ceases to be an Eligible Person after the offer has been made.

An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Person, together with a payment in favour of our Company of HK$1.00 per option by way of consideration for the grant thereof is delivered to our Company. Such consideration shall in no circumstances be refundable. Subject to the rules of the Share Option Scheme, option may be exercised in whole or in part by the grantee 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 years commencing on the date of the offer letter and expiring on the last day of such ten-year period.

*(g) Performance targets*

There is no performance target that has to be achieved or minimum period in which an option must be held before the exercise of any option save as otherwise imposed by our Board in the relevant offer of options.

*(h) Subscription price for Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by our Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "**Offer Date**"), which must be a trading day, on which our Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of our Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than five trading days after the listing of the Shares on the Stock Exchange, the new issue price shall be taken to be the closing price for any Business Day within the period before listing.

***(i) Ranking of Shares***

The Shares to be allotted and issued upon the exercise of an option shall be subject to our Company's constitutional documents 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 will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

***(j) Restrictions on the time of grant of options***

No offer of an option shall be made and option shall be granted after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision 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 (i) 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 result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year or 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.

***(k) Period of the Share Option Scheme***

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

***(l) Rights on cessation of employment***

Where the grantee of an outstanding option ceases to be an Eligible Person for any reason other than his serious illness, death, retirement in accordance with his contract of employment or service or the termination of his contract of employment or service on one or more of the grounds specified in paragraph (m) below, the grantee may exercise his outstanding options within three months following the date of such cessation, and any such options not exercised shall lapse and determine at the end of the said period of three months.

***(m) Rights on dismissal***

If the grantee of an option is an Eligible Person and ceases to be an Eligible Person by reason of a termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, his option (to the extent not already exercised) will lapse automatically on the date of cessation of being an Eligible Person.

***(n) Rights on death***

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within 12 months from the date of death or such period extended by our Board.

***(o) Rights on a general offer***

If a general or partial offer is made to our sole Shareholder (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), our Directors shall as soon as practicable notify the option holder accordingly. An option holder shall be entitled to exercise his outstanding options in whole or in part within 14 days of receipt of such notice. To the extent that any option has not been so exercised, it shall upon the expiry of such period lapse and determine.

***(p) Rights on winding-up***

If notice is given of a general meeting of our Company at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice thereof to all option holders and each option holder shall be entitled, at any time not later than two Business Days prior to the proposed general meeting of our Company to exercise his outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one Business Day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up.

***(q) Rights on compromise or arrangement between our Company and its creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all option holders on the same date as it gives notice of the meeting to our Shareholders and our Company's creditors, and thereupon each option holder shall be entitled, at any time not later than two

Business Days prior to the proposed meeting of our Company, to exercise his outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one Business Day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

***(r) Reorganisation of capital structure***

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, subdivision or consolidation of shares 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 Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time to:

(i) the number or nominal amount of Shares comprised in each Option for the time being outstanding; and/or

(ii) the subscription price; and/or

(iii) the Scheme Limit; and/or

(iv) the Participant Limit;

as the auditors or the independent financial adviser to our Company shall certify in writing to our Board to be in their opinion fair and reasonable, provided that:

(a) the aggregate Subscription Price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;

(b) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(c) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and

(d) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

In addition, in respect of any such adjustments, other than any made on a capitalisation issue, the auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

***(s) Cancellation of options***

Our Board may cancel an option granted but not exercised with the approval of the option holder. Any such options cancelled by our Company cannot be re-granted to the same Eligible Person; the issue of new options must be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the Scheme Limit.

***(t) 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 provision of the Share Option Scheme shall remain in full force and effect. All options granted and accepted and remaining unexercised immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the Share Option Scheme.

***(u) Rights are personal to grantee***

An option shall be personal to the grantee and shall not be assignable or 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. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

***(v) Lapse of option***

The right to exercise an option (to the extent not already exercised) shall lapse immediately upon the earliest of:

(i) the expiry of the option period to be determined and notified by our Board to the grantee;

(ii) the expiry of the periods as referred to in sub-paragraphs (l), (n), (o), (p) and (q) respectively;

(iii) subject to sub-paragraph (p), the date of the commencement of the winding-up of our Company;

(iv) the date on which the grantee ceases to be an Eligible Person by reason of the termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has

become insolvent or has made any arrangement or composition with his creditors generally or has been convicted of any criminal offence involving his integrity or honesty; and

(v) the date on which our Directors cancel any outstanding option or part thereof on the ground the grantee commits a breach of sub-paragraph (u) breach of the Share Option Scheme.

