



## ALPINA HOLDINGS LIMITED (高峰控股有限公司<sup>(1)</sup>)

(Company Registration Number: 202138650H)  
(Incorporated in the Republic of Singapore on 8 November 2021)

Placement in respect of 37,000,000 Placement Shares (comprising 32,000,000 New Shares and 5,000,000 Vendors Shares) at S\$0.31 for each Placement Share, payable in full on application



## OFFER DOCUMENT DATED 21 JANUARY 2022

(Registered by the Singapore Exchange Securities Trading Limited ("SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore ("Authority") on 21 January 2022)

**This offer is made in or accompanied by an offer document ("Offer Document") that has been registered by the SGX-ST acting as agent on behalf of the Authority on 21 January 2022. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST'S listing rules, have been complied with.**

**This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.**

United Overseas Bank Limited ("Sponsor and Issue Manager") has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares ("Shares") in the capital of our Company that are already issued (including the Vendors Shares (as defined herein)) and the new Shares which are subject of this Placement (as defined herein) ("New Shares", and collectively with the "Vendors Shares", the "Placement Shares") on Catalist (as defined herein). Acceptance of applications will be conditional upon, *inter alia*, the issue and/or transfer of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares (including the Vendors Shares) and the New Shares on Catalist. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

We have not lodged this Offer Document in any other jurisdiction.

**Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.**

**After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, allocate, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, allocation, issue or sale of any securities, on the basis of this Offer Document.**

(1) The Chinese name of our Company is not part of our registered name.

Sponsor and Issue Manager and Placement Agent



UNITED OVERSEAS BANK LIMITED

(Company Registration Number: 193500026Z)  
(Incorporated in the Republic of Singapore)

Sub-Placement Agent



UOB KAY HIAN PRIVATE LIMITED

(Company Registration Number: 197000447W)  
(Incorporated in the Republic of Singapore)

## Corporate Profile

We are an established Singapore-based contractor specialising in providing integrated building services (“**IBS**”), mechanical and electrical (“**M&E**”) engineering services, and alteration and addition (“**A&A**”) works to public and private sector projects, with a long operating history of over 17 years. During the Period Under Review<sup>1</sup>, approximately 99% of our projects were public sector projects, being projects in which the Singapore Government or a public university in Singapore is the project owner.

We hold 15 Workhead registrations and two (2) builder licences with the Building and Construction Authority (“**BCA**”) as at the latest practicable date (“**Latest Practicable Date**”)². These include the highest grading of L6 for our registration under the ME15 (Integrated Building Services) and ME05 (Electrical Engineering) Workheads, which allow us to undertake projects in the public sector with no tendering limits and no project value limits under the respective Workheads.

## Business Overview



**Electrical Systems**      **Mechanical Systems**      **Domestic Systems**      **Specialist Systems**

**1 IBS**  
Our IBS contracts generally have a specified contract period ranging from one (1) to four (4) years, and in certain instances, up to six (6) years. They mainly encompass maintenance services on building systems such as electrical systems, mechanical systems, domestic systems and specialist systems, and ancillary A&A works.

**Scheduled maintenance**

- Includes routine or scheduled servicing works, restoration of system, telephone and remote supports, consumables, inspection, adjustment, lubrication of the parts and equipment, fine tuning of systems, troubleshooting, updating of data, rectification, replacement and repair.

**Breakdown maintenance**

- Includes the replacement of spares and repairs of systems when systems break down, and restoring them to a satisfactory operating condition, and provision of emergency maintenance and repairs.

**Ancillary A&A works**

- Includes extension, alterations, conversion and upgrading of existing building systems and other minor repair and improvement works.

**2 M&E Engineering**  
Our M&E engineering services are usually provided for a specific project with a lump sum contract price, and not based on a fixed term. It includes the installation, replacement, and upgrading of the M&E systems, including switchboards, distribution boards, light fittings, lightning protection systems, ACMV systems, pump systems and fire protection systems.

**3 A&A Works**  
Our A&A works are for term contracts with a fixed contract period ranging from two (2) to four (4) years, and includes building works, civil works and M&E works.

## Awards And Accreditations



(1) Comprising the financial years ended 31 December (“**FY**”) 2018, 2019 and 2020 and the six-month financial period ended 30 June (“**1HY**”) 2021.  
(2) Being 20 December 2021.



## Competitive Strengths

### A well-established presence in the IBS, M&E engineering and A&A works market in Singapore

- We believe our established presence and proven profile in the IBS, M&E engineering and A&A works industry in Singapore as well as the possession of relevant licences give us an advantage in maintaining existing customers and securing new business opportunities.

### An established track record and qualifications in undertaking projects in IBS, M&E engineering and A&A works in the public sector of Singapore

- We believe that our past participation in public sector projects would be considered favourably by different authorities and statutory bodies of the Singapore Government.
- With our qualifications in tendering for public sector projects of varying scale, we believe that we are well-positioned to capture any future growth in the IBS market.

### Possess own direct labour resources for providing IBS, M&E engineering services and A&A works

- As at the Latest Practicable Date, our Group has over 400 technicians who are trained and skilled in performing various types of maintenance works.
- We are able to cater for the manpower and skills requirements for projects of varying scales and complexity, and are able to maintain more control as to the quality and timeline of the services we provide.

### Network of suppliers and subcontractors

- Our long-established partnerships with certain suppliers and subcontractors facilitates the resources deployment and division of labour, saving time and cost in our day-to-day operations.

### Stringent quality control and high standard of safety and environmental impact control

- We believe that this better positions us to deliver quality works reliably, timely and within budget.

### Led by an experienced and dedicated management team

- Our founders, Executive Chairman and Chief Executive Officer, Mr. Low Siong Yong, and Executive Director, Mr. Tai Yoon On, each has over 25 years of experience in our industry.
- Our management team has extensive industry knowledge and project experience in providing IBS, M&E engineering services and A&A works.



## Business Strategies And Future Plans

### Expanding our existing business

- Strengthening our manpower resources and equipment resources enables us to undertake more and/or higher value projects in our business segments.
- Exploring the use of new and/or upgraded technology in our existing services and for increasing the types of value-added services in these business segments that we can offer.

### Strengthening and accelerating the extension of our Integrated Facilities Management ("IFM") services

- Catering to the rising needs for customised and integrated solutions in redeveloped buildings.
- Strengthening manpower resources with the recruitment of additional staff.
- Acquiring of additional machinery and equipment.

### Expansion through mergers and acquisitions ("M&A")

- Leveraging on our network and exploring M&A opportunities with parties in complementary businesses in Singapore and/or the region, to gain access to new markets and/or strengthen our market position.



## Prospects

### Growth of demand for IFM and IBS Services

The developments and measures under the BCA's Real Estate Industry Transformation Map<sup>3</sup> are expected to stimulate and drive the growth of demand for IFM and IBS services, particularly for public sector projects.

### Rising trend of integrated solutions in building services and facilities management

The rising trend of IBS contracts evolving into IFM works, which also cover building and M&E maintenance, and other associated services including cleaning, landscaping, pest control, and security services is expected to create new opportunities for IBS and IFM contractors.

### Continued overall growth of the construction industry in Singapore

According to the BCA<sup>4</sup>, construction demand is expected to reach between S\$25.0 billion and S\$32.0 billion per year from 2022 to 2025, with the public sector to lead the demand and contribute S\$14.0 billion to S\$18.0 billion per year over this period with similar proportions of demand from building projects and civil engineering works. Correspondingly, industry outlook for IBS, M&E engineering and A&A works is expected to remain positive in the near future.

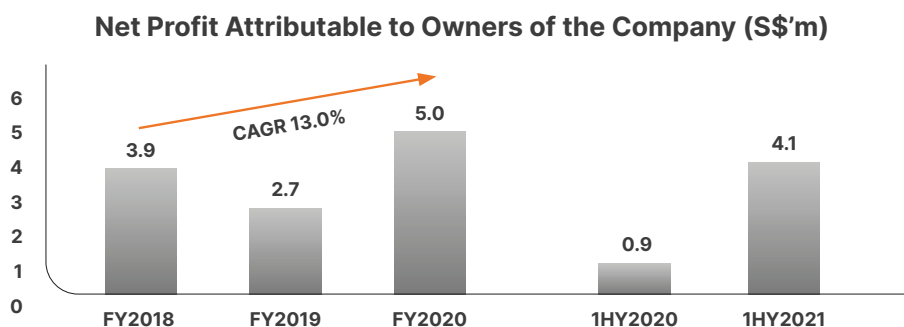
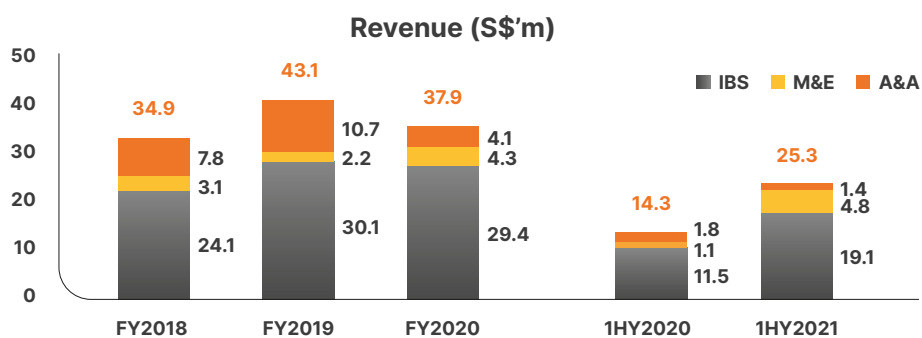
### Population growth

The Singapore Government is expected to continue to increase spending on public sector infrastructure projects in tandem with Singapore's population growth, which is expected to be between 6.5 million and 6.9 million by 2030<sup>5</sup>.

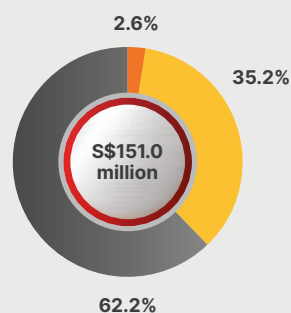
## Proposed Dividends

Our Directors intend to recommend and distribute dividends of a minimum of 50% of our profit attributable to equity holders of the Company in respect of FY2022 and FY2023.

## Financial Highlights



### Order Book (As at Latest Practicable Date)



To be recognised:

- In FY2021
- In FY2022
- After FY2022

(3) The information was extracted from "Transforming the Real Estate Industry To Be Future-Ready" at <https://www.cea.gov.sg/docs/default-source/module/pressRelease/557e8d1b-21cb-4c82-9649-0fb0e2f35613.pdf>, last accessed on 29 December 2021.

(4) The information was extracted from "Public Sector Construction Demand to Support the Sector's Recovery" at <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery>, last accessed on 29 December 2021.

(5) The information was extracted from "Singapore Population White Paper 2013" at <https://www.strategygroup.gov.sg/media-centre/population-white-paper-a-sustainable-population-for-a-dynamic-singapore>, last accessed on 29 December 2021.

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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	:	Mr. Low Siong Yong (Executive Chairman and Chief Executive Officer) Mr. Tai Yoon On (Executive Director) Mr. Ong Beng Chye (Non-Executive, Lead Independent Director) Mr. Chan Jer Hiang (Non-Executive, Independent Director) Mr. Marcus Woon (Non-Executive, Independent Director)
<b>COMPANY SECRETARY</b>	:	Zhan Aijuan (ACS, ACG)
<b>REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS</b>	:	54 Senoko Road Woodlands East Industrial Estate Singapore 758118
<b>SHARE REGISTRAR AND SHARE TRANSFER OFFICE</b>	:	<b>BOARDROOM CORPORATE &amp; ADVISORY SERVICES PTE. LTD.</b> 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>SPONSOR AND ISSUE MANAGER AND PLACEMENT AGENT</b>	:	<b>UNITED OVERSEAS BANK LIMITED</b> 80 Raffles Place UOB Plaza Singapore 048624
<b>SUB-PLACEMENT AGENT</b>	:	<b>JOB KAY HIAN PRIVATE LIMITED</b> 8 Anthony Road, #01-01 Singapore 229957
<b>SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW</b>	:	<b>DENTONS RODYK &amp; DAVIDSON LLP</b> 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
<b>SOLICITORS TO THE SPONSOR AND ISSUE MANAGER AND PLACEMENT AGENT ON SINGAPORE LAW</b>	:	<b>BIRD &amp; BIRD ATMD LLP</b> 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804
<b>INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT</b>	:	<b>MAZARS LLP</b> 135 Cecil St #10-01 Singapore 069536

Partner-in-charge: Ooi Chee Keong (a member of the Institute of Singapore Chartered Accountants)

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## **CORPORATE INFORMATION**

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<b>PRINCIPAL BANKERS</b>	:	<b>UNITED OVERSEAS BANK LIMITED</b> 80 Raffles Place UOB Plaza Singapore 048624
		<b>RHB BANK BERHAD</b> 90 Cecil Street #04-00 Singapore 069531
<b>RECEIVING BANKER</b>	:	<b>UNITED OVERSEAS BANK LIMITED</b> 80 Raffles Place UOB Plaza Singapore 048624
<b>INDEPENDENT FINANCIAL ADVISER</b>	:	<b>RHT CAPITAL PTE. LTD.</b> 6 Raffles Quay #24-02 Singapore 048580
<b>VENDORS</b>	:	<b>SKKY INVESTMENTS PTE. LTD.</b> 45 Jalan Sendudok Singapore 769470
		<b>LEZO HOLDINGS PTE. LTD.</b> 91 Compassvale Bow #16-39 Jewel @ Buangkok Singapore 544688

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## DEFINITIONS

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In this Offer Document and the accompanying Application Forms, the following definitions apply throughout where the context so admits:

### Companies within our Group

“Company”	:	Alpina Holdings Limited
“Digo Building”	:	Digo Building Construction Pte. Ltd.
“Digo Corporation”	:	Digo Corporation Pte. Ltd.
“Group”	:	Our Company and our subsidiaries
“Group Company”	:	Any of our Company or any of our subsidiaries
“Kontourz”	:	Kontourz Pte. Ltd.

### Other Companies, Organisations and Agencies

“Accentury”	:	Accentury Pte. Ltd.
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Authority” or “MAS”	:	Monetary Authority of Singapore
“BCA”	:	Building and Construction Authority of Singapore
“CDP” or “Depository”	:	The Central Depository (Pte) Limited
“CEA”	:	Council for Estate Agencies, a statutory board of the Ministry of National Development of Singapore
“CPF”	:	Central Provident Fund
“Guangzhou Vomica”	:	Guangzhou Vomica Co. Ltd (广州市唯美佳照明电子设备有限公司)
“IFA” or “RHT Capital”	:	RHT Capital Pte. Ltd.
“IRAS”	:	Inland Revenue Authority of Singapore
“JTC”	:	JTC Corporation
“Lezo Holdings”	:	Lezo Holdings Pte. Ltd.
“MOM”	:	Ministry of Manpower of Singapore
“NEA”	:	National Environment Agency of Singapore
“SGX-ST” or “Exchange”	:	Singapore Exchange Securities Trading Limited



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## DEFINITIONS

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*“Share Registrar” and “Share Transfer Agent”* : Boardroom Corporate & Advisory Services Pte. Ltd.

*“Skky Investments”* : Skky Investments Pte. Ltd.

*“Sponsor and Issue Manager”, “Placement Agent” or “UOB”* : United Overseas Bank Limited

*“Sub-Placement Agent” or “UOBKH”* : UOB Kay Hian Private Limited

*“Vendors”* : Skky Investments and Lezo Holdings

*“Vomica HK”* : Vomica (HK) Co., Limited (香港唯美佳电子设备有限公司)

### **General**

*“Application Forms”* : The printed application forms to be used for the Placement and which form part of this Offer Document

*“Application List”* : The list of applications for the subscription and/or purchase of the Placement Shares

*“Associate”* : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the total votes attached to all the voting shares;

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more of the total votes attached to all the voting shares

*“Audit Committee”* : The audit committee of our Company as at the date of this Offer Document, unless otherwise stated

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## DEFINITIONS

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<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rule” or “Catalist Rules”</i>	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as the case may be
<i>“CEO”</i>	:	Chief executive officer
<i>“CFO”</i>	:	Chief financial officer
<i>“Companies Act”</i>	:	The Companies Act 1967 of Singapore, as amended, supplemented or modified from time to time
<i>“Constitution”</i>	:	The constitution of our Company, as amended from time to time
<i>“Controlling Shareholder”</i>	:	In relation to a corporation, means:  (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or  (b) a person who has an interest of 15% or more of the total votes attached to all the voting shares in a corporation, unless he does not exercise control over the corporation
<i>“Director”</i>	:	A director of our Company as at the date of this Offer Document
<i>“EFMA”</i>	:	Employment of Foreign Manpower Act 1990 of Singapore
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Offer Document, who are also key executives as defined under the Securities and Futures Regulations, unless otherwise stated
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“GST”</i>	:	Goods and Services Tax
<i>“Hong Kong”</i>	:	Hong Kong Special Administrative Region

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## DEFINITIONS

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<i>“Independent Directors”</i>	:	The independent non-executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	Has the meaning ascribed to it in the section entitled “Interested Person Transactions” of this Offer Document
<i>“IPT General Mandate”</i>	:	The general mandate obtained for the purpose of enabling any or all members of our Group to, in the ordinary course of their business, purchase electrical components, lighting equipment and related spare parts from certain Interested Persons, which is necessary for our day-to-day operations, as detailed in the section entitled “General Mandate for Interested Person Transactions” of this Offer Document
<i>“Latest Practicable Date”</i>	:	20 December 2021, being the latest practicable date before the lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Shares on Catalist
<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 21 January 2022 entered into between our Company, the Vendors and the Sponsor and Issue Manager pursuant to which the Sponsor and Issue Manager shall sponsor and manage the Listing as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The 32,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms of this Offer Document
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Non-executive Directors”</i>	:	The non-executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Offer Document”</i>	:	This offer document dated 21 January 2022 issued by our Company in respect of the Placement
<i>“Period Under Review”</i>	:	The period comprising FY2018, FY2019, FY2020 and 1HY2021

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## DEFINITIONS

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<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company and the Vendors for subscription and/or purchase at the Placement Price subject to and on the terms and conditions set out in this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement dated 21 January 2022 entered into between our Company, the Vendors and the Placement Agent pursuant to which the Placement Agent shall procure subscribers and/or purchasers of the Placement Shares at the Placement Price as described in the sections entitled “Plan of Distribution” and “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document
<i>“Placement Price”</i>	:	S\$0.31 for each Placement Share
<i>“Placement Shares”</i>	:	The 37,000,000 Shares, comprising 32,000,000 New Shares and 5,000,000 Vendors Shares, which are the subject of the Placement
<i>“PRC”</i>	:	The People’s Republic of China
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The restructuring exercise implemented in connection with the Listing, as described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act 2001 of Singapore, as amended, supplemented or modified from time to time
<i>“Securities and Futures Regulations”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements and side letters thereto entered into between our Company and our Executive Chairman and CEO and our Executive Director as described in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)



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## DEFINITIONS

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“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Share(s)”	:	Ordinary share(s) in the capital of our Company
“Shareholder(s)”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
“Share Split”	:	The sub-division of one (1) Share into 12 Shares
“Substantial Shareholders”	:	Persons who have an interest in one (1) or more voting shares, and the total votes attaching to that share or those shares, represent not less than 5.0% of the total votes attaching to all the voting Shares
“Take-Over Code”	:	The Singapore Code on Take-Overs and Mergers, as amended, supplemented or modified from time to time
“Telecommunications Act”	:	Telecommunications Act 1999 of Singapore
“Vendors Shares”	:	The 5,000,000 Shares for which the Vendors invite applications to purchase pursuant to the Placement, subject to and on the terms of this Offer Document
“WSHA”	:	Workplace Safety and Health Act 2006 of Singapore
“1HY”	:	Six-month financial period ended 30 June
“32 Woodlands Property”	:	The property located at 32 Woodlands Industrial Park E1, Singapore 757723
“54 Senoko Property”	:	The property located at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118
“61 Woodlands Property”	:	The property located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium, Singapore 757047
<b>Currencies, Units and Others</b>		
“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“%” or “per cent.”	:	Per centum or percentage
“sq m”	:	Square metre

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## DEFINITIONS

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For the purpose of this Offer Document, the following persons named in the second column below are also known by the names set out in the first column:

<b>Name used in this Offer Document</b>	<b>Name in National Registration Identity Card/Passport</b>
“Mrs. Low”	: Pow Pei San (Bao Peishan)
“Mrs. Tai”	: Cheng Chew Hun
“Gan Wan Ni”	: Gan Wan Ni @Tan Wan Ni
“Low Choo Khee”	: Low Choo Khee (Liu ZiQi)
“Marcus Woon”	: Own Seak Chin @ Woon Seak Chin

The expressions “associated company”, “associated entity”, “controlling interest-holder”, “related corporation”, “related entity”, “subsidiary”, “subsidiary entity” and “substantial interest-holder” shall have the meanings ascribed to them respectively in the Securities and Futures Act, the Securities and Futures Regulations, the Companies Act and/or the Catalist Rules, as the case may be.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively to this Offer Document.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Securities and Futures Regulations or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, the Securities and Futures Act, the Securities and Futures Regulations or any statutory modification thereto, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted or allocated to you includes allotment or allocation to CDP for your account.

Any reference to a time of day in this Offer Document and the Application Forms is a reference to Singapore time unless otherwise stated.

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## DEFINITIONS

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Any reference in this Offer Document to “we”, “our”, “us” or their other grammatical variations is a reference to our Company, our Group, or any member of our Group, as the context requires.

Unless we indicate otherwise, all information in this Offer Document is presented on the basis of our Group.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly used in our industry. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms.

<i>“A&amp;A”</i>	:	Alteration and addition
<i>“ACMV”</i>	:	Air-conditioning and mechanical ventilation
<i>“CCTV”</i>	:	Closed-circuit television
<i>“CR”</i>	:	Construction related workheads under the CRS
<i>“CRS”</i>	:	Contractors Registration System administered by the BCA, which serves the construction and construction-related procurement needs of the public sector including Singapore Government ministries and statutory boards, and under which registration is required for companies wishing to participate in construction tenders or as main subcontractors for the public sector
<i>“CW”</i>	:	Construction workheads under the CRS
<i>“FM”</i>	:	Facilities management
<i>“GB Licence”</i>	:	General builder licence(s) issued by the BCA under the Builders Licensing Scheme in Singapore
<i>“GB2 Licence”</i>	:	Class 2 GB Licence pursuant to which a builder is restricted to undertake projects of S\$6.0 million or less
<i>“GeBIZ”</i>	:	The Singapore Government’s one-stop e-procurement portal where suppliers can conduct e-commerce with the Singapore Government
<i>“IBS”</i>	:	Integrated building services, referring to the installation, commissioning, maintenance and repairs of building services (including prefabricated mechanical, electrical and plumbing modules), which include some or all of the following: (i) air-conditioning; (ii) refrigeration and ventilation works; (iii) building automation, industrial and process control systems; (iv) communication and security systems; (v) electrical engineering; (vi) fire prevention and protection systems; (vii) internal telephone wiring for telecommunications; (viii) mechanical engineering; and (ix) plumbing and sanitary works



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## GLOSSARY OF TECHNICAL TERMS

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<i>"IFM"</i>	:	Integrated facilities management, referring to the consolidated delivery and provision of at least two (2) distinct maintenance services by the same company for a building. The provider may either deliver the services or outsource and manage subcontractors. Areas of distinct maintenance services include (i) maintenance of air-conditioning, refrigeration and ventilation; (ii) building infrastructure maintenance; (iii) maintenance of communication and security systems; (iv) M&E maintenance services; (v) maintenance of data and network; (vi) cleaning services; (vii) landscape services; (viii) pest control services; and (ix) security services
<i>"ISO"</i>	:	The International Organisation of Standardisation, world-wide federation of national standard bodies
<i>"ISO 9001"</i>	:	The certification for an internationally recognised standard for quality management systems which is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
<i>"ISO 9001:2015"</i>	:	The 2015 version of the ISO 9001 standard
<i>"ISO 14001"</i>	:	The certification for an internationally recognised standard for environmental management systems which maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
<i>"ISO 14001:2015"</i>	:	The 2015 version of the ISO 14001 standard
<i>"ISO 45001"</i>	:	An international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business, which replaced OHSAS 18001
<i>"ISO 45001:2018"</i>	:	The 2018 version of the ISO 45001 standard
<i>"ME"</i>	:	M&E workheads under the CRS
<i>"M&amp;E"</i>	:	Mechanical and electrical

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## GLOSSARY OF TECHNICAL TERMS

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- “variation order”* : A purchase order issued by our customers that increases, omits or varies the original scope of contracted works, alters the original contract sum and/or the scheduled completion date
- “Workheads”* : Workheads under the CRS

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, our Executive Officers or employees acting on our behalf or the Vendors' behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, planned strategy and anticipated expansion plans, trends in demand and costs, expected industry prospects and trends as well as any other matters discussed in this Offer Document regarding matters that are not historical fact are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, *inter alia*, the following:

- (a) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;
- (b) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (c) changes in the availability and cost of professional staff which we require to operate our business;
- (d) changes in the availability and prices of products and services which we require to operate our business;
- (e) changes in clients' preferences and needs;
- (f) changes in competitive conditions and our ability to compete under such conditions;
- (g) changes in our future capital needs and the availability of financing and capital to fund such needs;
- (h) the impact of the COVID-19 pandemic on our business and operations;
- (i) changes in currency exchange rates or interest rates; and
- (j) other factors beyond our control.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the section entitled "Risk Factors" of this Offer Document. All forward-looking statements by or attributable to us, the Vendors, the Sponsor and Issue Manager and Placement Agent or persons acting on our behalf or the Vendors' behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as at the date of this Offer Document.

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## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Vendors, the Sponsor and Issue Manager and Placement Agent nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendors, the Sponsor and Issue Manager and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

We and the Vendors are, however, subject to the provisions of the Securities and Futures Act, the Securities and Futures Regulations and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after the Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Placement, we or the Vendors become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the Securities and Futures Act; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and would have been required by Section 243 of the Securities and Futures Act, the Securities and Futures Regulations or the Catalist Rules to be included in the Offer Document if it had arisen before the Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we (and on behalf of the Vendors) may, in consultation with the Sponsor and Issue Manager and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.



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## SELLING RESTRICTIONS

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### SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase our Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit an offering of the Placement Shares and the distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Vendors, the Sponsor and Issue Manager and Placement Agent, and the Sub-Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendors, the Sponsor and Issue Manager and Placement Agent, and the Sub-Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means, or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

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## DETAILS OF THE PLACEMENT

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### LISTING ON CATALIST

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the Securities and Futures Act, the Securities and Futures Regulations, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares or the Placement Shares, as the case may be, being offered or in respect of which the Placement is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

An application has been made by the Sponsor and Issue Manager to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares already issued (including the Vendors Shares) and the New Shares on Catalist. Such permission will be granted when we have been admitted to Catalist. Our acceptance of applications will be conditional upon, *inter alia*, the issue and/or transfer of the Placement Shares and upon permission being granted by the SGX-ST for the listing and quotation of, all of our existing issued Shares and the New Shares on Catalist. If the admission, listing and trading of our Shares do not occur or the said permission is not granted for any reason, monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim against us, the Vendors, the Sponsor and Issue Manager and Placement Agent.

No Shares will be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor and Issue Manager to confirm that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Placement Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares or the New Shares.

We and the Vendors are subject to the provisions of the Securities and Futures Act, the Securities and Futures Regulations and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document, but before the close of the Placement, we or the Vendors become aware of:

- (a) a false or misleading statement or matter in the Offer Document;

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## DETAILS OF THE PLACEMENT

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- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the Securities and Futures Act, the Securities and Futures Regulations or under the Catalist Rules; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and which would have been required by Section 243 of the Securities and Futures Act, the Securities and Futures Regulations and the Catalist Rules to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we (and on behalf of the Vendors) may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for and/or purchase the Placement Shares and:

- (a) where the Placement Shares have not been issued and/or transferred to the applicants, our Company (and on behalf of the Vendors) shall either:
  - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give applicants the supplementary or replacement offer document, as the case may be, and provide applicants with an option to withdraw their applications; or
  - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) return, within seven (7) days from the lodgement of the supplementary or replacement offer document all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Placement Shares have been issued and/or transferred to the applicants, our Company (and on behalf of the Vendors) shall either:
  - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide applicants with an option

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## DETAILS OF THE PLACEMENT

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to return to us and/or the Vendors the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;

- (ii) within seven days (7) from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us and/or the Vendors the Placement Shares, which they do not wish to retain title in; or
- (iii) treat the issue and/or transfer of the Placement Shares as void, in which case the issue shall be deemed void and we shall within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay the applicants all monies the applicants have paid on account of their applications for the Placement Shares.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we (and on behalf of the Vendors) shall, within seven (7) days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, the Vendors or the Sponsor and Issue Manager and Placement Agent or their advisers and agents.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we (and on behalf of the Vendors) shall, within seven (7) days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, the Vendors, the Sponsor and Issue Manager and Placement Agent, provided however, that such monies shall be returned to the applicant subject to and against the return or transfer of the Placement Shares within such 14 day period free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with the instructions set out in the notice (as referred to in paragraph (b)(i)), or the supplementary or replacement offer document, as the case may be, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

Pursuant to Section 242 of the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (“**Stop Order**”) to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued or allocated. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the Securities and Futures Act, or (iii) does not, in the Authority’s opinion, comply with the requirements of the Securities and Futures Act, or (iv) the Authority is of the opinion that it is in the public interest to do so.

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## DETAILS OF THE PLACEMENT

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In the event that the Authority issues a Stop Order and applications to subscribe for and/or purchase the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued and/or transferred to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company (and on behalf of the Vendors) shall, within 14 days from the date of the Stop Order, return to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been issued and/or transferred to the applicants, the issue and/or transfer of the Placement Shares shall be deemed to be void and our Company (and on behalf of the Vendors) shall, within 14 days from the date of the Stop Order, return to the applicants all monies paid by them for the Placement Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claims against us, the Vendors, the Sponsor and Issue Manager, the Placement Agent or their advisers or agents, provided however, that such monies shall be returned to the applicant subject to and against the return or transfer of the Placement Shares within such 14 day period free from and clear of any liens, pledges, encumbrances or other third party rights to our Company or in accordance with our Company's instructions in relation to the return of such monies or return or transfer of the Placement Shares, and our Company shall, at our discretion, act with respect to and dispose of the Placement Shares, in such manner as may be permitted by the applicable laws.

This Offer Document has been seen and approved by our Directors and the Vendors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries and our Directors and the Vendors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

Neither us, the Vendors, the Sponsor and Issue Manager, the Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendors, or the Sponsor and Issue Manager and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Placement Shares or in the

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## DETAILS OF THE PLACEMENT

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statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we (and on behalf of the Vendors) may make an announcement of the same to the SGX-ST and/or the Authority and the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority, and will comply with the requirements of the Securities and Futures Act and/or any other requirements of the SGX-ST and/or Authority. All applicants should take note of any such announcements, or supplementary or replacement offer document and, upon the release of such an announcement, or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription and/or purchase solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any other persons other than the applicants in connection with their application for the Placement Shares or for any other purposes.

**This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase of the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

**Notification under Section 309B of the SFA: The Placement Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).**

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

**United Overseas Bank Limited**  
80 Raffles Place  
#03-03 UOB Plaza 1  
Singapore 048624

An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

**The Application List will open immediately upon registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority on 21 January 2022 and will remain open until 12.00 noon on 26 January 2022 or for such further period or periods as our Directors and the Vendors may, in consultation with the Sponsor and Issue Manager and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or a replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the**



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## DETAILS OF THE PLACEMENT

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**Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.**

**Details of the procedures for application of the Placement Shares are set out in “Appendix G – Terms, Conditions and Procedures for Applications and Acceptances” to this Offer Document.**

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## INDICATIVE TIMETABLE FOR LISTING

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An indicative timetable on the trading of our Shares is set out below:

<b>Indicative date/time</b>	<b>Event</b>
21 January 2022 (immediately upon registration of this Offer Document)	Application List opens
26 January 2022 at 12.00 noon	Close of Application List
28 January 2022 at 9.00 a.m.	Commence trading on a “ready” basis
3 February 2022	Settlement date for all trades done on a “ready” basis

The above timetable is indicative only as it assumes that the date of closing of the Application List will be on 26 January 2022, the date of admission of our Company to Catalist will be on 28 January 2022, the shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 28 January 2022. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification(s) as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and/or
- (b) in a local newspaper(s) in Singapore.

We will publicly announce the level of subscription and purchase and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

**You should consult the SGX-ST’s announcement on the “ready” trading date released on the internet (at the SGX-ST website <http://www.sgx.com>), or the local newspapers or check with your brokers on the date on which trading on a “ready” basis will commence.**

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## PLAN OF DISTRIBUTION

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### THE PLACEMENT

The Placement is for 37,000,000 Placement Shares offered in Singapore by way of placement and the Listing is managed and sponsored by UOB.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by us and the Vendors, in consultation with the Sponsor and Issue Manager and the Placement Agent, taking into consideration, among others, prevailing market conditions and the estimated market demand for the Placement Shares determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

Investors may apply to subscribe for and/or purchase the Placement Shares in lots of 100 Placement Shares or integral multiples thereof subject to a minimum of 1,000 Placement Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Placement Shares to be allotted and/or allocated to any single applicant and allot and/or allocate the Placement Shares above or under such prescribed limit as we shall deem fit.

### PLACEMENT SHARES

The Placement Shares are made available to members of the public and institutional investors who may apply through their brokers or financial institutions by way of the Application Forms.

Applications for the Placement Shares may only be made by way of printed Application Forms as described in “Appendix G – Terms, Conditions and Procedures for Applications and Acceptances” to this Offer Document.

Pursuant to the Placement Agreement entered into between us, the Vendors and the Placement Agent as set out in the section entitled “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document, our Company and the Vendors have appointed UOB as the Placement Agent, and UOB is expected to procure subscribers and/or purchasers for, an aggregate of 37,000,000 Shares (being the Placement Shares). We will pay UOB as compensation for its services in connection with the Placement, a placement commission equal to 3.50% of the amount equal to the aggregate value of the New Shares (exclusive of GST) at the Placement Price. The Vendors will pay UOB as compensation for its services in connection with the Placement, a placement commission equal to 3.50% of the amount equal to the aggregate value of the Vendors Shares (exclusive of GST) at the Placement Price.

Subscribers and/or purchasers of the Placement Shares may be required to pay to UOB, UOBKH, or any sub-underwriter or sub-placement agent that may be appointed by UOB a brokerage fee of up to 1.00% of the Placement Price, as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription/purchase, at the time of settlement.

Pursuant to the Management and Sponsorship Agreement, details of which are set out in the section entitled “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document, our Company and the Vendors have appointed UOB as the Sponsor and Issue Manager to manage and to act as full sponsor for the Listing. UOB will receive a management fee from our Company for its services rendered in connection with the Listing.

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## PLAN OF DISTRIBUTION

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### SUBSCRIPTION FOR AND/OR PURCHASES OF PLACEMENT SHARES

To the best of our knowledge and belief, none of our Directors or Substantial Shareholders intends to subscribe for and/or purchase the Placement Shares pursuant to the Placement. As far as we are aware, none of the members of our Company's management or employees intends to subscribe for and/or purchase more than 5.0% of the Placement Shares in the Placement.

To the best of our knowledge, we are not aware of any person who intends to subscribe for and/or purchase more than 5.0% of the Placement Shares in the Placement.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for and/or purchase Shares amounting to more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares pursuant to the Placement and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in the Catalist Rules.

No Shares shall be allotted and issued and/or allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

### INTERESTS OF THE SPONSOR AND ISSUE MANAGER AND PLACEMENT AGENT

In the reasonable opinion of our Directors, the Sponsor and Issue Manager and Placement Agent, UOB, does not have a material relationship with our Company save as disclosed below and in the section entitled "General and Statutory Information – Sponsorship, Management and Placement Arrangements" of this Offer Document:

- (a) UOB is the Sponsor and Issue Manager and Placement Agent in relation to the Listing;
- (b) UOB will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist;
- (c) UOB is the receiving banker for the Placement;
- (d) UOB is a principal banker of our Group; and
- (e) UOB, its subsidiaries, associated companies and/or affiliates ("**UOB Group Companies**") may in the ordinary course of business, extend credit facilities or engage in commercial banking, investment banking, private banking, securities trading, asset and fund management, research, insurance and/or advisory services with any member of our Group, their respective affiliate and/or our Shareholders, and may receive a fee in respect thereof. In addition, in the ordinary course of its business, any member of the UOB Group Companies may at any time offer or provide services to or engage in any transactions (on its own account or otherwise) with any member of our Group, their respective affiliates, our Shareholders or any other entity or other person, and may receive a fee in respect thereof. This may include, but is not limited to, holding long or short positions in securities issued by member of our Group and their respective affiliates, and trading or otherwise effecting transactions, for its own account or the accounts of its customers, in debt or equity (or related derivative instruments) of any member of our Group and their respective affiliates.

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## OFFER DOCUMENT SUMMARY

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*The following summary is qualified in its entirety by, and is subject to, the more detailed information (including the notes thereto) appearing elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. You should carefully consider all the information presented in this Offer Document, especially the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.*

### OUR COMPANY

Our Company was incorporated in the Republic of Singapore on 8 November 2021 under the Companies Act as a private company limited by shares under the name of “Alpina Holdings Pte. Ltd.”. On 17 January 2022, our Company was converted to a public company and was renamed “Alpina Holdings Limited”. Our Company’s registration number is 202138650H.

### OUR BUSINESS

We are an established Singapore-based contractor specialising in providing IBS, M&E engineering services and A&A works with a long operating history of over 17 years. During the Period Under Review, we provided IBS and M&E engineering services mainly as main contractor and provided A&A works as subcontractor. We have obtained the grading of L6 for our registration under the ME15 (Integrated Building Services) Workhead, which is the highest grading under this Workhead and allows us to participate in tendering for and executing IBS projects in the public sector with no tendering limits and project value limits under this Workhead.

We are engaged in both public and private sector projects for IBS, M&E engineering services and A&A works. Public sector projects refer to projects of which the Singapore Government or a public university in Singapore is the project owner. During the Period Under Review, the majority of our projects were public sector projects, with approximately 99% of our projects being public sector projects.

Please refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for more details.

### OUR COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

- (a) we have a well-established presence in the IBS, M&E engineering and A&A works market in Singapore;
- (b) we have an established track record and qualifications in undertaking projects in IBS, M&E engineering and A&A works in the public sector of Singapore;
- (c) we possess our own direct labour resources for providing IBS, M&E engineering services and A&A works;
- (d) we are in connection with a network of suppliers and subcontractors;
- (e) we exercise stringent quality control and high standard of safety and environmental impact control; and
- (f) we are led by an experienced and dedicated management team.

Please refer to the section entitled “General Information on our Group – Our Competitive Strengths” of this Offer Document for more details.

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## OFFER DOCUMENT SUMMARY

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### OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- (a) expanding our existing business;
- (b) strengthening and accelerating the extension of our IFM services; and
- (c) expansion through mergers and acquisitions.

Please refer to the section entitled “General Information on our Group – Our Business Strategies and Future Plans” of this Offer Document for more details.

### SUMMARY OF OUR FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document and “The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020”, “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” and “The Report on the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2020 and the Six-Month Financial Period ended 30 June 2021” at Appendix A, Appendix B and Appendix C to this Offer Document respectively.

#### Selected items from the combined statements of profit and loss and comprehensive income of our Group

(S\$'000)	Audited			Unaudited		Pro Forma	
	FY2018	FY2019	FY2020	1HY2020	1HY2021	FY2020	1HY2021
Revenue	34,889	43,096	37,925	14,321	25,296	37,925	25,296
Profit before income tax	5,305	3,032	6,131	1,204	4,885	9,246	4,955
Profit for the financial year/period, representing total comprehensive income for the financial year/period attributable to owners of the Company	3,949	2,682	5,045	892	4,054	8,160	4,124
Pre-Placement EPS (cents) <sup>(1)</sup>	2.59	1.76	3.31	0.59	2.66	5.36	2.71
Post-Placement EPS (cents) <sup>(2)</sup>	2.14	1.45	2.74	0.48	2.20	4.43	2.24

**Notes:**

- (1) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the profit for the financial year/period and the pre-Placement share capital of 152,340,000 Shares.
- (2) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the profit for the financial year/period and the post-Placement share capital of 184,340,000 Shares.



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## OFFER DOCUMENT SUMMARY

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### Selected items from the combined statements of financial position of our Group

	<b>Audited</b>	<b>Unaudited</b>	<b>Pro Forma</b>
	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>(\$'000)</b>	<b>31 December</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2021</b>	<b>2021</b>
Current assets	23,425	22,756	23,114
Non-current assets	11,302	12,972	10,382
Current liabilities	14,864	12,213	11,751
Non-current liabilities	7,168	6,766	5,811
Total equity	12,695	16,749	15,934
Pre-Placement NAV per Share (cents) <sup>(1)</sup>	8.33	10.99	10.46

**Note:**

(1) Our pre-Placement NAV per Share as at 31 December 2020 and as at 30 June 2021 have been computed based on the total equity as at 31 December 2020 and as at 30 June 2021 respectively and the pre-Placement share capital of 152,340,000 Shares.

### OUR CONTACT DETAILS

Our registered office and principal place of business is at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. The telephone and facsimile numbers of our registered office and principal place of business are +65 6752 7477 and +65 6753 7477, respectively. Our email address is digogroup@digogo.com.sg.

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## THE PLACEMENT

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<b>Placement Size</b>	:	37,000,000 Placement Shares, comprising 32,000,000 New Shares and 5,000,000 Vendors Shares.  The New Shares, upon allotment and issue, will rank <i>pari passu</i> in all respects with our existing issued Shares (including the Vendors Shares).
<b>Placement Price</b>	:	S\$0.31 for each Placement Share, payable in full on application.
<b>Vendors</b>	:	Skky Investments and Lezo Holdings
<b>Purpose of the Placement</b>	:	<p>Our Directors are of the view that the listing of our Company and quotation of our Shares on Catalist will:</p> <p>(i) provide us with additional capital to fund our business expansion and to be used for general working capital purposes; (ii) allow us to tap the capital markets to fund our business growth and expansion in the future; (iii) enhance our corporate profile and public image, as well as reinforce our market reputation; (iv) increase the confidence of our customers and suppliers in our Group; and (v) enhance our ability to attract and retain talents.</p> <p>The Placement will also provide the members of the public, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.</p>
<b>Listing Status</b>	:	Prior to the Placement and the Listing, there has been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to the admission of our Company to Catalist and permission to deal in, and for the listing and quotation of, all our Shares that are already issued (including the Vendors Shares) and the New Shares being granted by the SGX-ST and the Authority not issuing a Stop Order.
<b>Risk Factors</b>	:	Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
<b>Use of Proceeds</b>	:	Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

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## PLACEMENT STATISTICS

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**PLACEMENT PRICE** 31.00 cents

**NAV**

NAV per Share based on the unaudited pro forma combined statement of financial position of our Group as at 30 June 2021 (“**Pro Forma NAV**”):

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company’s pre-Placement share capital of 152,340,000 Shares 10.46 cents

(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company’s post-Placement share capital of 184,340,000 Shares 13.03 cents

Premium of Placement Price over our Pro Forma NAV per Share as at 30 June 2021:

(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company’s pre-Placement share capital of 152,340,000 Shares 196.4%

(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company’s post-Placement share capital of 184,340,000 Shares 137.9%

**EPS**

Audited EPS of our Group for FY2020 based on our Company’s post-Placement share capital of 184,340,000 Shares 2.74 cents

Audited EPS of our Group for FY2020 based on our Company’s post-Placement share capital of 184,340,000 Shares, assuming the Service Agreements had been in place since 1 January 2020 2.21 cents

**Price Earnings Ratio (“PER”)**

PER based on the Placement Price and the audited EPS of our Group for FY2020 11.3 times

PER based on the Placement Price and the audited EPS of our Group for FY2020, assuming the Service Agreements had been in place since 1 January 2020 14.1 times

**Net Operating Cash Flow<sup>(1)</sup>**

Audited net operating cash flow per Share of our Group for FY2020 based on our Company’s post-Placement share capital of 184,340,000 Shares 0.98 cents

Audited net operating cash flow per Share of our Group for FY2020 based on our Company’s post-Placement share capital of 184,340,000 Shares, assuming the Service Agreements had been in place since 1 January 2020 0.45 cents

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## PLACEMENT STATISTICS

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### Price To Net Operating Cash Flow

Ratio of Placement Price to audited net operating cash flow per Share of our Group for FY2020 based on our Company's post-Placement share capital of 184,340,000 Shares 31.5 times

Ratio of Placement Price to audited net operating cash flow per Share of our Group for FY2020 based on our Company's post-Placement share capital of 184,340,000 Shares, assuming the Service Agreements had been in place since 1 January 2020 68.5 times

### Market Capitalisation

Market capitalisation based on the Placement Price and our Company's post-Placement share capital of 184,340,000 Shares S\$57.1 million

#### Note:

(1) Net operating cash flow refers to net cash provided by operating activities.

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## RISK FACTORS

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*Prospective investors should carefully consider and evaluate each of the following considerations and all the other information set forth in this Offer Document (including the financial statements and the notes thereto) before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, political and regulatory conditions, the securities markets and ownership of our Shares, including possible future dilution in the value of our Shares. The risk factors below are not intended to be exhaustive. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. Should those risks occur or turn out to be material, they could materially and adversely affect our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects. Factors that affect the price of our Shares may change, and the following should not be construed as a comprehensive listing of all the risk factors. Prospective investors are advised to apprise themselves of all factors involving the risks of investing in our Shares from their professional advisers before making any decision to invest in our Shares.*

*This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties faced by us described below and elsewhere in this Offer Document including in the section entitled “Cautionary Note on Forward-Looking Statements” of this Offer Document.*

### **RISKS RELATING TO OUR BUSINESSES**

***Our projects are non-recurring in nature. There is no guarantee that we will be able to secure new projects***

During the Period Under Review, we derived the majority of our revenue from projects which were non-recurring in nature, and most of our projects are awarded on a project-by-project and potentially one-off basis. It is therefore critical that we are able to continuously and consistently secure new projects of similar value and volume.