***(w) Alterations to the Share Option Scheme***

(i) 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 first be approved by a resolution of the Shareholders in general meeting:

(a) the purpose of the Share Option Scheme;

(b) the definitions of "Eligible Person", "Option Period" and "Scheme Period";

(c) the Scheme Limit;

(d) the Participant Limit;

(e) the minimum period for which an option must be held before it can be exercised;

(f) the statement as to performance targets that must be achieved before an option may be exercised;

(g) the amount payable on acceptance of an option and the period within which it must be paid for such purpose;

(h) the basis of determination of the subscription price;

(i) the rights to be attached to the Shares to be issued upon the exercise of options;

(j) the circumstances under which options will automatically lapse;

(k) the adjustment made in the event of any alterations of the capital structure of our Company;

(l) the cancellation of options granted but not exercised;

(m) the effect on existing options of an early termination of the Share Option Scheme;

(n) the transferability of options;

(o) this paragraph (w);

(p) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted to the advantage of such option holders; and

(q) any change to the authority of our Directors in relation to any alterations to the terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options shall comply with Chapter 17 of the Listing Rules.

(ii) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be altered in any respect by resolution of our Board without the approval of the Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guideline issued by the Stock Exchange from time to time.

(iii) 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.

***(x) Conditions***

The Share Option Scheme is conditional upon:

(i) the passing of the necessary resolutions to approve and adopt the Share Option Scheme;

(ii) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Share Offer (including any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and the Capitalisation Issue, and the Shares which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme; and

(iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions referred to above are not satisfied on or before the date falling 30 days after the date of this prospectus, the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

*(y) Present status of the Share Option Scheme*

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be allotted and issued pursuant to the exercise of 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 Scheme and any other share option scheme(s) of our Company shall not exceed 100,000,000 Shares, being 10.0% of the total number of Shares in issue as at the date of listing of the Shares unless our Company obtains the approval of the Shareholders in general meeting for refreshing the said 10.0% 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 10.0% limit above mentioned.

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

## OTHER INFORMATION

### 15. Tax and other indemnities

Our Controlling Shareholders collectively (the "**Indemnifiers**") have, pursuant to the Deed of Indemnity referred to in the paragraph headed "7. Summary of material contracts" in this appendix, given indemnity on a joint and several basis in favour of our Company (for ourselves and as trustee for each of our subsidiaries stated therein) from and against, among other things, any tax liabilities which might be payable by any member of our Group ("**Group Member**") in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date, save:

(i) to the extent that full provision or allowance has been made for such taxation in the audited combined financial statements of our Group as set out in Appendix I to this prospectus;

(ii) to the extent that such taxation claim arises or is incurred as a result of any retrospective change in law or regulations or practice by the Hong Kong Inland Revenue Department or the tax authorities of Singapore or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;

(iii) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any Group Member which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the conditions stated in the paragraph headed

"Conditions of the Share Offer" in the section headed "Structure and Conditions of the Share Offer" in this prospectus being fulfilled on or before the date as stated therein (the "**Effective Date**");

(iv) to the extent that such taxation or liability is/are discharged by another person who is not a Group Member and that none of our Company and Group Members is required to reimburse such person in respect of the discharge of such taxation or liability;

(v) to the extent that such taxation or liability would not have arisen but for any act or omission by any Group Member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date of execution of the Deed of Indemnity, made or entered into pursuant to a legally binding commitment created before the Effective Date; and

(vi) to the extent of any provisions or reserve made for taxation in the audited accounts of our Group which is finally established to be an over-provision or an excessive reserve as set out in Appendix I to this prospectus.

Further, pursuant to the Deed of Indemnity, the Indemnifiers have given an indemnity in respect of, among other matters, any liability for Hong Kong estate duty, if any, which might be incurred by any of Group Member by reason of any transfer of property to any of the members of our Group on or before the Listing Date. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, Singapore and BVI, being jurisdictions in which the companies comprising our Group are incorporated.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify the members of our Group and each of them and at all times keep the same indemnified on demand from and against all claims, damages, losses, costs, expenses, fines, actions and proceedings whatsoever and howsoever arising at any time whether present or in the future as a result of or in connection with:

(a) any alleged or actual violation or non-compliance by any of our Group Members with any laws, regulations or administrative orders or measures in Singapore, the Cayman Islands and the BVI on or before the Effective Date;

(b) any and all expenses, payments, sums, outgoing, fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties which any Group Members may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) or any other applicable laws, rules and regulations by any Group Members on or before the Effective Date (in the case of our Group Members);

(c) any irregularities in relation to any corporate documents of any of our Group Members; and

(d) all direct losses and damages that we may suffer as a result of the breach of non-compliance incidents as disclosed in this prospectus.