As the contracts are awarded on a project-by-project basis, our customers are under no obligation to award contracts to us in the future. As such, there is no assurance that we will be able to successfully tender or secure projects from our existing customers in the future or that our existing customers will continue to engage us in their upcoming projects after the completion of the current contracts. Our ability to successfully tender or secure projects is dependent on a range of factors including our pricing and tender strategy, our competitors' tender and pricing strategy, the level of competition and our customers' evaluation standards. Depending on the then market conditions 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 addition, the scope of work in a project, which is dependent on its scale and complexity, will affect the profit margin of the project and our financial performance. In the event that we have to subcontract a material portion of the project work to a third party subcontractor, our profit margins from such projects may also be reduced.

Cancellation or delay in the commencement of secured projects due to factors such as changes in our customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. In addition, there may be a lapse of time between the completion of our projects and the commencement of our subsequent projects. Any cancellation or delay of projects could lead to idle or excess capacity, and in the event that we are unable to secure replacement projects on a timely basis, this may adversely affect our business operations and financial condition.

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## RISK FACTORS

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If we cannot continue to maintain the amount of contracts at a similar level or obtain new projects of similar or even larger contract sums, our business, financial condition, results of operations as well as business prospects may be materially and adversely affected.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial condition or results of operations.

***Our historical results may not be indicative of our future revenue and profit margin***

For FY2018, FY2019, FY2020 and 1HY2021, our revenue amounted to approximately S\$34.9 million, S\$43.1 million, S\$37.9 million and S\$25.3 million respectively, and our gross profit margin was approximately 28.3%, 22.3%, 28.8% and 26.7%, respectively. Such historical financial information is solely derived from our projects during the Period Under Review, which does not necessarily have any implication on our future financial performance. Our future financial performance is largely dependent on our ability to secure new contracts, control our costs and expenditure, as well as project implementation. Our revenue and gross profit margins may fluctuate from project to project, depending on factors that are specific to particular projects, including our determination of tender or quotation price and the actual costs of services. There is no assurance that we will always be able to obtain a similar or greater number of projects in the future and to maintain our profits at similar levels as we did during the Period Under Review.

***Our order book may not be an accurate indicator of our future performance***

As at 30 June 2021 and as at the Latest Practicable Date, our order book amounted to approximately S\$176.8 million and S\$151.0 million, respectively. Our order book as at the respective dates represents the value in the secured contracts, letters of award or confirmed variation orders for works yet to be performed (being the total stated value in these contracts, letters of award or confirmed variation orders less the portion of revenue recognised in accordance with our revenue recognition policies as at the respective dates). Please refer to the section entitled "General Information on our Group – Order Book" of this Offer Document for more details.

However, our order book may not be an accurate indicator of our future performance or the actual revenue to be recognised as these depend on the actual work undertaken, particularly for term contracts, and the contract amounts in respect of our contracts (except for fixed term contracts pertaining to M&E works) are provisional only. We have also not taken into account any potential renegotiations, cancellations or deferment of orders in determining our order book.

***Any significant reduction in public sector demand for IBS, M&E engineering and A&A works may have a material adverse effect on our business and financial performance***

During the Period Under Review, the majority of our revenue was generated from customers in the public sector in Singapore.

Public sector projects are generally awarded by the Singapore Government through open tendering procedures. Invitations for tender for public sector projects are generally posted on GeBIZ, the Singapore Government's one-stop e-procurement portal. We also receive invitations for tender to participate as subcontractors for public sector projects from the main contractors engaged for such projects. Our Group also participates in open tenders in other e-procurement portals such as SESAMi and SAP Ariba. There is no guarantee that we or our customers for which we act as subcontractors will continue to obtain contracts from the Singapore Government or other entities or maintain our tender success rate in the future.



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## RISK FACTORS

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Furthermore, there is no guarantee that there will not be any significant reduction in the level of spending on IBS, M&E engineering services and A&A works by the Singapore Government. The Singapore Government's spending budget on IBS, M&E engineering services and A&A works may change from year to year, which in turn may be affected by various factors such as the Singapore Government's policy in relation to the maintenance of its buildings and facilities, the general financial condition of the Singapore Government and the general economic conditions in Singapore. If there is any significant reduction or delay in the level of spending on IBS, M&E engineering services and A&A works by the Singapore Government and we are unable to obtain sufficient projects from other customers, our business, financial condition and results of operations will be materially and adversely affected.

***Any cancellation, suspension, revocation, downgrading or non-renewal of any of our licences or permits may materially and adversely affect our operations, financial performance and financial condition***

Our business and activities are regulated by the BCA and various other regulatory bodies in Singapore, and we are required to obtain various licences and permits in Singapore to conduct our business operations. Please refer to the section entitled "General Information on our Group – Government Regulations" of this Offer Document for details of our licences and registrations as at the Latest Practicable Date. Such licences and permits are generally subject to conditions stipulated in the licences and permits and/or relevant laws or regulations under which such licences and permits are issued. Save in respect of certain standard documents which are required by the BCA to be provided upon application to renew our Group's licences or registrations, such as our Group's audited financial statements, proof of completed contract value and invoices, (i) our Group has not in the past, been subject to any inspection or audit by the BCA or other regulatory authorities in respect of our licences and registrations; (ii) there have not been any findings by the BCA or any other regulatory authorities which may impact our Group's operations and/or financial condition; and (iii) our Group has, as at the Latest Practicable Date, complied with all conditions imposed by the BCA in respect of our existing licences and registrations.

Renewal of the registrations and certifications we currently possess is generally subject to certain technical and relevant industry experience requirements. As such, there is no assurance that all these registrations and certifications can be maintained or obtained/renewed in a timely manner or at all. Any changes in the existing policies by the Singapore Government authorities in relation to the construction industry may result in our failure to obtain or maintain such registrations and certifications. If we cannot maintain these registrations and certifications, our reputation, our ability to obtain future business, our business and results of operations may be materially and adversely affected.

While our Group has qualified for and received grants from the Singapore Government from time to time, such as the COVID-19 Jobs Support Scheme, waiver of foreign worker levies and the foreign worker levy rebates, our Group is not reliant on such government grants. As such, any changes in regulations and policies for government grants, did not have, and would not have, material adverse impact on our Group's business operations and/or financials.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial condition or results of operations.

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## RISK FACTORS

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

During the Period Under Review, our contracts were generally determined on a fixed-price basis upon the signing of the contract. The estimated contract sum quoted in our tender is determined on a case-by-case basis having regard to various factors, which generally include (i) the scope of services; (ii) the estimated number and types of personnel required; (iii) the price trend of the types of materials required; (iv) the complexity of the project; (v) the availability of our manpower and resources; (vi) the project duration; (vii) the frequency of carrying out maintenance works; (viii) the number and location of designated project sites; (ix) any subcontracting which is expected to be necessary; and (x) the prevailing market conditions.

There is no specific clause in relation to price adjustment in our contracts with our customers which allows us to pass on any substantial increase in our costs of services to our customers. There is also no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of the contract. Any under-estimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability, operations and financial performance. During the Period Under Review and up to the Latest Practicable Date, save for one (1) project in FY2018 with a contract value of approximately S\$0.3 million where there were cost overruns incurred, we did not experience any loss-making projects as a result of material inaccurate estimation or cost overruns.

***We may face liquidity and non-payment risks and are exposed to our customers' credit risks***

Progress payments from our customers are normally invoiced on a monthly basis. As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, our trade receivables (net of loss allowance) amounted to approximately S\$7.0 million, S\$9.5 million, S\$6.2 million and S\$5.6 million respectively, and our average trade receivables' turnover days were approximately 54 days, 70 days, 76 days and 42 days respectively. There is no guarantee that our customers will settle progress payments on time or in full, and we may experience significant cash flow mismatch when there is a significant timing difference between making payments to our suppliers, subcontractors and staff and receiving payments from our customers.

Under SFRS(I) 9, our Group performs impairment assessment under the expected loss model on trade receivables and contract assets which are assessed individually with significant balances and/or collectively using an allowance matrix with appropriate groupings. Internal credit rating has been given to each category of debtors after considering ageing, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to internal credit rating and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort. Please refer to notes 3 and 28 of "The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020" at Appendix A to this Offer Document for details of our accounting policy on impairment. During the Period Under Review, our Group had complied with the internal credit rating framework and performed impairment assessment under the credit loss model on trade receivables and contract assets in accordance with the requirements under SFRS(I) 9. Our finance staff will be responsible for managing and monitoring such internal credit ratings and estimated loss rates on a periodic basis and ensuring compliance with the requirements under SFRS(I) 9.

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## RISK FACTORS

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For the purpose of mitigating our exposure to credit risks, our finance staff are responsible for conducting individual credit evaluations on our customers on a regular basis. Prior to accepting work orders from new customers, our contract department and administration and finance staff will conduct credit evaluations and check on the background of the potential customer in order to assess their credibility.

Material overdue payments are closely monitored and evaluated on a case-by-case basis in order to determine the appropriate follow-up actions having regard to our business relationship with the customer, its history of making payments, its financial position as well as the general economic environment. During the Period Under Review, our follow-up actions for recovering long-overdue payment included active communications and conducting follow up calls with the customers.

In order to manage our liquidity position in view of the aforementioned working capital requirements and the possible cash flow mismatch associated with undertaking contractual works, we have adopted the following measures: (a) our CFO is responsible for preparing the annual forecast of cash flows and operating expense and the overall monitoring of our current and expected liquidity requirements to ensure that we maintain sufficient financial resources to meet our liquidity requirements; and (b) we closely monitor our working capital to ensure that our financial obligations can be fulfilled when due, by, among other things (i) ensuring an adequate level of bank balances and cash for payment of our short-term working capital needs; and (ii) following up closely to ensure prompt receipt of amounts due from our customers.

Nevertheless, in the event of defaulting payments by any of our major customers, there is a risk that we may be unable to recover a significant amount of the receivables. In addition, if there is any difficulty in collecting a substantial portion of our trade receivables or any material mismatch in time between receipt of progress payments from our customers and payment of our costs and we fail to manage the fluctuation of our cash flows, our liquidity, business operations and financial condition would be materially and adversely affected.

In FY2018, FY2019, FY2020 and 1HY2021, our Group recorded expected credit loss on trade receivables and contract assets of approximately S\$4,000, S\$2.7 million, S\$0.9 million and S\$0.2 million, respectively. The expected credit loss on trade receivables and contract assets in FY2019 and FY2020 were in respect of revenue due from two (2) customers which were and are, as the Latest Practicable Date, facing financial difficulties. Please refer to the section entitled “General and Statutory Information – Litigation” of this Offer Document for further details.

If there are any significant changes in the internal credit rating and estimated loss rates, our Group may have to significantly increase the allowances for impairment losses, which may adversely affect our financial position and results of operations.

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

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. The calculation mechanism for the liquidated damages is generally set forth in the contract.

Delay in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, and delay in delivery of materials. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims for liquidated damages, which in turn will have an adverse impact on our reputation, business, financial condition and results of operations.

As at the Latest Practicable Date, there has been no past incident in respect of the above which had any material adverse impact on our Group’s financial condition or results of operations.

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## RISK FACTORS

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### ***Variation orders, disputes and claims can adversely affect our operating cash flows, profitability and/or financial condition***

During the course of a project, the owner, developer, architect or consultant of the project may request us to perform additional works which are not specified in the original tender or contract, or to carry out variations to the specifications stipulated in the original tender or contract. In line with the industry practice and to ensure that the project is completed on time, on these occasions, the parties may agree that variation orders be performed before the costs for such additional works are finalised between the parties. Therefore, the final value of such variation orders may be subject to a lower valuation by the project consultant. In the event that we are required to bear any part of the variation costs, our operating cash flows and our earnings will be adversely affected.

Disputes and claims may arise due to defective workmanship, non-adherence to contract specifications and flawed quality of materials supplied. We may also incur additional costs during the maintenance period (as further described below) to make good any defective workmanship. We may therefore run the risk of incurring additional costs to make good the defective work under dispute resulting in an erosion of our profit margin or incurring losses for the building project. There can be no assurance that there will not be any material disputes in the future that may have a material adverse effect on our operating cash flows, our earnings and financial performance.

To ensure due performance of contracts, our Group is typically required to provide performance bonds in respect of public sector projects, which accounts for most of our projects. Pursuant to the terms of such performance bonds, we are generally required to place a pledged deposit with a bank or pay an insurance premium to an insurance company, and the amount paid will only be released upon practical completion of the project. Generally, the performance bond for each of such projects covers up to approximately 5.0% of the contract value of the project. Retention sums are not typically required in respect of such public sector projects. Where our Group participates in private sector projects as a subcontractor, which accounts for a small minority of our Group's projects, our contracts with the main contractors in such projects typically provide for retention monies prior to the completion of such projects, which typically covers up to approximately 5.0% of the contract value of the project. Moreover, where we are in breach of any terms of the contract, our customers are entitled to claim for liquidated damages for delay in completion or other losses suffered by them by off-setting the same from the retention monies or enforcing the performance bond. If the performance bond is called upon, we will be required to indemnify the relevant financial institution for such payment, as well as any damages arising from disputes. This will have an adverse effect on our operating cash flows, our earnings, financial performance and financial condition as we may incur additional costs, reduce our anticipated profits and estimated profit margins, or may cause us to incur a loss.

Disputes may also arise between us and our subcontractors for various reasons, including defective works, disruption of subcontract works and disputes over contract specifications and the final amount payable for work done on a project. These disputes may lead to legal and other proceedings. In addition, in instances where we are appointed as the main contractor, we will be exposed to the risk of legal suits by our customers. In such an event, we may be liable for damages and incur legal costs, which will have an adverse effect on our financial performance and financial condition.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial condition or results of operations.

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## RISK FACTORS

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***Our ability to secure new projects may depend on us being able to secure performance bond guarantees and other bank facilities, and our performance bonds may be forfeited in the event of our non-performance of contracts***

It is common that some of our customers, in both the public and private sectors, may require us to take out performance bonds to ensure the due performance of the contracts. Pursuant to the terms of the performance bond, we are generally required to place a pledged deposit with the bank or pay an insurance premium to an insurance company, and the amount paid will only be released upon practical completion of the project. Generally, the performance bond for each of such projects covers up to approximately 5.0% of the contract value of the project.

For the Period Under Review and up to the Latest Practicable Date, we have not encountered any problems securing performance bonds for our projects. There is no assurance that we can continue to secure performance bonds for our new projects in the future or that the performance bonds may be secured on terms that are acceptable to us or on terms as favourable as those previously obtained. If we are unable to secure performance bond guarantees from our banks or acceptable financial institutions, we may be unable to secure new projects, and this would have a material adverse effect on our turnover and profitability.

There is also no assurance that our works or works performed by our subcontractors are up to the standard of our customers. If we fail to satisfy our customers with our work performance, the amount paid for the performance bonds will not be released to us, which may thereby adversely affect our cash flow and financial position. It may also have a material adverse impact on our business, reputation and prospect.

In addition, in the event that we default on our contractual obligations, the project owner would be entitled to call on the performance bond with the bank or financial institution and our liquidity and financial position may be adversely affected.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial condition or results of operations.

***Our operations are subject to government legislations and regulations as well as policies on the IBS, M&E engineering and A&A works industry in Singapore. Any significant change in such government legislations, regulations and policies may have a material adverse effect on our business operations***

As at the Latest Practicable Date, our operations are conducted in Singapore and subject to government legislations and regulations as well as policies on the IBS, M&E engineering and A&A works industry in Singapore. The regulatory authorities may from time to time amend the existing laws or adopt new laws and regulations which may affect companies undertaking IBS, M&E and A&A works in Singapore. These changes may impose new restrictions on the way we operate or expand our business or require additional licences or permits for our business operations.

In addition, the compliance by our Group with any such new government legislation, regulations or policies may also increase our costs. Any significant increase in compliance costs arising from such new government legislation, regulations or policies may adversely affect our results of operations.



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## RISK FACTORS

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***Loss of our key management and inability to attract and retain management staff may adversely affect our business operations and financial performance***

Our Group's success and growth depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel. Our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On, and our project managers are responsible for key aspects of our business, including but not limited to, maintenance of customer relationships, developing new business opportunities, overall project management and on-site supervision. Our Executive Directors have each accumulated experience in their roles of more than 25 years in past companies and in our Group and are supported by a team of relevant skilled personnel including our project managers with the requisite industry expertise. If any of our Executive Directors, key management or any of our skilled personnel cease to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner or at all, there may be an adverse impact on our business, operations and financial performance.

***We are reliant on foreign workers and inability to obtain foreign workers could materially affect our business operations and financial performance***

One of the challenges in the construction industry (including the IBS, M&E engineering and A&A works segments) in Singapore is the shortage of labour as a result of an aging workforce and a declining rate of young Singaporeans entering the industry. Even without such shortage, we generally compete with similar businesses for such workers. Our business is highly reliant on foreign workers as the local construction labour force is limited and more costly. As at the Latest Practicable Date, 372 of our employees are foreign labour, representing approximately 81.2% of our total workforce. During the Period Under Review, we recruited our foreign labour mainly from India, Bangladesh and Malaysia. There is no assurance that we can continually recruit sufficient foreign labour to support our business operations due to (a) a possible shortage in the supply of foreign labour; (b) a possible increase in the salaries and wages of foreign labour; (c) possible changes in the relevant laws and regulations relating to the employment of foreign labour in Singapore; and (d) possible restrictions in the laws relating to entry approvals for foreign labour entering Singapore arising from the global pandemic outbreak of COVID-19.

If we are unable to recruit or retain sufficient workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. There is no assurance that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor can we guarantee that our staff costs will not increase in order to attract or retain workers. In addition, the employment of foreign labour in Singapore is subject to the laws and regulations as summarised in the section entitled "General Information on our Group – Government Regulations" of this Offer Document, including the requirements in respect of the granting and/or renewal of work permits, quota and other legal requirements in relation to the employment of foreign workers. These legal requirements may change from time to time, and there is no assurance that we will be able to respond to such changes and recruit or retain sufficient foreign labour to carry out our business. Any material difficulties in recruiting and/or retaining foreign labour or any material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore could significantly increase our recruitment and employment costs and hinder our recruitment of foreign labour, and thereby materially affect our business and financial position and prospects.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial condition or results of operations.

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## RISK FACTORS

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***Any non-renewal of leases on the property we currently use may materially and adversely affect our business operations and financial condition***

We currently use the 54 Senoko Property as the registered office of our Group, and as our main office and warehouse, under a lease granted from JTC. Renewal of the lease or extension of the lease term from JTC is typically subject to certain conditions, such as compliance with development timelines and technical requirements, certain investment criteria to be met and there being no breach nor non-observance of any provisions in the prior lease of the property nor non-observance of any of the conditions of the lease offer. Should we be unable to continue to satisfy such conditions, or should JTC be unwilling to renew our lease for subsequent terms for any other reason, we may experience a disruption to the business operations of our Group, and, there may be adverse implications to our Group's business operations and financial conditions if we are unable to procure and move to a new office and warehouse on similar terms as under our existing lease. Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets – Properties owned by our Group" for further details on the 54 Senoko Property.

***The security bonds furnished by us may be forfeited if our foreign employees are missing or in breach of any conditions of their work permits***

For each non-Malaysian foreign worker who is successfully granted with a work permit, a security bond of S\$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the Employment of Foreign Manpower Act. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. The security bonds furnished by us may be forfeited if, among other things, our foreign employees go missing or violate any of the conditions of the work permits.

We have implemented internal control measures to manage our foreign employees. Our foreign workers are sourced and recruited through recruitment advertisements. We have put in place a screening and recruitment process with a view to carefully reviewing and assessing the personal information and background of candidates before making any employment decision so as to minimise our risk in relation to missing workers and forfeiture of security bonds. In addition, under our typical employment contracts, we forbid our foreign employees from working for anyone other than our Group without our consent, failing which their employment with us will be determined.

However, there is no assurance that our foreign employees, who are subject to the aforesaid security bonds requirements, will not go missing or violate the conditions in their work permits. Occurrence of any of the aforesaid events may result in forfeiture of security bonds furnished by us in respect of the relevant workers, which in turn may adversely affect our business and financial performance.

As at the Latest Practicable Date, there has been no past incident in respect of the above which had any material adverse impact on our Group's financial condition or results of operations.

***We are dependent on the services of our suppliers and subcontractors***

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include (i) subcontractors; and (ii) suppliers of materials.

Despite possessing our own direct labour resources for providing IBS, M&E engineering services and A&A works, depending on the availability of our direct labour resources and the types of work



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## RISK FACTORS

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involved, we may from time to time need to engage subcontractors for our projects. There is no assurance that the quality of work of our subcontractors can meet the requirements of our Group or our customers. We may not be able to monitor the performance of our subcontractors as directly and efficiently as with our own direct labour. Therefore, the engagement of subcontractors exposes us to the risks associated with non-performance, late performance or substandard performance of our subcontractors. Since we remain accountable to our customers for the performance and quality of work rendered by our subcontractors, we may incur additional costs or be subject to liability under the relevant contracts between us and our customers for our subcontractors' unsatisfactory performance. Such events could adversely affect our reputation, business operation and financial position.

We do not enter into any long-term agreements with our suppliers. As such, there is no assurance that our suppliers will continue to provide goods and services at prices acceptable to our Group. We are also subject to price fluctuations of such goods and services, such as raw materials and/or equipment and machinery required for our business. In the event that any of our major suppliers is unable to provide the goods and services required by our Group and we are unable to locate alternative suppliers on comparable terms and prices, our business, operating results and profitability may be adversely affected.

***We may be involved in litigation and/or disputes, legal and other proceedings arising from our business operations from time to time and may face significant legal liabilities as a result***

Our business carries the inherent risks of disputes with our employees, customers, suppliers, subcontractors and other project parties from time to time in respect of various matters. Such disputes may be in connection with the delivery of substandard works, late completion of works, labour compensations or personal injuries in relation to the works. From time to time, in the ordinary course of business, our Group may be involved in litigation claims arising from workplace injury accidents, including motor accidents. Such claims are typically fully covered by our insurance policies and there has been no instance of any such claims (individually or in aggregate in any financial year during the Period Under Review) that had a material adverse effect on our Company's business, results of operations, financial condition and prospects.

There is no assurance that the outcomes of any legal proceedings arising from our operations would be favourable to us. There is also no assurance that we may be able to resolve every instance of dispute by way of negotiation and/or mediation with relevant parties. As such, if the aforementioned claims were successfully made against us and the damages which we may be liable to pay in respect of such legal proceedings are not covered by our insurance policies, our business, financial condition and results of operations could be materially and adversely affected. In addition, our management's attention and internal resources may be significantly diverted to handle such disputes, litigations and other legal proceedings, which can be both costly and time consuming. Such claims may also expose our Group to the risk of bearing higher insurance premiums in the future. They may also harm our reputation if they turn into high profile cases and become widely reported in the media or within the industry. Regardless of the merits of the case, these disputes may damage our relationship with the relevant customers, suppliers, subcontractors or workers, which may affect our reputation in the industry, thus adversely affect our operations, financial results and profitability.

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## RISK FACTORS

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***Our insurance coverage may not be sufficient to cover all the potential losses arising from our business operations***

During the Period Under Review, we have taken out certain insurance policies, including work injury compensation policies, insurance for security bonds and contractors' all risks insurance. However, there is no assurance that the insurance we have taken out can always cover all losses we sustain during the course of our business operations as it is not always possible to accurately predict and quantify how much loss we will suffer from potential claims. In addition, there are certain types of losses for which insurance coverage is not generally available on commercial terms favourable to us or at all, for example, insurance against potential losses due to war, terrorism, pollution, fraud, professional negligence and acts of God.

In the case of an uninsured loss or a loss in excess of insured limits, including those caused by natural disasters and other events beyond our control, we may be required to pay for the losses, damages and liabilities out of our own funds. If we face legal claims from parties that may not be adequately covered by the insurance we have taken out, our business, operations and financial condition could be adversely affected. There is also no guarantee that the insurance premiums payable by us will not increase in the future. Any further increase in insurance premiums or reduction in insurance coverage may materially and adversely affect on our business, results of operations, financial condition and prospects.

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

Our Directors are of the view that the business strategies and future plans of our Group, as set out in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, have been prepared after due and careful enquiry having regard to, amongst others, the future prospects of the IBS, M&E engineering and A&A works industries in Singapore, our competitive strengths and other relevant factors. Some of our future business plans are based on certain assumptions, and the successful implementation of our business plans may be affected by a number of factors including the availability of sufficient funds, government policies relevant to and affecting our industry, micro- and macro-economic conditions, our ability to maintain our existing competitive strengths, our business relationships with our customers, and the threat of substitutes and/or new market entrants. There is no assurance that our business plans can be successfully implemented and any failure to implement any part of our business plans, and may adversely affect our prospects.

***Increased staff cost and depreciation charge from additional capital expenditure on manpower, property and machinery could affect our financial performance***

It is part of our business strategies to expand our operations by recruiting additional manpower and acquiring additional machinery and equipment, including motor vehicles. Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document for further details. Such additional manpower, machinery and equipment may increase our staff costs and depreciation expenses, respectively, and may therefore adversely affect our future results of operations and financial performance. Upon completion of our expansion plan, while the staff costs and depreciation expenses in respect of the recruitment of manpower and acquisition of machinery and equipment would increase, there is no assurance that our revenue or gross profit would increase accordingly. Should we be unable to obtain more projects and increase our profitability after such planned investment, our business, results of operations, financial condition and prospects may be adversely affected.

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## RISK FACTORS

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### ***We may be affected by accidents at our work sites or at our premises***

The MOM places considerable emphasis on inculcating a culture of safety and health in all workplaces. Under the WSHA, every employer has the duty to take, as far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining a work environment which is safe for the employees, without risk to health, and adequate facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

Our project worksites may fail to meet the safety and health standards imposed by the regulatory authorities and be issued with partial or full stop-work orders. Accidents may also occur at our work sites or at our premises even though we have put in place safety measures. The issuance of stop-work orders or the occurrence of accidents may severely disrupt our operations and lead to a delay in the completion of our projects. In the event of such a delay, we could be liable for liquidated damages under the contracts with our customers, resulting in an adverse effect on our reputation, operations and financial performance. Further, we may be subject to personal injury claims from our employees or other persons involved in accidents. Any significant claims which are not covered by our insurance policies or are contested by the insurance companies may adversely affect our financial performance. In addition, any accidents resulting in significant damage to our machinery, equipment or premises may require capital expenditure to make good the damage and to the extent that the expenditure is not recoverable from our insurance policies, our business and financial performance may be adversely affected.

For the Period Under Review and up to the Latest Practicable Date, there have been no accidents at our work sites or at our premises, or any stop work orders, which have had a material adverse impact on our financial condition or results of operations.

### ***We may be subject to risks associated with joint ventures or strategic alliances***

We may seek growth opportunities through joint ventures or strategic alliances, in particular for larger scale projects or projects which require more than our expertise. These joint ventures and strategic alliances involve a certain amount of business or operating risks, including (a) inability of our Group to exert control over the actions of our partners, including any non-performance, default or bankruptcy of the partners; (b) difficulty in integrating management, operations, services and personnel; (c) strain on resources in order to coordinate internal systems, controls, procedures and policies; and (d) exposure to unknown liabilities incurred by our partners.

In the event of any dispute with our partners on the business and day-to-day operations of our joint ventures or strategic alliances, there is no assurance that we will be able to arrive at a resolution that is favourable to us. Furthermore, our partners may take actions contrary to our instructions, requests or policies and/or be unable or unwilling to fulfil their obligations which may affect the operations of the joint venture or strategic alliance. In such event, we may not be able to complete projects within the stipulated budget and time schedule and our financial performance, business and reputation may be adversely affected.

Notwithstanding the above, our Group has not formed any existing or past strategic alliances during Period Under Review.

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## RISK FACTORS

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### RISKS RELATING TO THE INDUSTRY WE OPERATE IN

***Our business and operations may be materially and adversely affected due to the recent global pandemic outbreak of COVID-19***

The global pandemic outbreak of COVID-19 announced by the World Health Organisation since late 2019 has disrupted our operations, as well as the operations of our customers, suppliers and/or subcontractors. If the development of the COVID-19 outbreak becomes more severe or if our customers, suppliers and/or subcontractors are forced to close down their businesses after prolonged disruptions to their operations, we may experience a delay or shortage of raw materials, goods and/or services from our suppliers and/or subcontractors, or termination of our orders and contracts by our customers. In such event, our operations may be severely disrupted and may have a material and adverse effect on our business, financial conditions and results of operations.

Since the outbreak of COVID-19, 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 the “Circuit Breaker” Measures, which include the closing of 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. On 7 April 2020, the Singapore parliament passed the COVID-19 Act which provides the Singapore Government the legal basis to enforce the “Circuit Breaker” Measures, and the Control Order Regulations under the Control Order Region under the COVID-19 Act to implement the “Circuit Breaker” Measures. The “Circuit Breaker” Measures were in force from 7 April 2020 to 1 June 2020 (inclusive) and imposed restrictions on premises and businesses in relation to the closure of premises and respective controls on essential and non-essential service providers, and the movement of people, both in public places and in places of residence. As a result of the “Circuit Breaker” Measures, our Group had to suspend the M&E projects and A&A services which do not constitute essential services, whereas the bulk of our IBS and IFM services continued as part of essential services.

Subsequently, while Singapore went into Phase 2 and 3 up to September 2021, there were, intermittently, periods of time with tightened work, community and social restrictions during periods of “Heightened Alert”. In the event that we are required to suspend all or part of our business and operations again due to measures which may imposed by the Singapore Government in the future, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

In addition, if any of our employees or staff of our subcontractors are suspected of having contracted COVID-19, some or all of our employees or the employees of our subcontractors may be quarantined and we will be required to disinfect our workplace and work sites. In the event that our employees are placed under quarantine orders under the Infectious Diseases Act 1976 of Singapore, we may face a shortage of labour and our operations may be disrupted.

Our revenue and profitability may also be materially affected if the COVID-19 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 the outbreak will be short-lived or long-lasting. If the outbreak of COVID-19 is not effectively controlled within a short period of time, our business, financial condition, results of operations and prospects may be materially and adversely affected.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group’s financial condition or results of operations.

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## RISK FACTORS

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***Our performance is dependent on market and economic conditions in Singapore as well as the policies by the Singapore Government***

During the Period Under Review, all of our operations and management were located, and all of our revenue was derived, in Singapore. The Singapore economy may experience considerable volatility. If there is any recession in Singapore, deflation or any changes in Singapore's currency policy, the IBS, M&E engineering and A&A works markets may decline as well, which in turn may materially and adversely affect our operations, financial position and financial performance. In addition, the availability of projects in the public sector in Singapore is highly attributable to the continuous efforts and commitment of the Singapore Government in maintaining its buildings and facilities. If the Singapore Government reduces its expenditure or continual support in maintaining its buildings and facilities, our business, results of operations and prospects may be adversely affected.

***We operate in a competitive industry***

The IBS, M&E engineering and A&A works industries in Singapore are competitive, and such competition may intensify in the future due to the entry of new players. In the event our competitors are able to provide comparable or better services at competitive prices or respond to changes in market conditions more swiftly or effectively than we do, our operations and our financial performance may be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our services and our financial performance.

***Compliance with environmental regulations can be expensive, non-compliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines for our Group***

We may generate noise, waste water and other industrial wastes in the course of our business operations, and we are required to comply with regulations relating to the protection of the environment. If more stringent legislations and regulations are adopted in the future, the costs of compliance with these new regulations could increase substantially. Changes in environmental protection policies and legislation could result in stricter standards and enforcement, higher fines and liabilities. Furthermore, it is expected that other changes in environmental legislation may also require, amongst others, reduction in emission to the environment from our operations, which results in increased additional expenditures for our Group.

There is no assurance that environmental laws will not result in a curtailment of our services or a material increase in the costs of delivery of our services or otherwise adversely affect our Group's financial condition, operations or prospects. If we fail to comply with present or future environmental regulations, we may be required to pay substantial fines, or be subject to suspension or cessation of our operations.

As at the Latest Practicable Date, there has been no past incident in respect of any of the above which had any material adverse impact on our Group's financial condition or results of operations.

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## RISK FACTORS

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***We are exposed to risks in respect of acts of war, terrorist attacks, epidemics, political unrest, natural disasters, adverse weather and other uncontrollable events***

Our business and operations may be materially and adversely affected by unforeseeable circumstances and other factors such as power outages, labour disputes, severe weather conditions and natural or other catastrophes, may disrupt our operations and cause loss and damage to our properties. Terrorist attacks or other acts of violence may also materially and adversely affect the global financial markets and business and consumer confidence. Our business may also be affected by macroeconomic factors, such as general economic conditions, market sentiment and consumer confidence in the jurisdictions we operate in, social and political unrest, regulatory, fiscal and other governmental policies, all of which are beyond our control. Any such events may cause damage or disruption to our business, markets, customers, distributors and suppliers, any of which could materially and adversely affect our business, prospects, financial condition and results of operations.

***We may be affected by any changes in the general economic, regulatory, political and social conditions and developments globally and in the countries in which we operate***

Our business may be materially and adversely affected by local and global developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which may impact economic, regulatory, political and social stability globally and in the countries in which we operate. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations. Negative developments in the socio-political climate of the countries in which we operate may also adversely affect our Group's business, financial position, results of operations and prospects. There is no assurance that we will be able to adapt to the local conditions, regulations and business practices and customs in future. Any changes implemented by the respective governments of the countries in which we operate resulting, *inter alia*, in currency and interest rate fluctuations, capital restrictions, and changes in duties and taxes detrimental to our business could materially and adversely affect our business, financial condition, results of operations and prospects.

### **RISKS RELATING TO AN INVESTMENT IN OUR SHARES**

***Our Controlling Shareholders will retain significant control over our Company after the Placement, which will allow them to influence the outcome of matters submitted to Shareholders for approval***

Upon the completion of the Placement, our Controlling Shareholders will directly own an aggregate of approximately 80.0% of our post-Placement share capital. As a result, they will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also effectively have veto power with respect to any Shareholders' action or approval requiring a special resolution except where they are required by the Catalist Rules or other applicable regulations to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a take-over or change in control of our Group even if it may benefit the Shareholders.



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## RISK FACTORS

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***There has been no prior market for our Shares, and the Placement may not result in an active or liquid market for our Shares***

Prior to the Placement, there has been no public market for our Shares. Although we have made an application to the SGX-ST for the listing and quotation of our Shares on Catalist, there is no assurance that a liquid market for our Shares will develop or be sustained after the Placement. If an active market for our Shares does not develop after the Placement, the market price and liquidity of our Shares may be adversely affected. The Placement Price may not necessarily be indicative of the market price of the Shares after the Placement and investors may not be able to sell their Shares at or above the Placement Price.

***Investment in securities quoted on Catalist involves a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST***

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. As such, an investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. There is no assurance that an active or liquid trading market for our Shares will develop or be sustained after the Placement.

Pursuant to the Catalist Rules, we are required to, among others, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor and Issue Manager must act as our continuing sponsor for at least three (3) years after the admission of our Company to Catalist. Following the expiration of the three-year period, there is no assurance that the Sponsor and Issue Manager will continue to act as our sponsor or that we will be able to find a new sponsor. In the event that we do not have a sponsor for more than three (3) continuous months, we may be removed from the Official List of the SGX-ST.

***Our Share price may be volatile in future which could result in substantial losses for investors purchasing Shares pursuant to the Placement***

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

- (a) variations in our financial or operating results;
- (b) fluctuations in stock market prices and volume;
- (c) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (d) changes in conditions affecting the industry, the general economic conditions or stock market sentiments;
- (e) announcements by our competitors or ourselves about significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- (f) appointments or departures of key personnel;
- (g) industrial or environmental accidents, litigation or loss of key personnel suffered by us;



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## RISK FACTORS

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- (h) involvement in litigation proceedings and/or investigations by governmental or regulatory authorities;
- (i) general market sentiment regarding the IBS, M&E engineering and A&A works industries;
- (j) our inability to compete effectively in the market;
- (k) changes in laws and regulations in Singapore; and
- (l) material changes or uncertainty in the political, economic and regulatory environment in Singapore or elsewhere.

For these reasons, among others, our Shares may trade at prices that are higher or lower than our NAV per Share. In addition, our Shares are not capital-safe products and there is no guarantee that investors of our Shares can realise a higher amount or even the principal amount of their investments.

***Future sales or issuance of our Shares may adversely affect the price of our Shares***

Any future sale or issuance or availability of a large number of our Shares in the public market may have a downward pressure on our Share price. The sale of a significant number of our Shares in the public market after the Placement, or the perception that such sales may occur, may materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Save as disclosed in the section entitled “Shareholders – Moratorium” of this Offer Document and subject to all applicable laws and regulations, there will be no restriction on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise. In addition, our Share price may come under downward pressure if certain of our Shareholders sell their Shares upon the expiry of their moratorium periods.

***Investors may not be able to participate in future issues of our Shares***

In the event that we issue new Shares, we may elect not to offer those Shares to our existing Shareholders at the time of issue, except where we choose to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we may be subject to regulations as to the procedures to be followed in making such rights offering available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may choose not to offer rights issues or other equity issues to our Shareholders having an address outside Singapore. Accordingly, certain Shareholders may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as a result.

***Investors in our Shares will face immediate and substantial dilution in NAV per Share and may experience future dilution***

Our Placement Price of S\$0.31 per Placement Share is higher than our pro forma NAV per Share as at 30 June 2021 of approximately S\$0.13 based on the post-Placement issued share capital adjusted for the net proceeds from the issuance of the New Shares. If we were liquidated immediately following the Placement, each investor subscribing for the Placement Shares would receive less than the price paid for the Shares. Please refer to the section entitled “Dilution” of this Offer Document for further details.

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## RISK FACTORS

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In addition, we may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may also require additional equity funding after the Placement. If we choose to issue new Shares in order to finance future expansion, acquisitions, joint ventures and strategic partnerships, our Shareholders will face dilution of their shareholdings.

***There can be no assurance that we will be able to declare and/or distribute any dividend in the amount set out in any of our plans or at all***

Our ability to declare dividends to our Shareholders will depend on, among others, our future financial performance, distributable reserves and cash flows. This is in turn dependent on our ability to implement our future plans and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand for and selling prices of our products and services and other factors specific to our industry, many of which are beyond our control. As such, there is no assurance that we will be able to pay dividends to our Shareholders.

Particularly, it should be noted that as at the Latest Practicable Date, our credit facilities with RHB Bank Berhad require us to provide prior notification, and our credit facilities with DBS Bank Ltd. require us to obtain prior approval, before declaring or making payment of any dividends or any other distribution. However, as at the date of this Offer Document, our Group has repaid in full all amounts owing under our credit facilities with DBS Bank Ltd.. Please refer to the section entitled “Capitalisation and Indebtedness – Indebtedness” of this Offer Document for further details. Our future loan agreements may also include covenants which may limit when and how much dividends our Group can declare and pay. Restrictions on the ability of our subsidiaries to pay dividends to us may adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our business. As at the Latest Practicable Date, there has been no past incident in respect of the above which had any material adverse impact on our Group’s financial condition or operations.

For a description of our dividend policy, please refer to the section entitled “Dividend Policy” of this Offer Document.

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## USE OF PROCEEDS AND LISTING EXPENSES

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### USE OF PROCEEDS

The total gross proceeds to be raised from the Placement (comprising the New Shares and the Vendors Shares) will be approximately S\$11.5 million. The estimated net proceeds to be raised from the Placement, after deducting the placement commission and estimated listing expenses payable by our Company, is approximately S\$9.7 million, of which approximately S\$8.1 million will be due to our Company and approximately S\$1.6 million will be due to the Vendors. We will not receive any of the proceeds from the sale of the Vendors Shares.

We intend to use the net proceeds from the issuance of the New Shares in the following manner:

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<b>Use of proceeds from the issuance of the New Shares</b>	<b>Amount (S\$'000)</b>	<b>Estimated amount allocated for each dollar of the gross proceeds raised by our Company from the issuance of the New Shares (cents)</b>
Expanding our existing business	3,000	30.24
Strengthening and accelerating the extension of our IFM services	2,500	25.20
General working capital	2,591	26.12
<b>Total net proceeds from the issuance of the New Shares</b>	<b>8,091</b>	<b>81.56</b>

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Please refer to the section entitled “General Information on our Group – Our Business Strategies and Future Plans” of this Offer Document for further details on our use of proceeds from the issuance of the New Shares.

The abovementioned represents the best estimate of our allocation of the net proceeds from the issuance of the New Shares based on our current plans and estimates regarding our anticipated expenditures. Our actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the proceeds within the categories described above or to use portions of the proceeds for other purposes. In the event we decide to reallocate such proceeds for other purposes, we will publicly announce our intention to do so through a SGXNET announcement on the internet at the SGX-ST website, <http://www.sgx.com>. In addition, we will make periodic announcements on the use of the net proceeds from the issuance of the New Shares as and when such proceeds are materially disbursed, and provide a status report on the use of the net proceeds from the issuance of the New Shares in our annual reports.

Pending the deployment of the net proceeds from the issuance of the New Shares as aforesaid, the funds will be placed in short-term deposits or invested in money making instruments as our Directors may, in their absolute discretion, deem fit.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the issuance of the New Shares.

None of the proceeds from the issuance of the New Shares will be used to discharge, reduce or retire any indebtedness of our Group.

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## USE OF PROCEEDS AND LISTING EXPENSES

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Save as disclosed in the section entitled “General Information on our Group – Our Business Strategies and Future Plans” of this Offer Document, none of the proceeds from the issuance of the New Shares will be used to acquire or refinance the acquisition of any asset, business or entity.

### LISTING EXPENSES

The estimated expenses in connection with the Placement and the application for Listing to be borne by our Company, including the placement commission, the IFA’s fees, management fees, legal and audit fees, fees payable to the SGX-ST and all other incidental expenses in relation to the Placement are estimated to amount to approximately S\$1.8 million.

A breakdown of these expenses is as follows:

<b>Expenses borne by our Company<sup>(1)</sup></b>	<b>Estimated Amount (S\$’000)</b>	<b>Estimated amount allocated for each dollar of the gross proceeds raised by our Company from the issuance of the New Shares (cents)</b>
Listing and application fees	32	0.32
Professional fees <sup>(2)</sup>	1,077	10.86
Placement commission <sup>(3)</sup>	347	3.50
Miscellaneous expenses	373	3.76
<b>Total</b>	<b>1,829</b>	<b>18.44</b>

**Notes:**

- (1) In accordance with the SFRS(I), of the total estimated listing expenses to be borne by our Company of approximately S\$1.8 million, approximately S\$0.5 million will be capitalised against the share capital of our Company and the balance of the estimated listing expenses will be charged to our profit or loss.
- (2) This includes the Sponsor and Issue Manager’s fees, the IFA’s fees, audit fees and legal fees.
- (3) The amount of placement commission per New Share, agreed upon between the Placement Agent and our Company is 3.50% of the Placement Price payable for each New Share (exclusive of GST). Please refer to the section entitled “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document for more details.

Subscribers and/or purchasers of the Placement Shares may be required to pay brokerage or selling commission of up to 1.00% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent, the Sub-Placement Agent, or any sub-underwriter or sub-placement agent that may be appointed by the Placement Agent.

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## DIVIDEND POLICY

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Save as disclosed below, no Group Company has declared or paid dividends during the Period Under Review and up to the Latest Practicable Date.

Group Company	Dividends declared/paid in respect of			
	FY2018 (S\$)	FY2019 (S\$)	FY2020 (S\$)	FY2021 (S\$)
Digo Corporation	–	3,700,000	1,600,000	4,000,000
Kontourz	–	360,000	–	–

Although we currently do not have a fixed dividend policy, our Directors intend to recommend and distribute dividends of a minimum of 50 per cent. of our profit attributable to equity holders of the Company in respect of FY2022 and FY2023 (“**Proposed Dividends**”). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors’ sole and absolute discretion. The form, frequency and amount of future dividends on our Shares that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and expansion plans;
- (d) our working capital requirements and general financing condition; and
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any).

Any dividends declared will be disclosed in our Company’s financial results announcement as required by Appendix 7C of the Catalist Rules.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Particularly, it should be noted that as at the Latest Practicable Date, our credit facilities with RHB Bank Berhad require us to provide prior notification, and our credit facilities with DBS Bank Ltd. require us to obtain prior approval, before declaring or making payment of any dividends or any other distribution. However, as at the date of this Offer Document, our Group has repaid in full all amounts owing under our credit facilities with DBS Bank Ltd.. Please refer to the section entitled “Capitalisation and Indebtedness – Indebtedness” of this Offer Document for further details.

Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. Our Directors may also declare an interim dividend without the approval of our Shareholders. Our Company shall pay all dividends to our Shareholders out of our profits.

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## DIVIDEND POLICY

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All dividends are paid *pro rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Share, unless the rights attached to an issue of any Shares provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Information relating to taxes payable on dividends is set out in the section entitled "Taxation" of this Offer Document.

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## SHARE CAPITAL

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Our Company (Company Registration Number: 202138650H) was incorporated in Singapore on 8 November 2021 under the Companies Act as a private company limited by shares under the name of “Alpina Holdings Pte. Ltd.”. On 17 January 2022, our Company was converted into a public company and was renamed “Alpina Holdings Limited”.

Our issued and paid-up share capital as at the date of incorporation was S\$100.00 comprising 100 Shares (before the Share Split) of S\$1.00 each.

On 30 December 2021 and 17 January 2022, our Shareholders passed resolutions to approve, *inter alia*, the following:

- (a) the conversion of our Company into a public company limited by shares and the consequential change of our Company’s name to “Alpina Holdings Limited”;
- (b) the adoption of the new Constitution;
- (c) the allotment and issuance of 12,694,900 Shares (before the Share Split) pursuant to the Restructuring Exercise;
- (d) the Share Split;
- (e) the adoption of the IPT General Mandate;
- (f) the allotment and issue of the New Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (g) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued pursuant to the Placement) on Catalist;
- (h) the authority be given to our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules, to:
  - (A) (i) issue Shares whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares; and/or
  - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and
- (B) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (h)(A)(ii) and/or (h)(A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),



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## SHARE CAPITAL

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provided that:

- (1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);
  - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of Shares that may be issued shall be based on the total number of issued Shares of our Company (excluding treasury shares) immediately after the Placement, after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities where were issued and outstanding or subsisting at the time of the passing of the resolution approving this authority, (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority, provided that the options or awards were granted in compliance with the Catalist Rules, and (c) any subsequent bonus issue, consolidation or sub-division of Shares;
  - (3) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company; and
  - (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (a) the conclusion of the next annual general meeting of our Company or (b) the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier; and
- (i) that without prejudice to the generality of, pursuant and subject to the approval of the general mandate to issue Shares set out in (h) above, any Director be and is hereby authorised to issue Shares other than on a *pro rata* basis to the Shareholders, at a discount not exceeding 10.0% of the weighted average price of the Shares for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on the trades done on the preceding Market Day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that,
- (1) in exercising such authority so conferred in this paragraph (i), our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of our Company; and

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## SHARE CAPITAL

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- (2) unless revoked or varied by our Company in general meeting, the authority so conferred in this paragraph (i) shall continue in force 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 law to be held, whichever is the earlier.