## 16. Litigation

Save as disclosed in the section headed "Business — Legal proceedings and compliance" of this prospectus, during the Track Record Period and up to the Latest Practicable Date, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

## 17. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor's fee in relation to the Listing is approximately HK$5.9 million.

The Sole Sponsor has made an application on our Company's behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made for the Shares to be admitted into CCASS.

## 18. Compliance Adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Kingsway Capital Limited as its compliance adviser to provide consultancy services to our Company to ensure compliance with Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the Listing Rules in respect of its financial results for the first full financial commencing after the Listing Date.

## 19. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK$44,000 and are payable by our Company.

## 20. Promoter

Our Company does not have any promoter (as defined in the Listing Rules). Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

## 21. Qualifications and consents of experts

| Name | Qualification |
|---|---|
| Kingsway Capital Limited | Licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity as defined under the SFO |
| PricewaterhouseCoopers | Certified public accountants under Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588) |
| Rajah & Tann Singapore LLP | Legal advisers to our Company as to Singapore laws |
| Conyers Dill & Pearman | Legal advisers to our Company as to Cayman Islands laws |
| Frost & Sullivan Limited | Industry consultant |
| Baker Tilly Consultancy (Singapore) Pte Ltd | Internal control adviser |

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

## 22. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

## 23. Taxation of holders of Shares

### *(a) Hong Kong*

(i) *Profits*

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) *Stamp duty*

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of shares.

(iii) *Estate duty*

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

### *(b) The Cayman Islands*

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.

### *(c) Consultation with professional advisers*

Intended holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

**24. Miscellaneous**

(a) Save as disclosed in the section headed "History, Reorganisation and Group Structure" and this section of the prospectus, within two years preceding the date of this prospectus:

(i) no share or loan capital of our Company or of any of its 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 (other than under the Underwriting Agreement) 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 its subsidiaries;

(iii) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries; and

(iv) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(b) No founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

(c) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2019 (being the date to which the latest audited combined financial statements of our Group were prepared).

(d) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

(e) None of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought.

(f) None of our Directors nor any of the persons whose names are listed in paragraph headed "21. Qualifications and consents of experts" in this appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group.

(g) There has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 24 months preceding the date of this prospectus.

(h) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services 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 Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

(i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

(j) Our Company has no outstanding convertible debt securities or debenture.

(k) There is no arrangement under which future dividends have been waived or agreed to be waived.

(l) No company within our Group is presently listed on any stock exchange or traded on any trading system.

**25. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

**26. Exemption from requirement of a property valuation report**

As no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets, this prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings, in reliance under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(1) a copy of each of the **WHITE** and **YELLOW** and **GREEN** Application Forms;

(2) the written consents referred to in the paragraph headed "Other information — 21. Qualifications and consents of experts" in Appendix IV to this prospectus; and

(3) a copy of each of the material contracts referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in Appendix IV to this prospectus.

## DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Robertsons, at 57th Floor, The Center, 99 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the accountant's report issued by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus — "Accountant's Report";

(c) the audited combined financial statements of our Company for FY2017, FY2018 and FY2019;

(d) the report on unaudited pro forma financial information issued by PricewaterhouseCoopers, the text of which is set out in Appendix II — "Unaudited Pro Forma Financial Information";

(e) the rules of our Share Option Scheme;

(f) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix III — "Summary of the Constitution of the Company and Cayman Company Law";

(g) the Cayman Islands Companies Law;

(h) the material contracts referred to in the paragraph headed "Further information about the business of our Group — 7. Summary of material contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in the section headed "Other information — 21. Qualifications and consents of experts" in Appendix IV to this prospectus;

(j) the service contracts referred to in the paragraph headed "Further information about our Directors and substantial shareholders — 9. Particulars of Directors' service contracts and letters of appointment" in Appendix IV to this prospectus;

(k) the legal opinion issued by Rajah & Tann Singapore LLP, the legal advisers to our Company as to Singapore laws;

(l) the Frost & Sullivan Report; and

(m) the internal control report issued by Baker Tilly Consultancy (Singapore) Pte Ltd, the internal control consultant to our Company.