As at the date of this Offer Document, there is only one (1) class of Shares in the capital of our Company, being ordinary shares. A summary of our Constitution relating to, among others, the voting rights and privileges of our Shareholders is set out in the section entitled “Appendix D – Selected Extracts of our Constitution” to this Offer Document.

There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. The New Shares shall have the same interest and voting rights as our existing issued Shares that were issued prior to this Placement and there are no restrictions to the free transferability of our Shares, save as described in the section entitled “Shareholders – Moratorium” of this Offer Document or except where required by law or the Catalist Rules.

No person has, or has the right to be given, an option to subscribe for or purchase any securities or securities-based derivatives contracts of our Company or any of our subsidiaries. As at the Latest Practicable Date, no option to subscribe for our Shares has been granted to, or was exercised by, any of our Directors or Executive Officers.

Upon the allotment and issue of the New Shares, the resultant issued and paid-up share capital of our Company will increase to S\$22,085,000 comprising 184,340,000 Shares.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up share capital immediately after the Placement are set out below:

	Issued Shares	Resultant issued and paid-up share capital (S\$)
Issued and fully paid-up Shares as at the date of incorporation of our Company	100	100
Issuance of 12,694,900 new Shares (before the Share Split) pursuant to the Restructuring Exercise	12,694,900	12,695,000
Issuance of 139,645,000 new Shares pursuant to the Share Split	139,645,000	12,695,000
Issuance of 32,000,000 New Shares pursuant to the Placement	32,000,000	22,085,000 <sup>(1)</sup>
<b>Post-Placement issued and paid-up share capital</b>	<b>184,340,000</b>	<b>22,085,000</b>

**Note:**

- (1) In accordance with the SFRS(I), of the total estimated listing expenses to be borne by our Company of approximately S\$1.8 million, approximately S\$0.5 million will be capitalised against the share capital of our Company and the balance of the estimated listing expenses will be charged to our profit or loss.

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## SHARE CAPITAL

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Save as set out in this section, the section entitled “Restructuring Exercise” of this Offer Document, and in the following table, there was no change in the issued and paid-up share capital or the number and classes of shares of our Company and/or our subsidiaries within the last three (3) years preceding the Latest Practicable Date:

### Digo Corporation

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<b>Date of issue</b>	<b>Number of share(s) issued</b>	<b>Issue price per share</b>	<b>Purpose of issue</b>	<b>Resultant issued share capital</b>
23 July 2020	500,000	S\$1.00	Allotment of shares for purposes of increasing share capital	S\$2,000,000

### Kontourz

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<b>Date of issue</b>	<b>Number of share(s) issued</b>	<b>Issue price per share</b>	<b>Purpose of issue</b>	<b>Resultant issued share capital</b>
26 April 2019	350,000	S\$1.00	Allotment of shares for purposes of increasing share capital	S\$500,000

Save as disclosed in this section and the section entitled “Restructuring Exercise” of this Offer Document, no share in or debenture of our Company or our subsidiaries have been issued, or is proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash.

## SHAREHOLDERS

### SHAREHOLDING AND OWNERSHIP STRUCTURE

The Directors and Substantial Shareholders of our Company and their respective shareholdings immediately before and after the Placement (as at the date of this Offer Document) are summarised below:

	Immediately before the Placement			Immediately after the Placement		
	Direct Interest	Deemed Interest	Deemed Interest	Direct Interest	Deemed Interest	Deemed Interest
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>						
Mr. Low Siang Yong <sup>(1)</sup>	–	–	83,787,000	55.0	–	–
Mr. Tai Yoon On <sup>(2)</sup>	–	–	68,553,000	45.0	–	–
Mr. Ong Beng Chye	–	–	–	–	–	–
Mr. Chan Jer Hiang	–	–	–	–	–	–
Mr. Marcus Woon	–	–	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>						
Skky Investments <sup>(1)</sup>	83,787,000	55.0	–	–	81,037,000	44.0
Lezo Holdings <sup>(2)</sup>	68,553,000	45.0	–	–	66,303,000	36.0
<b>Public</b>	–	–	–	–	37,000,000	20.1
<b>Total</b>	<b>152,340,000</b>	<b>100.0</b>			<b>184,340,000</b>	<b>100.0</b>

**Notes:**

- (1) Mr. Low Siang Yong owns the entire issued and paid-up share capital of Skky Investments and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Low Siang Yong is treated as having an interest in the Shares held by Skky Investments.
- (2) Mr. Tai Yoon On owns the entire issued and paid-up share capital of Lezo Holdings and is its sole director. Accordingly, pursuant to Section 4 of the SFA, Mr. Tai Yoon On is treated as having an interest in the Shares held by Lezo Holdings.

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## SHAREHOLDERS

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Save as disclosed above, there are no relationships among our Directors, Substantial Shareholders and Executive Officers.

As at the Latest Practicable Date, our Company has only one (1) class of shares, being our Shares which are in registered form. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules and as described in the section entitled “Shareholders – Moratorium” of this Offer Document.

The Shares held by our Directors and Substantial Shareholders do not carry voting rights that are different from the Placement Shares.

Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

There has been no public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether jointly or severally by any other corporation, government or person.

Save as disclosed above and in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, no shares or debentures were issued or agreed to be issued by our Company for cash or for a consideration other than cash since the date of incorporation of our Company and up to the date of lodgement of this Offer Document.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

### **SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP**

Save as disclosed above and in the sections entitled “Share Capital” and “Dilution” of this Offer Document, there were no significant changes in the percentage of ownership of Shares in our Company within the last three (3) years preceding the Latest Practicable Date.

## SHAREHOLDERS

### VENDORS

The name of the Vendors and the number of Vendors Shares which the Vendors will offer pursuant to the Placement are set out below:

	Shares held immediately before the Placement		Vendors Shares offered pursuant to the Placement			Shares held immediately after the Placement	
	Number of Shares	% of pre-Placement share capital	Number of Shares	% of pre-Placement share capital	% of post-Placement share capital	Number of Shares	% of post-Placement share capital
Skky Investments	83,787,000	55.0	2,750,000	1.8	1.5	81,037,000	44.0
Lezo Holdings	68,553,000	45.0	2,250,000	1.5	1.2	66,303,000	36.0

### MORATORIUM

#### Promoters

Pursuant to Rule 422 of the Catalist Rules, (a) Controlling Shareholders; (b) their Associates; and (c) Executive Directors with an interest of 5.0% or more of the issued share capital of our Company as at our Company's date of admission to Catalist, will be deemed promoters of our Company.

Our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On, will hold 81,037,000 Shares and 66,303,000 Shares, representing 44.0% and 36.0% of our Company's post-Placement issued share capital respectively, after the Listing, *via* Skky Investments and Lezo Holdings respectively.

In demonstration of their commitment to our Group, each of Skky Investments and Lezo Holdings has irrevocably and unconditionally undertaken not to, directly or indirectly:

- (a) offer, sell, contract to sell, realise, transfer, assign, grant any option, right or warrant to purchase, lend, pledge, grant any security over, encumber or otherwise dispose of any part of their respective interests in the issued share capital of our Company immediately after the Listing (adjusted for any bonus issue or sub-division of Shares) ("**Moratorised Shares**");
- (b) enter into any transaction enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Moratorised Shares, in cash or otherwise;
- (c) deposit all of their effective interest, in any Moratorised Shares, in any depository receipt facility (other than in a CDP designated account for purposes of complying with their obligations under their undertakings);
- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing; or

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## SHAREHOLDERS

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(e) publicly announce any intention to do any of the above,

for a period of six (6) months commencing from the date of the Listing (“**Initial Moratorium Period**”), and they further undertake that the aforesaid restrictions shall apply to their respective interests in 50.0% of the Moratorised Shares (adjusted for any bonus issue or sub-division of Shares) for a period of six (6) months immediately following the Initial Moratorium Period.

Further, Mr. Low Siong Yong and Mr. Tai Yoon On have each irrevocably and unconditionally undertaken not to, directly or indirectly:

- (a) offer, sell, contract to sell, realise, transfer, assign, grant any option, right or warrant to purchase, lend, pledge, grant any security over, encumber or otherwise dispose of any part of their respective interests in the issued share capital of Skky Investments (in respect of Mr. Low Siong Yong, and hereinafter known as the “**Skky Investments Shares**”) and Lezo Holdings (in respect of Mr. Tai Yoon On, and hereinafter known as the “**Lezo Holdings Shares**”) immediately after the Listing (adjusted for any bonus issue or sub-division of Shares);
- (b) enter into any transaction enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Skky Investments Shares (in respect of Mr. Low Siong Yong) or Lezo Holdings Shares (in respect of Mr. Tai Yoon On), in cash or otherwise;
- (c) deposit all of their effective interest, in any Skky Investments Shares (in respect of Mr. Low Siong Yong) or Lezo Holdings Shares (in respect of Mr. Tai Yoon On), in any depository receipt facility;
- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the foregoing; or
- (e) publicly announce any intention to do any of the above,

for a period of twelve (12) months commencing from the date of the Listing.



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## DILUTION

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Dilution is the amount by which the Placement Price paid by the subscribers of the Placement Shares (“**New Investors**”) exceeds the NAV per Share of our Group immediately after the Placement. Our pro forma NAV per Share as at 30 June 2021, before adjusting for the estimated net proceeds due to our Company from the issuance of the New Shares and based on the pre-Placement issued share capital of 152,340,000 Shares, was approximately 10.46 cents per Share.

Pursuant to the issuance of the 32,000,000 New Shares at the Placement Price, our pro forma NAV per Share as at 30 June 2021 after adjusting for the estimated net proceeds due to our Company from the issuance of the New Shares and based on the post-Placement issued and paid-up share capital of 184,340,000 Shares would have been approximately 13.03 cents. This represents an immediate increase in NAV per Share of approximately 2.57 cents to our existing Shareholders and an immediate dilution in NAV per Share of approximately 17.97 cents or approximately 58.0% to our New Investors.

The following table illustrates the dilution on a per Share basis:

	<b>Cents</b>
Placement Price for each Placement Share	31.00
Pro forma NAV per Share as at 30 June 2021 based on the pre-Placement issued share capital of 152,340,000 Shares	10.46
Increase in pro forma NAV per Share attributable to existing Shareholders	2.57
Pro forma NAV per Share as at 30 June 2021 after the issue of the New Shares and based on the post-Placement issued share capital of 184,340,000 Shares	13.03
Dilution in NAV per Share to New Investors	17.97
Dilution in NAV per Share to New Investors as a percentage to Placement Price (%)	58.0%

The following table summarises the total number of Shares acquired by and/or issued to our Directors and existing Shareholders since the incorporation of our Company to the date of lodgement of this Offer Document, the total consideration and the average effective cash cost per Share to them and to the New Investors who subscribe for and/or purchase the Placement Shares pursuant to the Placement:

	<b>Number of Shares</b>	<b>Aggregate consideration (S\$)</b>	<b>Average effective cash cost per Share (cents)</b>
<b>Directors</b>			
Mr. Low Siong Yong	–	–	–
Mr. Tai Yoon On	–	–	–
Mr. Ong Beng Chye	–	–	–
Mr. Chan Jer Hiang	–	–	–
Mr. Marcus Woon	–	–	–

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## DILUTION

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	Number of Shares	Aggregate consideration (S\$)	Average effective cash cost per Share (cents)
<b>Substantial Shareholders</b>			
Skky Investments	83,787,000 <sup>(1)</sup>	6,982,250	8.33
Lezo Holdings	68,553,000 <sup>(1)</sup>	5,712,750	8.33
<b>New Investors</b>	37,000,000	11,470,000	31.00

**Note:**

(1) Adjusted to reflect the Share Split and includes the Vendors Shares to be sold by the Vendors in connection with the Placement.

Save as disclosed above and in the sections entitled “Share Capital”, “Shareholders”, and “General and Statutory Information” of this Offer Document, none of our Directors or Substantial Shareholders of our Company or their respective Associates have acquired any Shares during the period of three (3) years prior to the date of this Offer Document.

## SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Offer Document and “The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020” and “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” as set out in Appendix A and Appendix B to this Offer Document respectively.

### COMBINED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup>

	Audited			Unaudited	
	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1HY2020 (S\$'000)	1HY2021 (S\$'000)
<b>Revenue</b>	34,889	43,096	37,925	14,321	25,296
Cost of sales	(25,028)	(33,474)	(27,019)	(10,532)	(18,537)
<b>Gross profits</b>	9,861	9,622	10,906	3,789	6,759
Other income	331	212	397	102	162
Distribution costs	(187)	(119)	(82)	(35)	(23)
Administrative expenses	(4,573)	(6,515)	(4,755)	(2,521)	(1,823)
Finance costs	(127)	(168)	(335)	(131)	(190)
Profit before income tax	5,305	3,032	6,131	1,204	4,885
Income tax expense	(1,356)	(350)	(1,086)	(312)	(831)
<b>Profit for the financial year/ period, representing total comprehensive income for the financial year/period attributable to owners of the Company</b>	3,949	2,682	5,045	892	4,054
Pre-Placement EPS (cents) <sup>(2)</sup>	2.59	1.76	3.31	0.59	2.66
Post-Placement EPS (cents) <sup>(3)</sup>	2.14	1.45	2.74	0.48	2.20

#### Notes:

- (1) The combined statements of profit and loss and other comprehensive income of our Group for the Period Under Review have been prepared on the basis that our Group structure had been in place as described in note 2 of “The Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020” and “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” as set out in Appendix A and Appendix B to this Offer Document, respectively.
- (2) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the profit for the financial year/period and the pre-Placement share capital of 152,340,000 Shares.
- (3) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the profit for the financial year/period and the post-Placement share capital of 184,340,000 Shares.

## SELECTED COMBINED FINANCIAL INFORMATION

### COMBINED STATEMENTS OF FINANCIAL POSITION<sup>(1)</sup>

	<b>Audited As at 31 December 2020 (S\$'000)</b>	<b>Unaudited As at 30 June 2021 (S\$'000)</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,603	3,289
Trade and other receivables	7,607	6,593
Contract assets	13,223	12,239
Inventories	992	635
	23,425	22,756
<b>Non-current assets</b>		
Property, plant and equipment	9,781	11,499
Right-of-use assets	784	753
Investment property	737	720
Investment in a joint venture	_(2)	_(2)
	11,302	12,972
<b>Total assets</b>	34,727	35,728
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Trade and other payables	10,955	7,539
Contract liabilities	520	520
Borrowings	2,955	3,496
Lease liabilities	46	48
Income tax payable	388	610
	14,864	12,213
<b>Non-current liabilities</b>		
Borrowings	6,321	5,912
Lease liabilities	765	741
Deferred tax liabilities	82	113
	7,168	6,766
<b>Capital and reserves</b>		
Share capital	3,350	3,350
Accumulated profits	9,345	13,399
<b>Total equity</b>	12,695	16,749
<b>Total liabilities and equity</b>	34,727	35,728
NAV per Share (cents) <sup>(3)</sup>	8.33	10.99

**Notes:**

- (1) The combined statements of financial position of our Group as at 31 December 2020 and 30 June 2021 have been prepared on the basis that our Group structure had been in place as at 31 December 2020 and 30 June 2021, respectively, as described in note 2 of "The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020" and note 3 of "The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021" as set out in Appendix A and Appendix B to this Offer Document, respectively.
- (2) Denotes an amount less than S\$1,000.
- (3) Our NAV per Share as at 31 December 2020 and 30 June 2021 have been computed based on the total equity as at 31 December 2020 and as at 30 June 2021 respectively and the pre-Placement share capital of 152,340,000 Shares.

## SELECTED COMBINED FINANCIAL INFORMATION

### COMBINED STATEMENTS OF CASH FLOWS

	FY2018 (S\$'000)	Audited FY2019 (S\$'000)	FY2020 (S\$'000)	Unaudited 1HY2020 (S\$'000)	Unaudited 1HY2021 (S\$'000)
<b>Operating activities</b>					
Profit before income tax	5,305	3,032	6,131	1,204	4,885
Adjustments for:					
– Depreciation of property, plant and equipment	1,355	1,452	1,126	585	571
– Depreciation of investment property	33	33	33	17	17
– Depreciation of right-of-use assets	73	64	55	28	31
– Interest expense	127	168	335	131	190
– Interest income	(9)	(5)	(4)	(1)	(1)
– Changes in allowance on trade receivables	4	955	978	925	152
– Changes in allowance on contract assets	–	1,725	(86)	–	–
– (Gain)/Loss on disposal/write-off of property, plant and equipment, net	(55)	(42)	(66)	15	(20)
Operating cash flows before movements in working capital	6,833	7,382	8,502	2,904	5,825
Changes in working capital:					
– Trade receivables	(2,859)	(3,525)	2,405	784	385
– Other receivables	64	(835)	(173)	411	477
– Inventories	159	(383)	(278)	(244)	357
– Trade payables	(1,840)	2,993	820	(2,875)	(1,812)
– Other payables	1,243	1,085	(520)	(602)	(1,517)
– Contract (liabilities)/assets	(137)	(4,925)	(6,486)	2,329	984
– Amount due (to)/from directors	(876)	941	(1,222)	(335)	(87)
Cash generated from operations	2,587	2,733	3,048	2,372	4,612
– Tax paid	(464)	(1,061)	(1,236)	(248)	(578)
Net cash generated from operating activities	2,123	1,672	1,812	2,124	4,034
<b>Investing activities</b>					
– Interest income	9	5	4	1	1
– Acquisition of property, plant and equipment	(1,227)	(1,736)	(2,674)	(66)	(1,680)
– Proceeds on disposal of property, plant and equipment	56	159	336	17	83
Net cash used in investing activities	(1,162)	(1,572)	(2,334)	(48)	(1,596)

## SELECTED COMBINED FINANCIAL INFORMATION

	FY2018 (S\$'000)	Audited FY2019 (S\$'000)	FY2020 (S\$'000)	Unaudited 1HY2020 (S\$'000)	Unaudited 1HY2021 (S\$'000)
<b>Financing activities</b>					
– Repayment of lease liabilities	(72)	(82)	(83)	(42)	(44)
– Repayments of borrowings	(2,005)	(3,092)	(8,101)	(5,207)	(4,044)
– Proceeds from borrowings	1,484	3,987	10,994	9,291	3,504
– Proceeds on issue of shares	800	350	500	500	–
– Dividends paid	–	(4,060)	(1,200)	(1,200)	–
– Interest paid	(125)	(137)	(292)	(109)	(168)
Net cash generated from/(used in) financing activities	82	(3,034)	1,818	3,233	(752)
Net increase/(decrease) in cash and cash equivalents	1,043	(2,934)	1,296	5,309	1,686
Cash and cash equivalents at beginning of year/period	2,198	3,241	307	307	1,603
Cash and cash equivalents at the end of the year/period	3,241	307	1,603	5,616	3,289

*The following selected pro forma financial information should be read in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Offer Document and “The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020”, “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” and the “The Report on the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2020 and the Six-Month Financial Period ended 30 June 2021” (“Pro Forma Report”) as set out in Appendix A, Appendix B and Appendix C to this Offer Document respectively.*

The Pro Forma Report has been prepared for illustrative purposes only, and is based on the assumption that the significant events (“**Significant Events**”) set out below have taken place, where applicable, (i) on 31 December 2020 and 30 June 2021 for the unaudited pro forma combined statements of financial position as at 31 December 2020 and 30 June 2021, respectively, and (ii) on 1 January 2020 for the unaudited pro forma combined statements of profit and loss and other comprehensive income and cash flows for FY2020 and 1HY2021:

- (a) On 30 July 2021, Digo Corporation transferred the 61 Woodlands Property to Accentury for a consideration of S\$0.75 million;
- (b) On 6 December 2021, Digo Corporation completed the disposal of the 32 Woodlands Property to an unrelated third party for a consideration of S\$5.0 million; and
- (c) On 20 December 2021, Digo Corporation paid interim dividends of S\$4.0 million in respect of FY2021 to its then shareholders.

The Pro Forma Report is not necessarily indicative of the financial position, financial performance and cash flows of our Group that would have been attained had the Significant Events actually occurred on those dates. The Pro Forma Report has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of our Group’s actual financial position, financial performance or cash flows.

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## SELECTED COMBINED FINANCIAL INFORMATION

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### UNAUDITED PRO FORMA COMBINED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Pro Forma	
	FY2020 (S\$'000)	1HY2021 (S\$'000)
<b>Revenue</b>	37,925	25,296
Cost of sales	(27,019)	(18,537)
<b>Gross profits</b>	10,906	6,759
Other income	3,422	162
Distribution costs	(82)	(23)
Administrative expenses	(4,665)	(1,778)
Finance costs	(335)	(165)
Profit before income tax	9,246	4,955
Income tax expense	(1,086)	(831)
<b>Profit for the financial year/period, representing total comprehensive income for the financial year/period attributable to owners of the Company</b>	8,160	4,124
Pre-Placement EPS (cents) <sup>(1)</sup>	5.36	2.71
Post-Placement EPS (cents) <sup>(2)</sup>	4.43	2.24

**Notes:**

- (1) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the profit for the financial year/period and the pre-Placement share capital of 152,340,000 Shares.
- (2) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the profit for the financial year/period and the post-Placement share capital of 184,340,000 Shares.



## SELECTED COMBINED FINANCIAL INFORMATION

### UNAUDITED PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

	Pro Forma	
	As at 31 December 2020 (S\$'000)	As at 30 June 2021 (S\$'000)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,889	3,647
Trade and other receivables	7,607	6,593
Contract assets	13,223	12,239
Inventories	992	635
	23,711	23,114
<b>Non-current assets</b>		
Property, plant and equipment	7,883	9,629
Right-of-use assets	784	753
Investment in a joint venture	_(1)	_(1)
	8,667	10,382
<b>Total assets</b>	32,378	33,496
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Trade and other payables	10,955	7,539
Contract liabilities	520	520
Borrowings	2,869	3,034
Lease liabilities	46	48
Income tax payable	388	610
	14,778	11,751
<b>Non-current liabilities</b>		
Borrowings	4,943	4,957
Lease liabilities	765	741
Deferred tax liabilities	82	113
	5,790	5,811
<b>Capital and reserves</b>		
Share capital	3,350	3,350
Accumulated profits	8,460	12,584
<b>Total equity</b>	11,810	15,934
<b>Total equity and liabilities</b>	32,378	33,496
NAV per Share (cents) <sup>(2)</sup>	7.75	10.46

**Notes:**

(1) Denotes an amount less than S\$1,000.

(2) Our pro forma NAV per Share as at 31 December 2020 and 30 June 2021 have been computed based on the total equity as at 31 December 2020 and as at 30 June 2021 respectively and the pre-Placement share capital of 152,340,000 Shares.

## SELECTED COMBINED FINANCIAL INFORMATION

### UNAUDITED PRO FORMA COMBINED STATEMENTS OF CASH FLOWS

	Pro Forma	
	FY2020 (S\$'000)	1HY2021 (S\$'000)
<b>Operating activities</b>		
Profit before income tax	9,246	4,955
Adjustments for:		
– Depreciation of property, plant and equipment	1,069	543
– Depreciation of right-of-use assets	55	31
– Interest expense	335	165
– Interest income	(4)	(1)
– Changes in loss allowance on trade receivables	978	152
– Changes in loss allowance on contract assets	(86)	–
– Gain on disposal/write-off of property, plant and equipment, net	(3,111)	(20)
– Gain on disposal of investment property	20	–
Operating cash flows before movements in working capital	8,502	5,825
– Trade receivables	2,405	385
– Other receivables	(173)	477
– Inventories	(278)	357
– Trade payables	820	(1,812)
– Other payables	(520)	(1,517)
– Contract (liabilities)/assets	(6,486)	984
– Amount due to directors	(1,222)	(87)
Cash generated from operations	3,048	4,612
– Tax paid	(1,236)	(578)
<b>Net cash generated from operating activities</b>	1,812	4,034
<b>Investing activities</b>		
– Interest received	4	1
– Acquisition of property, plant and equipment	(2,674)	(1,680)
– Proceeds on disposal of property, plant and equipment	5,336	83
– Proceeds on disposal of investment property	750	–
<b>Net cash generated from/(used in) investing activities</b>	3,416	(1,596)
<b>Financing activities</b>		
– Repayment of lease liabilities	(83)	(44)
– Repayment of borrowings	(9,565)	(3,997)
– Proceeds from borrowings	10,994	3,504
– Proceeds on issue of shares	500	–
– Interest paid	(292)	(143)
– Dividends paid	(5,200)	–
<b>Net cash used in financing activities</b>	(3,646)	(680)
<b>Net increase in cash and cash equivalents</b>	1,582	1,758
Cash and cash equivalents at beginning of year/period	307	1,889
<b>Cash and cash equivalents at the end of the year/period</b>	1,889	3,647

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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*The following discussion of our Group's results of operations and financial position for the Period Under Review has been prepared by our management and should be read in conjunction with "The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020" and "The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021" as set out in Appendix A and Appendix B to this Offer Document, respectively. This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Vendors, the Sponsor and Issue Manager and the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.*

### OVERVIEW

Our Group is an established Singapore-based contractor specialised in providing IBS, M&E engineering services and A&A works with a long operating history of over 17 years. During the Period Under Review, we provided IBS and M&E engineering services mainly as main contractor and provided A&A works as subcontractor. We have obtained the grading of L6 of our registration under the ME15 (Integrated Building Services) Workhead, which is the highest grading under this Workhead and allows us to participate in tendering and executing IBS projects in the public sector with no tendering limits and project value limits under this Workhead.

Please refer to the section entitled "Business Overview" of this Offer Document for further details of our business.

### Revenue

For the Period Under Review, our revenue is derived from the following business segments:

- (i) the IBS business segment, whereby we perform a mixture of works in respect of different building systems at a specified building or at various premises. Our IBS contracts mainly encompass maintenance services (including scheduled maintenance and breakdown maintenance) on the building systems and ancillary A&A works. Revenue from the IBS business segment accounted for approximately 68.9%, 69.9%, 77.6%, 80.0% and 75.3% of our total revenue in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively;
- (ii) the M&E business segment, which includes the installation, replacement, and upgrading of the M&E systems, including switchboards, distribution boards, light fittings, lightning protection system, ACMV systems, pump systems and fire protection systems. Revenue from the M&E business segment accounted for approximately 8.8%, 5.2%, 11.5%, 7.5% and 19.0% of our total revenue in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively; and

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (iii) the A&A business segment, which covers building works, civil works and M&E works, carried out according to work orders issued from time to time during the contract period. Revenue from the A&A business segment accounted for approximately 22.3%, 24.9%, 10.9%, 12.5% and 5.7% of our total revenue in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

### Revenue from construction contracts

Revenue from construction contracts is recognised over time, using the output method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by our Group. In the application of the output method, our Group has used surveys of performance completed to date method. In view of the nature of the construction contract, management considers that this output method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contract with Customers*.

The breakdown of our revenue by business segments for the Period Under Review is as follows:

Revenue	FY2018		FY2019		FY2020		1HY2020		1HY2021	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
IBS	24,052	68.9	30,117	69.9	29,447	77.6	11,452	80.0	19,057	75.3
M&E	3,054	8.8	2,235	5.2	4,342	11.5	1,072	7.5	4,798	19.0
A&A	7,783	22.3	10,744	24.9	4,136	10.9	1,797	12.5	1,441	5.7
<b>Total</b>	<b>34,889</b>	<b>100.0</b>	<b>43,096</b>	<b>100.0</b>	<b>37,925</b>	<b>100.0</b>	<b>14,321</b>	<b>100.0</b>	<b>25,296</b>	<b>100.0</b>

We derived all our revenue during the Period Under Review from Singapore.

Our revenue may be affected by, *inter alia*, the following factors:

- (a) government policies, master plans and budgets in respect of investment expenditure on IBS, M&E engineering services and A&A works, which may affect the number of public sector contracts available for tender;
- (b) our ability to compete effectively with our competitors and secure new contracts;
- (c) our ability to retain customers and secure new customers;
- (d) our ability to ensure works and services performed are carried out satisfactorily and within contractual timelines; and
- (e) our ability to secure and maintain the relevant licenses, registrations, permits or approvals necessary for our business operations.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors that may affect our revenue and financial performance.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Cost of sales

Our cost of sales accounted for approximately 71.7%, 77.7%, 71.2%, 73.5% and 73.3% of our total revenue in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

Our cost of sales primarily comprises (a) material costs, (b) subcontracting fees, (c) direct labour costs, and (d) other cost of sales.

#### (a) Material costs

Our material costs comprise mainly cost of materials required for our projects, which include items such as air-condition units, light fittings, electrical cables and M&E accessories, and accounted for approximately 34.4%, 29.7%, 32.7%, 24.5% and 25.5% of our total cost of sales in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

#### (b) Subcontracting fees

Our subcontracting fees comprise the costs of engaging subcontractors from time to time for our projects so as to lessen our in-house team's workload and accounted for approximately 14.4%, 20.0%, 25.3%, 19.7% and 28.8% of our total cost of sales in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively. These subcontractors are typically engaged for the provision of services such as electrical, ACMV and pump works and/or to comply with contract requirements which requires specialised systems such as lift, building management system and fire alarm for the projects.

#### (c) Direct labour costs

Our direct labour costs comprise the wages and benefits paid to our staff who are working on-site for our projects, less applicable government grants received (if any), and accounted for approximately 41.4%, 39.0%, 29.3%, 39.1% and 35.0% of our total cost of sales in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

#### (d) Other cost of sales

Our other cost of sales comprise mainly transportation expenses, insurance, upkeep of motor vehicles, depreciation charges for motor vehicles, tools and equipment, and machinery, rental of workers' dormitory and tools and equipment and other on-site operation costs, and accounted for approximately 9.8%, 11.3%, 12.7%, 16.7% and 10.7% of our total cost of sales in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

The breakdown of our cost of sales for the Period Under Review is as follows:

Cost of sales	FY2018		FY2019		FY2020		1HY2020		1HY2021	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Material costs	8,605	34.4	9,939	29.7	8,843	32.7	2,580	24.5	4,720	25.5
Subcontracting fees	3,596	14.4	6,703	20.0	6,838	25.3	2,081	19.7	5,345	28.8
Direct labour costs	10,373	41.4	13,039	39.0	7,919	29.3	4,117	39.1	6,484	35.0
Other cost of sales	2,454	9.8	3,793	11.3	3,419	12.7	1,754	16.7	1,988	10.7
<b>Total</b>	<b>25,028</b>	<b>100.0</b>	<b>33,474</b>	<b>100.0</b>	<b>27,019</b>	<b>100.0</b>	<b>10,532</b>	<b>100.0</b>	<b>18,537</b>	<b>100.0</b>

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Our cost of sales may be affected by, *inter alia*, the following factors:

- (a) our ability to purchase quality materials and component parts, and source for subcontractors, at competitive prices that will meet our customers' demands and requirements;
- (b) changes in our suppliers' and subcontractors' conditions, whether financial or otherwise, which affect their ability to fulfil their contractual obligations to us;
- (c) any contractual disputes and claims which may erode our profitability, delay our project schedule and any additional costs and liquidated damages arising from unforeseen delays to the completion of our contract;
- (d) any inadequate or erroneous estimations as well as unanticipated increases in the cost of construction (which includes cost of purchases of water treatment equipment and component parts) may lead to cost overruns of our projects; and
- (e) any significant delay in the completion of a project may result in additional direct labour costs which in turn would increase our cost of sales.

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors that may affect our cost of services.

### Gross profits

The breakdown of our gross profits by business segments for the Period Under Review is as follows:

Gross profits	FY2018		FY2019		FY2020		1HY2020		1HY2021	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
IBS	7,350	74.6	7,579	78.8	9,389	86.1	3,443	90.8	5,908	87.4
M&E	930	9.4	414	4.3	629	5.8	59	1.6	561	8.3
A&A	1,581	16.0	1,629	16.9	888	8.1	287	7.6	290	4.3
<b>Total</b>	<b>9,861</b>	<b>100.0</b>	<b>9,622</b>	<b>100.0</b>	<b>10,906</b>	<b>100.0</b>	<b>3,789</b>	<b>100.0</b>	<b>6,759</b>	<b>100.0</b>

Our gross profit margin by business segments for the Period Under Review is as follows:

Gross profit margin	FY2018	FY2019	FY2020	1HY2020	1HY2021
	%	%	%	%	%
IBS	30.6	25.2	31.9	30.1	31.0
M&E	30.5	18.5	14.5	5.5	11.7
A&A	20.3	15.2	21.5	16.0	20.1
<b>Overall</b>	<b>28.3</b>	<b>22.3</b>	<b>28.8</b>	<b>26.5</b>	<b>26.7</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Other income

Our other income comprise mainly interest income, rental income, gain on disposal of motor vehicles, government grants, foreign exchange gains and others.

Our other income amounted to approximately S\$0.3 million, S\$0.2 million, S\$0.4 million, S\$0.1 million and S\$0.2 million for FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

### Distribution costs

Our distribution costs comprise mainly entertainment and gift expenses.

Our distribution costs amounted to approximately S\$0.2 million, S\$0.1 million, S\$0.1 million, S\$35,000 and S\$23,000 for FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

### Administrative expenses

Our administrative expenses comprise mainly staff costs (including remuneration of Directors and administrative staff), premise-related expenses (such as utilities and property tax), depreciation expense for our property, plant and equipment, investment property, and right-of-use assets and other miscellaneous costs (such as insurance costs, professional fees, general repairs and maintenance, and telecommunication expenses).

Our administrative expenses amounted to approximately S\$4.6 million, S\$6.5 million, S\$4.8 million, S\$2.5 million and S\$1.8 million for FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

The breakdown of our administrative expenses for the Period Under Review is as follows:

Administrative expenses	FY2018		FY2019		FY2020		1HY2020		1HY2021	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Directors' remuneration	1,389	30.4	1,001	15.4	926	19.5	465	18.4	418	22.9
Staff costs	1,637	35.8	1,563	24.0	1,792	37.7	598	23.7	757	41.5
Depreciation expenses	786	17.2	640	9.8	200	4.2	110	4.4	88	4.8
License fees and professional fees	193	4.2	81	1.2	230	4.8	51	2.0	63	3.5
Maintenance of office equipment	50	1.1	62	1.0	103	2.2	38	1.5	21	1.2
Property taxes	60	1.3	62	1.0	45	0.9	21	0.8	32	1.8
Loss allowance on trade receivables and contract assets	4	0.1	2,680	41.1	891	18.7	925	36.7	152	8.3
Other miscellaneous costs	454	9.9	426	6.5	568	12.0	313	12.5	292	16.0
<b>Total</b>	<b>4,573</b>	<b>100.0</b>	<b>6,515</b>	<b>100.0</b>	<b>4,755</b>	<b>100.0</b>	<b>2,521</b>	<b>100.0</b>	<b>1,823</b>	<b>100.0</b>



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Finance costs

Our finance costs comprise mainly interest expense on our lease liabilities, loans and borrowings. Our lease liabilities consist of rental of leasehold land and office equipment. Our loans and borrowings consist of (a) property loan; (b) term loans for capital expenditure; (c) finance lease to finance the purchase of equipment and motor vehicles; and (d) trust receipts for working capital purposes.

Our finance costs amounted to approximately S\$0.1 million, S\$0.2 million, S\$0.3 million, S\$0.1 million and S\$0.2 million for FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

### Income tax expense

Our Company is subject to income tax at the applicable tax rates in Singapore. The statutory tax rate in Singapore was at 17.0% during the Period Under Review. Our effective tax rates were approximately 25.6%, 11.5%, 17.7%, 25.9% and 17.0% in FY2018, FY2019, FY2020, 1HY2020 and 1HY2021, respectively.

Our effective tax rates in FY2018, FY2020 and 1HY2020 were higher than the statutory tax rate due to unrecognised deferred tax assets relating to tax losses.

Our effective tax rate in FY2019 was lower than the statutory tax rate due to utilisation of unrecognised deferred tax assets.

### SEASONALITY

Our Group's business is not subject to any significant seasonal fluctuations.

### INFLATION

During the Period Under Review, inflation did not have a material impact on our Group's financial performance.

## REVIEW OF RESULTS OF OPERATIONS

### FY2018 and FY2019

#### Revenue

Our revenue increased by approximately S\$8.2 million or 23.5% from approximately S\$34.9 million in FY2018 to approximately S\$43.1 million in FY2019, mainly due to an increase in revenue from our IBS and A&A business segments, offset by a decrease in revenue from our M&E business segment.

Our revenue from the IBS business segment increased by approximately S\$6.1 million or 25.2% from approximately S\$24.1 million in FY2018 to approximately S\$30.1 million in FY2019. The increase was mainly due to more competitive pricing offered by our Group to secure market share, which led to the significant increase in number of ongoing and completed IBS projects, from 42 in FY2018 to 60 in FY2019. The IBS projects secured in FY2019 were also larger in scale and contract value as compared to the projects in FY2018, which had resulted in the addition of new major customers from the public sector to our Group. Please refer to the section entitled "General Information on our Group – Our Major Customers" of this Offer Document for further details.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Our revenue from the A&A business segment increased by approximately S\$3.0 million or 38.0% from approximately S\$7.8 million in FY2018 to approximately S\$10.7 million in FY2019. The increase was mainly attributed to an A&A project with total estimated contract sum of approximately S\$14.7 million secured during FY2018, of which significant progress was made in FY2019 and contributed revenue of approximately S\$9.1 million.

Our revenue from the M&E business segment decreased by approximately S\$0.8 million or 26.8% from approximately S\$3.1 million in FY2018 to approximately S\$2.2 million in FY2019. The decrease was mainly due to only two (2) M&E projects being undertaken in FY2019, as compared to five (5) M&E projects being undertaken in FY2018.

### Cost of sales

Our cost of sales increased by approximately S\$8.4 million or 33.7% from approximately S\$25.0 million in FY2018 to approximately S\$33.5 million in FY2019, mainly due to an increase in all categories of our cost of sales and in line with the increase in our revenue.

Our material costs increased by approximately S\$1.3 million or 15.5% from approximately S\$8.6 million in FY2018 to approximately S\$9.9 million in FY2019. The increase in material costs was mainly due to an increase in purchase of material and consumable tools for our projects, in line with the increase in number of our ongoing projects for the reasons set out above.

Our subcontracting costs increased by approximately S\$3.1 million or 86.4% from approximately S\$3.6 million in FY2018 to approximately S\$6.7 million in FY2019. The increase was mainly due to our Group's decision to temporarily increase the number of subcontractors engaged to handle the increase in number of IBS projects secured by our Group and after considering the then availability of our manpower resources for undertaking these projects.

Our direct labour costs increased by approximately S\$2.7 million or 25.7% from approximately S\$10.4 million in FY2018 to approximately S\$13.0 million in FY2019. This was mainly due to an increase in number of staff working on-site for our projects as a result of an increase in number of ongoing projects for the reasons set out above. The percentage of our direct labour costs to our total revenue had remained relatively stable at approximately 29.7% and 30.3% in FY2018 and FY2019 respectively.

Our other cost of sales increased by approximately S\$1.3 million or 54.6% from approximately S\$2.5 million in FY2018 to approximately S\$3.8 million in FY2019. This was mainly due to an increase in (a) rental of workers' dormitory by approximately S\$0.4 million as a result of an increase in workers; (b) an increase in insurance by approximately S\$0.3 million; (c) an increase in transportation expenses by approximately S\$0.2 million and (d) an increase in depreciation charges by approximately S\$0.3 million, mainly as a result of an increase in our motor vehicles and machineries.

### Gross profits

Notwithstanding an increase in our revenue, our gross profits decreased by approximately S\$0.3 million or 2.4% from approximately S\$9.9 million in FY2018 to approximately S\$9.6 million in FY2019, mainly due to a decrease in gross profits from our M&E business segment by approximately S\$0.5 million, partially offset by an increase in gross profits from our IBS business segment by approximately S\$0.2 million. Gross profits from our A&A business segment had remained relatively unchanged at approximately S\$1.6 million in FY2018 and FY2019.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Our overall gross profit margin had decreased by approximately 6.0 percentage points from approximately 28.3% in FY2018 to approximately 22.3% in FY2019 mainly due to:

- (i) a decrease in gross profit margin of our IBS business segment from approximately 30.6% in FY2018 to approximately 25.2% in FY2019 mainly due to an increase in subcontracting costs as we decided to temporarily engage more subcontractors to handle the increase in number of projects secured by our Group;
- (ii) a decrease in gross profit margin of our M&E business segment from approximately 30.5% in FY2018 to approximately 18.5% in FY2019 as a result of the works completed in FY2019 which were of comparably lower margins as compared to FY2018, and
- (iii) a decrease in gross profit margin of our A&A business segment from approximately 20.3% in FY2018 to approximately 15.2% in FY2019 as the works completed in FY2019 in respect of the A&A project which contributed a significant amount of revenue in FY2019 were of comparably lower margins as compared to the works completed in FY2018.

### Other income

Our other income decreased by approximately S\$0.1 million or 36.0% from approximately S\$0.3 million in FY2018 to approximately S\$0.2 million in FY2019. The decrease was mainly due to a decrease in rental income.

### Distribution costs

Our distribution costs decreased by approximately S\$0.1 million or 36.4% from approximately S\$0.2 million in FY2018 to approximately S\$0.1 million in FY2019. The decrease was mainly due to a decrease in entertainment expenses.

### Administrative expenses

Our administrative expenses increased by approximately S\$1.9 million or 42.5% from approximately S\$4.6 million in FY2018 to approximately S\$6.5 million in FY2019. The increase was mainly due to an increase in loss allowance on trade receivables and contract assets of approximately S\$2.7 million in respect of revenue due from two (2) customers which were and are, as at the Latest Practicable Date, facing financial difficulties, partially offset by (a) a decrease in depreciation expenses of approximately S\$0.1 million; (b) a decrease in Directors' remuneration and staff costs of approximately S\$0.5 million in aggregate; and (c) a decrease in license fees and professional fees of approximately S\$0.1 million.

### Finance costs

Our finance costs increased by approximately S\$0.1 million or 32.3% from approximately S\$0.1 million in FY2018 to approximately S\$0.2 million in FY2019. The increase was mainly due to an increase in interest on loans and borrowings as a result of additional bank borrowings drawn down during FY2019.

### Income tax expense

Our income tax expense decreased by approximately S\$1.0 million or 74.2% from approximately S\$1.4 million in FY2018 to approximately S\$0.4 million in FY2019. The decrease was mainly due to the lower chargeable income and the utilisation of unrecognised tax losses carried forward from prior years.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Profit for the financial year

As a result of the above, our net profit attributable to owners of the Company decreased by approximately S\$1.3 million or 32.1% from approximately S\$3.9 million in FY2018 to approximately S\$2.7 million in FY2019.

### FY2019 and FY2020

#### Revenue

Our revenue decreased by approximately S\$5.2 million or 12.0% from approximately S\$43.1 million in FY2019 to approximately S\$37.9 million in FY2020, mainly due to a decrease in revenue from our IBS and A&A business segments, offset by an increase in revenue from our M&E business segment.

Our revenue in FY2020 was affected by the temporary suspension of our operations during the "Circuit Breaker" period imposed by the Singapore Government from April to May 2020, which resulted in a slowdown in the progress and revenue recognition of our projects. As a result, our revenue from the IBS business segment decreased by approximately S\$0.7 million or 2.2% from approximately S\$30.1 million in FY2019 to approximately S\$29.4 million in FY2020, and our revenue from the A&A business segment decreased by approximately S\$6.6 million or 61.5% from approximately S\$10.7 million in FY2019 to approximately S\$4.1 million in FY2020. Revenue from our A&A business segment was also affected by the decrease in revenue contribution from an A&A project which was substantially completed in FY2019, from approximately S\$9.1 million in FY2019 to approximately S\$1.8 million in FY2020.

Notwithstanding the above, our revenue from the M&E business segment increased by approximately S\$2.1 million or 94.3% from approximately S\$2.2 million in FY2019 to approximately S\$4.3 million in FY2020. The increase was mainly due to the increase in number M&E projects undertaken by us, from two (2) in FY2019 to four (4) in FY2020.

#### Cost of sales

Our cost of sales decreased by approximately S\$6.5 million or 19.3% from approximately S\$33.5 million in FY2019 to approximately S\$27.0 million in FY2020, mainly due to a decrease in our material costs and direct labour costs and in line with the decrease in our revenue.

Our material costs decreased by approximately S\$1.1 million or 11.0% from approximately S\$9.9 million in FY2019 to approximately S\$8.8 million in FY2020. The decrease in material costs was mainly due to a decrease in purchase of material and consumable tools for our projects, in line with the decrease in our revenue for the reasons set out above.

Our subcontracting fees increased slightly by approximately S\$0.1 million or 2.0% from approximately S\$6.7 million in FY2019 to approximately S\$6.8 million in FY2020. This was mainly due to the engagement of subcontractors for two (2) newly awarded M&E projects in FY2020 after considering the availability of our manpower resources during the COVID-19 period.

Our direct labour costs decreased by approximately S\$5.1 million or 39.3% from approximately S\$13.0 million in FY2019 to approximately S\$7.9 million in FY2020. The decrease was in line with the decrease in our revenue for the reasons set out above, and also the receipt of government grants received from the Singapore Government for companies to cope with the COVID-19

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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pandemic in the form of wage support under the Jobs Support Scheme, waiver of foreign worker levies and the foreign worker levy rebates, which amounted to approximately S\$2.6 million in aggregate. Excluding such government grants, the percentage of our direct labour costs to our total revenue decreased from approximately 30.3% in FY2019 to approximately 27.7% in FY2020. Our Group does not anticipate any material impact on our financials if the various government support programmes were to cease moving forward, as our Group is not reliant on such government grants for the conduct of our business and even after excluding such government grants, our Group would remain profitable for FY2020 and remain in a positive working capital position as at 31 December 2020.

Our other cost of sales decreased by approximately S\$0.4 million or 9.9% from approximately S\$3.8 million in FY2019 to approximately S\$3.4 million in FY2020. This was mainly due to a decrease in upkeep of motor vehicles and transportation expenses due to the decrease in usage as our operations were temporarily suspended during the "Circuit Breaker" period imposed by the Singapore Government from April to May 2020.

### **Gross profits**

Our gross profits increased by approximately S\$1.3 million or 13.3% from approximately S\$9.6 million in FY2019 to approximately S\$10.9 million in FY2020, mainly due to an increase in gross profits from our IBS business segment by approximately S\$1.8 million and an increase in gross profits from our M&E business segment by approximately S\$0.2 million, offset by a decrease in gross profits from our A&A business segment by approximately S\$0.7 million.

Our overall gross profit margin had increased by approximately 6.5 percentage points from approximately 22.3% in FY2019 to approximately 28.8% in FY2020, mainly due to an increase in gross profit margin for our IBS and A&A business segments.

The gross profit margins for our IBS and A&A business segments had increased mainly due to the government grants received from the Singapore Government to cope with the COVID-19 pandemic during FY2020, which had resulted in a decrease in our direct labour costs and consequentially, an increase in our gross profit for these business segments. Disregarding such government grants, the gross profit margin for our IBS and A&A business segments in FY2020 would have remained relatively stable as compared to FY2019.

The gross profit margin for our M&E business segment had however, decreased from approximately 18.5% in FY2019 to approximately 14.5% in FY2020 mainly due to the engagement of subcontractors for two (2) newly awarded M&E projects in FY2020 after considering the availability of our manpower resources during the COVID-19 period, which had resulted in an increase in subcontracting costs and consequentially, a decrease in gross profit for this business segment.

### **Other income**

Our other income increased by approximately S\$0.2 million or 87.3% from approximately S\$0.2 million in FY2019 to approximately S\$0.4 million in FY2020. The increase was mainly due to the COVID-19 safe first-based support grant received in FY2020 from the BCA.

### **Distribution costs**

Our distribution costs had remained relatively unchanged in FY2019 and FY2020.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Administrative expenses

Our administrative expenses decreased by approximately S\$1.8 million or 27.0% from approximately S\$6.5 million in FY2019 to approximately S\$4.7 million in FY2020. The decrease was mainly due to the decrease in loss allowance on trade receivables and contract assets of approximately S\$1.8 million in respect of revenue due from two (2) customers which were and are, as at the Latest Practicable Date, facing financial difficulties as a lower amount of revenue was recognised from these customers in FY2020 as compared to FY2019.

### Finance costs

Our finance costs increased by approximately S\$0.1 million or 99.4% from approximately S\$0.2 million in FY2019 to approximately S\$0.3 million in FY2020. The increase was mainly due to an increase in interest on loans and borrowings as a result of additional bank borrowings drawn down during FY2020.

### Income tax expense

Our income tax expense increased by approximately S\$0.7 million or 210.3% from approximately S\$0.4 million in FY2019 to approximately S\$1.1 million in FY2020 due to the increase in our chargeable income in FY2020 and absence of utilisation of unrecognised tax losses carried forward from prior years.

### Profit for the financial year

As a result of the above, our profit attributable to owners of the Company increased by approximately S\$2.4 million or 88.1% from approximately S\$2.7 million in FY2019 to approximately S\$5.1 million in FY2020.

### 1HY2020 and 1HY2021

#### Revenue

Our revenue increased by approximately S\$11.0 million or 76.6% from approximately S\$14.3 million in 1HY2020 to approximately S\$25.3 million in 1HY2021 mainly due to an increase in revenue from our IBS and M&E business segments, offset by a decrease in revenue from our A&A business segment.

Our revenue from the IBS business segment increased by approximately S\$7.6 million or 66.4% from approximately S\$11.5 million in 1HY2020 to approximately S\$19.1 million in 1HY2021 and our revenue from the M&E business segment increased by approximately S\$3.7 million or 347.6% from approximately S\$1.1 million in 1HY2020 to approximately S\$4.8 million in 1HY2021. Our revenue from these two (2) business segments were higher in 1HY2021 as compared to 1HY2020 as our operations in 1HY2020 were temporarily suspended during the "Circuit Breaker" period imposed by the Singapore Government from April to May 2020, which had resulted in a slowdown in the progress and revenue recognition of our projects during 1HY2020. In addition, revenue from our M&E business segment had increased due to three (3) newly awarded M&E projects in 1HY2021 which generated revenue of approximately S\$2.5 million in aggregate.

Notwithstanding the above, our revenue from the A&A business segment decreased by approximately S\$0.4 million or 19.8% from approximately S\$1.8 million in 1HY2020 to approximately S\$1.4 million in 1HY2021. The decrease was mainly due to decrease in revenue contribution from an ongoing A&A project in 1HY2020 which was completed in 1HY2021.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Cost of sales

Our cost of sales increased by approximately S\$8.0 million or 76.0% from approximately S\$10.5 million in 1HY2020 to approximately S\$18.5 million in 1HY2021, in line with the increase in our revenue.

Our material costs increased by approximately S\$2.1 million or 82.9% from approximately S\$2.6 million in 1HY2020 to approximately S\$4.7 million in 1HY2021. The increase in material costs was in line with the increase in our revenue.

Our subcontracting costs increased by approximately S\$3.3 million or 156.8% from approximately S\$2.1 million in 1HY2020 to approximately S\$5.3 million in 1HY2021. The increase was mainly due to the engagement of subcontractors for two (2) newly awarded M&E projects in 1HY2021 after considering the availability of our manpower resources during the COVID-19 period.

Our direct labour costs increased by approximately S\$2.4 million or 57.5% from approximately S\$4.1 million in 1HY2020 to approximately S\$6.5 million for 1HY2021. The increase was in line with the increase with our revenue and also due to lower government grants received from the Singapore Government for companies to cope with the COVID-19 pandemic in the form of wage support under the Jobs Support Scheme, waiver of foreign worker levies and the foreign worker levy rebates, from approximately S\$1.1 million in aggregate in 1HY2020 to approximately S\$0.8 million in aggregate in 1HY2021.

Our other cost of sales increased by approximately S\$0.2 million or 13.3% from approximately S\$1.8 million in 1HY2020 to approximately S\$2.0 million in 1HY2021. The increase was mainly due to an increase in transportation and upkeep of motor vehicles expenses by approximately S\$0.2 million in aggregate as a result of additional motor vehicles acquired in 1HY2021.

### Gross profits

Our gross profits increased by approximately S\$3.0 million or 78.4% from approximately S\$3.8 million in 1HY2020 to approximately S\$6.8 million in 1HY2021 due to an increase in gross profits from our IBS and M&E business segments by approximately S\$2.5 million and S\$0.5 million respectively. Gross profits from our A&A business segment had remained unchanged at approximately S\$0.3 million in 1HY2020 and 1HY2021.

Our overall gross profit margin had increased slightly by 0.2 percentage points from approximately 26.5% in 1HY2020 to approximately 26.7% in 1HY2021 mainly due to an improvement in gross profit margins for our IBS, M&E and A&A business segments.

The gross profit margins for all three (3) business segments in 1HY2021 were generally higher than those in 1HY2020 as our Group had offered more competitive pricing and hence lower margins in order to secure projects in 1HY2020, given the initial outbreak of the COVID-19 pandemic.

### Other income

Our other income increased by approximately S\$0.1 million or 58.8% from approximately S\$0.1 million in 1HY2020 to approximately S\$0.2 million in 1HY2021. This was mainly due to a gain on disposal of plant and machinery.

### Distribution costs

Our distribution costs had remained relatively unchanged in 1HY2020 and 1HY2021.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Administrative expenses

Our administrative expenses decreased by approximately S\$0.7 million or 27.7% from approximately S\$2.5 million in 1HY2020 to approximately S\$1.8 million in 1HY2021. The decrease was mainly due to the absence of the loss allowance on trade receivables and contract assets of approximately S\$0.7 million which was recognised in 1HY2020 in respect of revenue due from two (2) customers which were and are, as at the Latest Practicable Date, facing financial difficulties.

### Finance costs

Our finance costs increased by approximately S\$0.1 million or 45.0% from approximately S\$0.1 million in 1HY2020 to approximately S\$0.2 million in 1HY2021. The increase was mainly due to an increase in interest on loans and borrowings of approximately S\$0.1 million as a result of additional bank borrowings drawn down during 1HY2021.

### Income tax expense

Our income tax expense increased by approximately S\$0.5 million or 166.3% from approximately S\$0.3 million in 1HY2020 to approximately S\$0.8 million in 1HY2021. The increase was mainly due to higher chargeable income in 1HY2021.

### Profit for the financial period

As a result of the above, our net profit attributable to owners of the Company increased by approximately S\$3.2 million or 354.5% from approximately S\$0.9 million in 1HY2020 to approximately S\$4.1 million in 1HY2021.

## REVIEW OF FINANCIAL POSITION

A review of the financial position of our Group as at 31 December 2020 and 30 June 2021 are set out below:

### Current assets

Our current assets comprise cash and cash equivalents, trade and other receivables, contract assets and inventories, which accounted for approximately 67.5% and 63.7% of our total assets as at 31 December 2020 and 30 June 2021, respectively.

Cash and cash equivalents, which amounted to approximately S\$1.6 million and S\$3.3 million and accounted for approximately 6.8% and 14.5% of our total current assets as at 31 December 2020 and 30 June 2021, respectively, comprise mainly cash on hand and cash at bank. Our cash and cash equivalents had increased from approximately S\$0.3 million as at 31 December 2019 to approximately S\$1.6 million as at 31 December 2020 mainly due to net cash generated from operating activities of approximately S\$1.8 million and net cash generated from financing activities of approximately S\$1.8 million, partially offset by net cash used in investing activities of approximately S\$2.3 million. Our cash and cash equivalents had increased from approximately S\$1.6 million as at 31 December 2020 to approximately S\$3.3 million as at 30 June 2021 mainly due to net cash generated from operating activities of approximately S\$4.0 million, partially offset by net cash used in investing activities of approximately S\$1.6 million and net cash used in financing activities of approximately S\$0.8 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Trade and other receivables, which amounted to approximately S\$7.6 million and S\$6.6 million and accounted for 32.5% and 29.0% of our total current assets as at 31 December 2020 and 30 June 2021, respectively, comprise mainly the following:

- (i) trade receivables from third parties and related parties, net of loss allowance, which amounted to approximately S\$6.2 million and S\$5.6 million as at 31 December 2020 and 30 June 2021, respectively.

Our trade receivables, net of loss allowance, had decreased from approximately S\$9.5 million as at 31 December 2019 to approximately S\$6.2 million as at 31 December 2020 mainly due to the slowdown in the progress and revenue recognition of our projects as a result of the delays in issuance of invoices to our customers as the COVID-19 pandemic had led to a longer time required to receive architects' certification for completed works at our projects. Of our total gross trade receivables as at 31 December 2020, approximately S\$4.3 million were past due for more than 180 days, which were mainly in respect of revenue due from two (2) major customers which were and are, as at the Latest Practicable Date, facing financial difficulties. We had recorded loss allowance in respect of these trade receivables of approximately S\$1.9 million in FY2020, and approximately S\$2.2 million of these trade receivables had been subsequently collected as at the Latest Practicable Date. Please refer to the sections entitled "General Information on our Group – Our Major Customers" and "General and Statutory Information – Litigation" of this Offer Document for further details.

Our trade receivables, net of loss allowance, had decreased from approximately S\$6.2 million as at 31 December 2020 to approximately S\$5.6 million as at 30 June 2021 as a result of the increased efforts to follow up on collections from our customers.

Please refer to the section entitled "General Information on our Group – Credit Management Policy" of this Offer Document for further details on the aging schedule of our trade receivables as at 30 June 2021 and the section entitled "Interested Person Transactions – Past Interested Person Transactions" of this Offer Document for further information on the trade receivables from related parties;

- (ii) advance payment to suppliers, comprising third parties and a related party, for purchase of materials for our projects, amounted to approximately S\$0.5 million and S\$0.2 million as at 31 December 2020 and 30 June 2021, respectively. Our advance payment to suppliers had decreased from approximately S\$0.9 million as at 31 December 2019 to approximately S\$0.5 million as at 31 December 2020 and to approximately S\$0.2 million as at 30 June 2021 mainly due to a decrease in advance payment made to a supplier for lighting products to be used for a project which is expected to be substantially completed by the end of FY2021. Please refer to the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions" of this Offer Document for further information on the advance payment to a related party;
- (iii) other receivables, which relates to back charge costs from subcontractors, amounted to approximately S\$0.1 million as at both 31 December 2020 and 30 June 2021;
- (iv) grant receivables which relates to grants from the Singapore Government under the Jobs Support Scheme, amounted to approximately S\$0.4 million and S\$0.2 million as at 31 December 2020 and 30 June 2021, respectively;
- (v) deposits which relates to rental, tender and utilities deposits, amounted to approximately S\$0.3 million as at both 31 December 2020 and 30 June 2021, and

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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(vi) prepayments which relates to prepaid insurance premiums, amounted to approximately S\$0.2 million as at both 31 December 2020 and 30 June 2021.

Contract assets, which amounted to approximately S\$13.2 million and S\$12.2 million and accounted for approximately 56.4% and 53.8% of our total current assets as at 31 December 2020 and 30 June 2021, respectively, represent the unbilled amount for work completed to date. The amount is transferred to trade receivables when the right to bill becomes unconditional upon receipts of the architects' certification and typically occurs when the construction milestones are achieved. Our contract assets had increased from approximately S\$6.7 million as at 31 December 2019 to approximately S\$13.2 million as at 31 December 2020 mainly due to an increase in number of ongoing projects in FY2020, which were also larger in scale and higher in contract value, as compared to the ongoing projects in FY2019. Our contract assets had decreased from approximately S\$13.2 million as at 31 December 2020 to approximately S\$12.2 million as at 30 June 2021 mainly due to a decrease in number of ongoing projects and transfer of contract assets to trade receivables upon invoicing following the receipt of architects' certifications which were delayed in FY2020 as a result of the COVID-19 pandemic. As at the Latest Practicable Date, approximately S\$8.2 million of our contract assets as at 30 June 2021 have been transferred to trade receivables and our Group does not foresee any difficulty in billing the customers and transferring the remaining contract assets of approximately S\$4.0 million to trade receivables.

Inventories, which amounted to approximately S\$1.0 million and S\$0.6 million and accounted for approximately 4.2% and 2.8% of our total current assets as at 31 December 2020 and 30 June 2021, respectively, comprise mainly the material and consumable tools used for our projects which includes electrical components, lighting equipment and related spare parts, and other building materials. Our inventories had increased from approximately S\$0.7 million as at 31 December 2019 to approximately S\$1.0 million as at 31 December 2020 and had decreased to approximately S\$0.6 million as at 30 June 2021 due to the nature of our business as we do not carry substantial inventory and purchase inventories on an as-needed basis in accordance with the project specifications.

### **Non-current assets**

Our non-current assets comprise property, plant and equipment, right-of-use assets and investment property, which accounted for approximately 32.5% and 36.3% of our total assets as at 31 December 2020 and 30 June 2021, respectively.

Our property, plant and equipment, which amounted to approximately S\$9.8 million and S\$11.5 million and accounted for 86.5% and 88.6% of our total non-current assets as at 31 December 2020 and 30 June 2021, respectively, comprise our (i) computer and software, (ii) furniture and office equipment, (iii) machines and tool equipment, (iv) motor vehicles, (v) property under construction, being the 54 Senoko Property and (vi) leasehold property, being the 32 Woodlands Property. Our property, plant and equipment had increased from approximately S\$7.7 million as at 31 December 2019 to approximately S\$9.8 million as at 31 December 2020 and to approximately S\$11.5 million as at 30 June 2021 mainly due to the construction costs of our new office premises, the 54 Senoko Property, the construction of which was completed in October 2021.

On 6 December 2021, we completed the disposal of the 32 Woodlands Property to an unrelated third party for a consideration of S\$5.0 million, which was based on the market value from an independent professional valuation performed on the 32 Woodlands Property as at 6 October 2021. The valuer had adopted the "direct comparison method" in arriving at its valuation. This

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approach involves the analysis of arms' length comparable sales and adjustments made to reflect the differences in site/floor areas, condition and transaction date, amongst other factors affecting values, and this approach demonstrates what buyers have been willing to pay and sellers are willing to accept, for similar properties in an open and competitive market. The valuation report further indicates that the valuer had employed industry recognised valuation methodologies in estimating the value of the property, having regard to the definition of market value and market based evidence.

The purchaser of the 32 Woodlands Property is not related to our Company, our Directors, Executive Officers, Substantial Shareholders and/or their respective associates. The 32 Woodlands Property was a non-core asset of our Group as it was being used primarily for storage purposes and as a dormitory. In view of the significant outbreaks of COVID-19 in foreign worker dormitories in 2020, the Singapore Government had imposed stringent additional regulations on operators of such dormitories. As compliance with such regulations required significant resources and time to implement, and as our Group had received a reasonable offer for the 32 Woodlands Property, the directors of Digo Corporation had determined that it was in the best interests of our Group to dispose of the 32 Woodlands Property at such time, which was consistent with our Group's business strategy.

Our right-of-use assets, which amounted to approximately S\$0.8 million and S\$0.8 million and accounted for approximately 6.9% and 5.8% of our total non-current assets as at 31 December 2020 and 30 June 2021, respectively, comprise the leases for our (a) leasehold land located at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118, (b) machinery, (c) motor vehicles and (d) office equipment.

Our investment property, which amounted to approximately S\$0.7 million and S\$0.7 million and accounted for 6.5% and 5.6% of our total non-current assets as at 31 December 2020 and 30 June 2021, respectively, relates to the 61 Woodlands Property, which is leased to tenants under operating leases. On 30 July 2021, we transferred our leasehold interest in this property to Accentury for a consideration of S\$0.8 million. Please refer to the section entitled "Interested Person Transactions – Past Interested Person Transactions" of this Offer Document for further information.

### **Current liabilities**

Our current liabilities comprise trade and other payables, contract liabilities, borrowings, lease liabilities and income tax payable, which accounted for approximately 67.5% and 64.4% of our total liabilities as at 31 December 2020 and 30 June 2021, respectively.

Our trade and other payables, which amounted to approximately S\$11.0 million and S\$7.6 million and accounted for approximately 73.7% and 61.7% of our total current liabilities as at 31 December 2020 and 30 June 2021, respectively, comprise:

- (i) trade payables to third parties and related parties, which amounted to approximately S\$6.8 million and S\$4.9 million as at 31 December 2020 and 30 June 2021, respectively. Our trade payables had increased from approximately S\$5.9 million as at 31 December 2019 to approximately S\$6.8 million as at 31 December 2020 mainly due to the longer settlement period of the trade payables to our suppliers and subcontractors as a result of the COVID-19 pandemic. Our trade payables had decreased from approximately S\$6.8 million as at 31 December 2020 to approximately S\$4.9 million as at 30 June 2021 mainly due to our

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efforts to ensure timely settlement of the trade payables to our suppliers and subcontractors following the gradual easing of the "Circuit Breaker" measures implemented by the Singapore Government as a result of the COVID-19 pandemic. Please refer to the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions" of this Offer Document for further information on the trade payables to related parties;

- (ii) amount due to Directors, which amounted to approximately S\$0.1 million and S\$32,000 as at 31 December 2020 and 30 June 2021, respectively. The amount due to Directors are non-trade in nature, unsecured, interest-free, repayable on demand and have been fully repaid as at the Latest Practicable Date. Please refer to the section entitled "Interested Person Transactions – Past Interested Person Transactions" of this Offer Document for further information on the amount due to Directors;
- (iii) accruals, which relates to accrued operating expenses, accrued employees' salaries and statutory contributions, amounted to approximately S\$1.9 million and S\$1.8 million as at 31 December 2020 and 30 June 2021, respectively;
- (iv) deferred grant income, which relates to grants from the Singapore Government under the Jobs Support Scheme, amounted to approximately S\$0.5 million and S\$0.4 million as at 31 December 2020 and 30 June 2021, respectively;
- (v) GST payables, which amounted to nil and approximately S\$17,000 as at 31 December 2020 and 30 June 2021, respectively;
- (vi) retention payables, which relates to retention of subcontractor fees, amounted to approximately S\$0.1 million and S\$0.2 million as at 31 December 2020 and 30 June 2021, respectively; and
- (vii) other payables, which relates to payables for construction cost of our office premises at the 54 Senoko Property and down payment for motor vehicles, amounted to approximately S\$1.5 million and S\$0.1 million as at 31 December 2020 and 30 June 2021, respectively. The other payables are non-trade in nature, unsecured, interest-free, repayable on demand. Our other payables had decreased from approximately S\$2.5 million as at 31 December 2019 to approximately S\$1.5 million as at 31 December 2020 and to approximately S\$0.1 million as at 30 June 2021 mainly due to settlement of the payables for the construction cost of our office premises at the 54 Senoko Property, the construction of which was completed in October 2021.

Our contract liabilities, which amounted to approximately S\$0.5 million and S\$0.5 million and accounted for approximately 3.5% and 4.3% of our total current liabilities as at 31 December 2020 and 30 June 2021, respectively, represent the progress billings which exceed costs incurred plus recognised profits. Such amount is recognised as revenue when our Group performs the underlying performance obligations under the contract.

Our borrowings, which amounted to approximately S\$3.0 million and S\$3.5 million and accounted for approximately 19.9% and 28.6% of our total current liabilities as at 31 December 2020 and 30 June 2021, respectively, represent the current portion of our term loans, trust receipts and hire purchase facilities for our motor vehicles. The current portion of our borrowings had decreased from approximately S\$3.7 million as at 31 December 2019 to approximately S\$3.0 million as at



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31 December 2020 mainly due to a decrease in utilisation of trust receipts for acquisition of materials for our projects in line with the decrease in material costs in FY2020. The current portion of our borrowings had increased from approximately S\$3.0 million as at 31 December 2020 to approximately S\$3.5 million as at 30 June 2021 mainly due to acquisition of motor vehicles under hire purchase.

Our lease liabilities, which amounted to approximately S\$46,000 and S\$48,000 and accounted for approximately 0.3% and 0.4% of our total current liabilities as at 31 December 2020 and 30 June 2021, respectively, represent the current portion of leases for our leasehold land and office equipment which are due for repayment.

Our income tax payable amounted to approximately S\$0.4 million and S\$0.6 million and accounted for approximately 2.6% and 5.0% of our total current liabilities as at 31 December 2020 and 30 June 2021, respectively.

### **Non-current liabilities**

Our non-current liabilities comprise borrowings, lease liabilities and deferred tax liabilities, which accounted for approximately 32.5% and 35.6% of our total liabilities as at 31 December 2020 and 30 June 2021, respectively.

Our borrowings, which amounted to approximately S\$6.3 million and S\$5.9 million and accounted for approximately 88.2% and 87.4% of our total non-current liabilities as at 31 December 2020 and 30 June 2021, respectively, represent the non-current portion of our term loans, trust receipts and hire purchase facilitates for our motor vehicles. The non-current portion of our borrowings had increased from approximately S\$1.8 million as at 31 December 2019 to approximately S\$6.3 million as at 31 December 2020 mainly due to drawdown of working capital facilities to support our operations and maintain our liquidity during the COVID-19 pandemic. The non-current portion of our borrowings had decreased from approximately S\$6.3 million as at 31 December 2020 to approximately S\$5.9 million as at 30 June 2021 mainly due to repayment of our borrowings in accordance with agreed repayment schedules.

Our lease liabilities, which amounted to approximately S\$0.8 million and S\$0.7 million and accounted for approximately 10.7% and 10.9% of our total non-current liabilities as at 31 December 2020 and 30 June 2021, respectively, represent the non-current portion of leases for our leasehold land and office equipment which are due for repayment.

Our deferred tax liabilities amounted to approximately S\$0.1 million and S\$0.1 million and accounted for approximately 1.1% and 1.7% of our total non-current liabilities as at 31 December 2020 and 30 June 2021, respectively.

### **Total equity**

Our total equity, comprising share capital and accumulated profits, amounted to approximately S\$12.7 million and S\$16.7 million as at 31 December 2020 and 30 June 2021, respectively.

### **LIQUIDITY AND CAPITAL RESOURCES**

During the Period Under Review, our Group had financed our working capital, capital expenditure and other capital requirements through a combination of funds generated from our operating

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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activities, shareholders' equity, and bank borrowings. Our principal uses of cash have been for our working capital requirements and to fund our capital investments in property, plant and equipment as we expand our operations.

In assessing the adequacy of our working capital, we have taken into consideration the following:

- (i) As at 30 June 2021, our Group had pro forma net current assets which amounted to approximately S\$11.4 million;
- (ii) During FY2020 and 1HY2021, our Group generated net cash flows from operating activities of approximately S\$1.8 million and S\$4.0 million, respectively;
- (iii) As at 30 June 2021, our Group had cash and cash equivalents of approximately S\$3.3 million and indebtedness of approximately S\$10.2 million, comprising borrowings of approximately S\$9.4 million and lease liabilities of approximately S\$0.8 million and as at the Latest Practicable Date, our Group had cash and cash equivalents of approximately S\$2.9 million and indebtedness of approximately S\$7.8 million, comprising borrowings of approximately S\$7.0 million and lease liabilities of approximately S\$0.8 million;
- (iv) As at the Latest Practicable Date, our Group had unutilised banking facilities amounting to approximately S\$5.5 million;
- (v) As at the Latest Practicable Date, our Group had operating lease commitments amounting to approximately S\$0.5 million and finance lease commitments amounting to approximately S\$1.2 million;
- (vi) As at the Latest Practicable Date, our Group had capital commitments of approximately S\$0.1 million in relation to the purchase of motor vehicles;
- (vii) As at the date of lodgment of this Offer Document, our Group does not have any material contingent liabilities;
- (viii) The potential claims for liquidated damages (if any) by our customers for delay in completion or other losses suffered by them where we are in breach of any terms of the contract by off-setting the same from the retention monies or enforcing the performance bonds;
- (ix) The completion of the disposal of the 32 Woodlands Property on 6 December 2021 and payment of the interim dividend of S\$4.0 million in respect of FY2021 on 20 December 2021;
- (x) The expected scheduled repayment of borrowings and interest expenses in the 12-month period after the Listing arising from the borrowings and finance lease liabilities taken up by our Group; and
- (xi) Our future plans as set out in the section entitled "General Information on our Group – Our Business Strategies and Future Plans" of this Offer Document, which will be partially funded by, and are subject to the amount of, the net proceeds to be raised from the issuance of the New Shares.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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Please refer to the sections entitled "Capital Expenditure, Divestments, Commitments and Contingent Liabilities" and "Capitalisation and Indebtedness" of this Offer Document for further details.

Our Directors are of the reasonable opinion that, after taking into consideration the above and the expected cash flows generated from our Group's operations, having made due and careful enquiry, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient to meet our present requirements and for at least 12 months after the Listing of our Company on Catalist.

The Sponsor and Issue Manager is of the reasonable opinion that, after taking into consideration the above and the expected cash flows generated from the Group's operations, having made due and careful enquiry, the working capital available to the Group as at the date of lodgement of this Offer Document is sufficient to meet its present requirements and for at least 12 months after the Listing of the Company on Catalist.

For the avoidance of doubt, our Directors and the Sponsor and Issue Manager did not take into account the net proceeds to be raised from the issuance of the New Shares in arriving at the aforementioned opinions.

A summary of our cash flows for FY2018, FY2019, FY2020 and 1HY2021 is set out as follows.

	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1HY2021 (S\$'000)
Net cash generated from operating activities	2,123	1,672	1,812	4,034
Net cash used in investing activities	(1,162)	(1,572)	(2,334)	(1,596)
Net cash generated from/(used in) financing activities	82	(3,034)	1,818	(752)
Net increase/(decrease) in cash and cash equivalents	1,043	(2,934)	1,296	1,686
Cash and cash equivalents at the beginning of the year/period	2,198	3,241	307	1,603
Cash and cash equivalents at the end of the year/period	3,241	307	1,603	3,289

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### **FY2018**

Our Group generated net cash from operating activities before changes in working capital of approximately S\$6.8 million. Net cash used in working capital amounted to approximately S\$4.2 million mainly due to (i) an increase in trade receivables of approximately S\$2.9 million, (ii) an increase in net contract assets of approximately S\$0.1 million, (iii) a decrease in amount due to Directors of approximately S\$0.9 million, and (iv) a decrease in trade payables of approximately S\$1.8 million, partially offset by (i) a decrease in inventories of approximately S\$0.2 million, (ii) a decrease in other receivables of approximately S\$0.1 million, and (iii) an increase in other payables of approximately S\$1.2 million. Our Group also paid income tax of approximately S\$0.5 million. As a result, net cash generated from operating activities amounted to approximately S\$2.1 million.

Net cash used in investing activities amounted to approximately S\$1.2 million mainly due to purchase of property, plant, and equipment.

Net cash generated from financing activities amounted to approximately S\$0.1 million mainly due to proceeds from the issue of new shares of approximately S\$0.8 million and proceeds from borrowings of approximately S\$1.5 million, partially offset by repayment of borrowings of approximately S\$2.0 million, repayment of lease liabilities of approximately S\$0.1 million and interest paid of approximately S\$0.1 million.

### **FY2019**

Our Group generated net cash from operating activities before changes in working capital of approximately S\$7.4 million. Net cash used in working capital amounted to approximately S\$4.7 million mainly due to (i) an increase in trade receivables of approximately S\$3.5 million, (ii) an increase in other receivables of approximately S\$0.8 million, (iii) an increase in net contract assets of approximately S\$4.9 million and (iv) an increase in inventories of S\$0.4 million, partially offset by (i) an increase in trade payables of approximately S\$3.0 million, (ii) an increase in other payables of approximately S\$1.1 million and (iii) a decrease in amount due from Directors of approximately S\$0.9 million. We also paid income tax of approximately S\$1.1 million. As a result, net cash generated from operating activities amounted to approximately S\$1.7 million.

Net cash used in investing activities amounted to approximately S\$1.6 million mainly due to the purchase of property, plant, and equipment of approximately S\$1.7 million, partially offset by proceeds from the disposal of property, plant and equipment of approximately S\$0.2 million.

Net cash used in financing activities amounted to approximately S\$3.0 million, mainly due to the repayment of borrowings of approximately S\$3.1 million, repayment of lease liabilities of approximately S\$0.1 million, payment of dividends of approximately S\$4.1 million and interest paid of approximately S\$0.1 million, partially offset by proceeds from the issue of new shares of approximately S\$0.4 million and proceeds from borrowings of approximately S\$4.0 million.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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### **FY2020**

Our Group generated net cash from operating activities before changes in working capital of approximately S\$8.5 million. Net cash used in working capital amounted to approximately S\$5.5 million mainly due to (i) an increase in other receivables of approximately S\$0.2 million, (ii) an increase in net contract assets of approximately S\$6.5 million, (iii) a decrease in amount due to Directors of approximately S\$1.2 million, (iv) an increase in inventories of approximately S\$0.3 million, and (v) a decrease in other payables of approximately S\$0.5 million, partially offset by (i) a decrease in trade receivables of approximately S\$2.4 million and (ii) an increase in trade payables of approximately S\$0.8 million. We also paid income tax of approximately S\$1.2 million. As a result, net cash generated from operating activities amounted to approximately S\$1.8 million.

Net cash used in investing activities amounted to approximately S\$2.3 million mainly due to the purchase of property, plant, and equipment of approximately S\$2.7 million, partially offset by the proceeds from disposal of property, plant and equipment of approximately S\$0.3 million.

Net cash generated from financing activities amounted to approximately S\$1.8 million, mainly due to proceeds from issue of new shares of approximately S\$0.5 million and proceeds from borrowings of approximately S\$11.0 million, offset by repayment of borrowings of approximately S\$8.1 million, repayment of lease liabilities approximately S\$0.1 million, payment of dividends of approximately S\$1.2 million and interest paid of approximately S\$0.3 million.

### **1HY2021**

Our Group generated net cash from operating activities before changes in working capital of approximately S\$5.8 million. Net cash used in working capital amounted to approximately S\$1.2 million mainly due to (i) a decrease in trade payables of approximately S\$1.8 million, (ii) a decrease in other payables of approximately S\$1.5 million and (iii) a decrease in amount due to Directors of approximately S\$0.1 million, offset by (i) a decrease in net contract assets of approximately S\$1.0 million, (ii) a decrease in trade receivables of approximately S\$0.4 million, (iii) a decrease in other receivables of approximately S\$0.5 million and (iv) a decrease in inventories of approximately S\$0.4 million. We also paid income tax of approximately S\$0.6 million. As a result, net cash generated from operating activities amounted to approximately S\$4.0 million.

Net cash used in investing activities amounted to approximately S\$1.6 million mainly due to the purchase of property, plant, and equipment of approximately S\$1.7 million, partially offset by the proceeds from the disposal of property, plant and equipment of approximately S\$0.1 million.

Net cash used in financing activities amounted to approximately S\$0.8 million, mainly due to the repayment of borrowings of approximately S\$4.0 million, repayment of lease liabilities of approximately S\$0.1 million, and interest paid of approximately S\$0.2 million, partially offset by proceeds from borrowings of approximately S\$3.5 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### CAPITAL EXPENDITURE, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital Expenditure and Divestments

Our major capital expenditure and divestments in FY2018, FY2019, FY2020, 1HY2021 and for the period from 1 July 2021 up to the Latest Practicable Date are set out below:

<b>Expenditures</b>	<b>FY2018 (S\$'000)</b>	<b>FY2019 (S\$'000)</b>	<b>FY2020 (S\$'000)</b>	<b>1HY2021 (S\$'000)</b>	<b>From 1 July 2021 to the Latest Practicable Date (S\$'000)</b>
Computers and software	12	145	25	16	55
Furniture and office equipment	1	–	–	–	–
Machinery, tools and equipment	643	79	18	–	–
Motor vehicles	664	1,519	898	672	100
Property under construction	954	1,383	2,569	1,664	447
<b>Total</b>	<b>2,274</b>	<b>3,126</b>	<b>3,510</b>	<b>2,352</b>	<b>602</b>

<b>Divestments</b>	<b>FY2018 (S\$'000)</b>	<b>FY2019 (S\$'000)</b>	<b>FY2020 (S\$'000)</b>	<b>1HY2021 (S\$'000)</b>	<b>From 1 July 2021 to the Latest Practicable Date (S\$'000)</b>
Computers and software	–	–	94	–	–
Furniture and office equipment	–	38	94	–	–
Machinery, tools and equipment	–	–	127	–	–
Motor vehicles	286	465	520	336	–
Leasehold property	–	–	–	–	2,520
Investment property	–	–	–	–	903
<b>Total</b>	<b>286</b>	<b>503</b>	<b>835</b>	<b>336</b>	<b>3,423</b>

The above capital expenditures were made mainly for our operations and were financed by internally generated funds and finance leases.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Operating lease commitments

Our operating lease commitments as at 31 December 2018, 31 December 2019, 31 December 2020, 30 June 2021 and as at the Latest Practicable Date are as follows:

	As at 31 December			As at	As at the
	2018	2019	2020	30 June	Latest
	(S\$'000)	(S\$'000)	(S\$'000)	2021	Practicable
				(S\$'000)	Date
					(S\$'000)
Not later than one (1) year	112	218	189	588	540
Between one (1) and five (5) years	–	–	–	–	–
<b>Total</b>	<b>112</b>	<b>218</b>	<b>189</b>	<b>588</b>	<b>540</b>

Our operating lease commitments represent the rental payable of dormitory for our workers. Please refer to the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document for further details.

As at the Latest Practicable Date, we have operating lease commitments amounting to approximately S\$0.5 million. We intend to finance such commitments through internally generated funds.

### Finance lease commitments

Our finance lease commitments as at 31 December 2018, 31 December 2019, 31 December 2020, 30 June 2021 and as at the Latest Practicable Date are as follows:

	As at 31 December			As at	As at the
	2018	2019	2020	30 June	Latest
	(S\$'000)	(S\$'000)	(S\$'000)	2021	Practicable
				(S\$'000)	Date
					(S\$'000)
Not later than one (1) year	585	1,070	339	231	224
Between one (1) and five (5) years	411	342	348	988	962
<b>Total</b>	<b>996</b>	<b>1,412</b>	<b>687</b>	<b>1,219</b>	<b>1,186</b>

Our finance lease commitments represent finance lease agreements entered into for the acquisition of motor vehicles and machinery. Please refer to the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document for further details.

As at the Latest Practicable Date, we have finance lease commitments amounting to approximately S\$1.2 million. We intend to finance such commitments through internally generated funds.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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### **Capital commitments**

As at the Latest Practicable Date, we have capital commitments of approximately S\$0.1 million in relation to purchase of motor vehicles. We intend to finance such commitments through hire purchase facilities.

### **Contingent Liabilities**

As at the Latest Practicable Date, we do not have any material contingent liabilities.

### **FOREIGN EXCHANGE EXPOSURE**

The accounting records of our Group are maintained in S\$ and our operations are carried out in Singapore. All of our revenue, purchases and expenses during the Period Under Review are denominated in S\$.

We did not incur any material foreign exchange (losses)/gains for the Period Under Review.

At present, we do not have a formal policy for hedging against foreign exchange exposure. We will continue to monitor any foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise.

Should we enter into any hedging transaction in the future, such transaction shall be subject to the review of our Board. In addition, should we establish any formal hedging policy in the future, such policy shall be subject to the review and approval by our Board prior to implementation. Our Audit Committee will review periodically the hedging policies, all types of instruments used for hedging as well as the foreign exchange policies and practices of our Group.

### **SIGNIFICANT CHANGES IN ACCOUNTING POLICIES**

The accounting policies have been consistently applied by our Group during the Period Under Review. There has been no significant change in the accounting policies for our Group during the Period Under Review. Please refer to "The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020" and "The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021" as set out in Appendix A and Appendix B to this Offer Document, respectively, and the related notes elsewhere in this Offer Document for more details on our accounting policies.

During the Period Under Review, our Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("**SFRS(I) INT**") that are relevant to our operations and effective for the respective reporting periods. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to our Group's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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*SFRS(I) and SFRS(I) INT issued but not yet effective*

<b>SFRS(I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 16	Amendment to SFRS(I) 16: <i>COVID-19- Related Rent Concessions</i>	1 June 2020
SFRS(I) 16	Amendment to SFRS(I) 16: <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non- current</i>	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Various	Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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<b>SFRS(I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023

Our Group does not intend to adopt early any of the above new/revised standards, interpretations and amendments to the existing standards. Our Group anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of our Group in the period of their initial adoption.

Save as required for compliance with applicable laws, rules and regulations, there is no intention to change our accounting policies after our Listing which may result in material adjustments to the financial statements disclosed in this Offer Document.

## CAPITALISATION AND INDEBTEDNESS

The following information should be read in connection with “The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020”, “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” and the “The Report on the Compilation Of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2020 and the Six-Month Financial Period ended 30 June 2021” as set out in Appendix A, Appendix B and Appendix C to this Offer Document, respectively, and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

The following table shows our cash and cash equivalents as well as our capitalisation and indebtedness as at 31 October 2021:

- (i) on an actual basis based on the unaudited combined statement of financial position of our Group as at 31 October 2021; and
- (ii) as adjusted for the net proceeds from the issuance of the New Shares.

	<b>As at 31 October 2021</b>	
	<b>Unaudited</b>	<b>As adjusted for</b>
	<b>(S\$’000)</b>	<b>the net proceeds</b>
		<b>from the issuance</b>
		<b>of the New Shares</b>
		<b>(S\$’000)</b>
<b>Cash and cash equivalents</b>		
– cash and cash equivalents	5,046	13,693
<b>Indebtedness</b>		
Current		
– Secured and guaranteed borrowings	4,088	4,088
– Unsecured and non-guaranteed borrowings	8	8
– Secured and guaranteed finance lease liabilities	226	226
– Unsecured and non-guaranteed lease liabilities	49	49
Non-Current		
– Secured and guaranteed borrowings	3,778	3,778
– Secured and guaranteed finance lease liabilities	981	981
– Unsecured and non-guaranteed lease liabilities	725	725
<b>Total indebtedness</b>	<b>9,855</b>	<b>9,855</b>
<b>Shareholders’ equity</b>		
– Share capital	3,350	12,740
– Accumulated profits	15,507	14,764
<b>Total shareholders’ equity</b>	<b>18,857</b>	<b>27,504</b>
<b>Total capitalisation and indebtedness</b>	<b>28,712</b>	<b>37,359</b>

### Cash and cash equivalents

Our cash and cash equivalents are denominated in S\$. As at the Latest Practicable Date, our cash and cash equivalents amounted to approximately S\$2.9 million, comprising cash and bank balances.

## CAPITALISATION AND INDEBTEDNESS

### Indebtedness

As at the Latest Practicable Date, we have total indebtedness of approximately S\$7.8 million, comprising borrowings and finance lease liabilities of approximately S\$7.0 million and S\$0.8 million, respectively, details of which are as follows<sup>(1)</sup>:

Financial institution/ lender	Type of facilities	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Interest rates	Maturity profile
United Overseas Bank Limited	Term loan	2,000.0	–	2,000.0	Interest rate for the first year is 1% per annum over prevailing 3-month cost of funds ("COF"), interest rate for the second year is 1.15% per annum over prevailing 3-month COF, interest rate for the third year is 1.30% per annum over the prevailing 3-month COF, and interest rate for the fourth year is 3.00% per annum over the prevailing 3-month COF, and for the fifth year onwards, interest rate is at UOB's commercial financing rate	12 years after the date of first drawdown
United Overseas Bank Limited	Money market loan	550.0	–	550.0	2.25% per annum over the UOB's COF as determined by UOB on the day of the transaction or at such other rate at the sole discretion of UOB	Not applicable as there was no drawdown
United Overseas Bank Limited	Overdraft	250.0	–	250.0	0.50% per annum over UOB's Prime Lending Rate ("PLR") prevailing from time to time	Repayable on demand
United Overseas Bank Limited	Letter of credit-trust receipts	1,500.0	435.6	1,064.4	(a) 0.75% per annum over UOB's PLR or at such other rate at the sole discretion of UOB, for S\$ denominated bills; (b) 2.50% per annum over UOB's COF, or at such other rate at sole discretion of UOB, for US\$ denominated bills	Up to 120 days for import bills under UOB's letters of credit

## CAPITALISATION AND INDEBTEDNESS

Financial institution/ lender	Type of facilities	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Interest rates	Maturity profile
United Overseas Bank Limited	Credit card	95.0	10.4	84.6	Not applicable	Repayable on demand.
United Overseas Bank Limited	Shipping guarantees	–	–	–	Not applicable	For issuing shipping guarantees under the bank's letter of credit up to 14 days
United Overseas Bank Limited	Temporary bridging loan	3,000.0	3,000.0	–	3.0% per annum	2 June 2025
United Overseas Bank Limited	Hire purchase facility	56.5	56.5	–	2.99% per annum	15 September 2027
United Overseas Bank Limited	Hire purchase facility	93.0	93.0	–	2.99% per annum	7 May 2028
United Overseas Bank Limited	Hire purchase facility	72.5	72.5	–	2.99% per annum	16 December 2026
RHB Bank Berhad	Overdraft	300.0	–	300.0	0.7% per annum below PLR of RHB Bank Berhad	Repayable on demand
RHB Bank Berhad	Multi trade line trust receipts	1,500.0	660.4	839.6	Aggregate of (a) 1.75% per annum; and (b) local or foreign currency COF of RHB Bank Berhad	Up to a maximum of 120 days
RHB Bank Berhad	Revolving credit facility	400.0	–	400.0	Aggregate of (a) 2.5% per annum; and (b) COF of RHB Bank Berhad	Not applicable as there was no drawdown
RHB Bank Berhad	Temporary bridging loan	2,000.0	2,000.0	–	3.5% per annum	30 June 2025

## CAPITALISATION AND INDEBTEDNESS

Financial institution/ lender	Type of facilities	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Interest rates	Maturity profile
DBS Bank Ltd. <sup>(1)(2)(3)</sup>	Temporary bridging loan	1,000.0	1,000.0	–	3.0% per annum	29 May 2025
Oversea-Chinese Banking Corporation Limited <sup>(1)(2)(4)</sup>	Temporary bridging loan	400.0	400.0	–	2.5% per annum	1 October 2025
CIMB Bank Berhad (Singapore Branch) <sup>(1)(2)(4)</sup>	Temporary bridging loan	120.0	120.0	–	4.5% per annum	23 June 2026
Oversea-Chinese Banking Corporation Limited	Hire purchase facility	100.0	100.0	–	2.78% per annum	14 January 2022
Mercedes-Benz Financial Services Singapore	Hire purchase facility	77.9	77.9	–	2.99% per annum	18 July 2025
Mercedes-Benz Financial Services Singapore	Hire purchase facility	77.9	77.9	–	2.99% per annum	18 July 2025
Mercedes-Benz Financial Services Singapore	Hire purchase facility	77.9	77.9	–	2.99% per annum	18 July 2025
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	84.8	84.8	–	2.99% per annum	23 March 2028
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	81.8	81.8	–	2.99% per annum	9 March 2028

## CAPITALISATION AND INDEBTEDNESS

Financial institution/ lender	Type of facilities	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Interest rates	Maturity profile
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	79.8	79.8	–	2.99% per annum	5 February 2028
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	83.8	83.8	–	2.99% per annum	19 February 2028
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	75.8	75.8	–	2.99% per annum	13 January 2028
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	67.5	67.5	–	2.99% per annum	4 December 2025
Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	74.5	74.5	–	2.99% per annum	4 December 2027
HL Bank	Hire purchase facility	66.2	66.2	–	2.99% per annum	19 February 2026
HL Bank	Hire purchase facility	157.0	157.0	–	2.28% per annum	30 October 2025
HL Bank	Hire purchase facility	66.2	66.2	–	2.99% per annum	24 February 2026
HL Bank	Hire purchase facility	66.2	66.2	–	2.99% per annum	24 February 2026
Maybank Singapore Limited	Hire purchase facility	80.0	80.0	–	2.99% per annum	14 June 2026

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## CAPITALISATION AND INDEBTEDNESS

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**Notes:**

- (1) Assuming that the repayment by our Group of all amounts owing under these facilities with DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and CIMB Bank Berhad (Singapore Branch) in relation to the temporary bridging loan of approximately S\$1.1 million had taken place as at the Latest Practicable Date, our total indebtedness as at the Latest Practicable Date would have been approximately S\$6.7 million, comprising borrowings and finance lease liabilities of approximately S\$5.9 million and S\$0.8 million, respectively.
- (2) Based on the terms of these facilities, prior written consent is required to be obtained from the respective lenders before undertaking or permitting, *inter alia*, any reorganisation, reconstruction and/or change of shareholders of Kontourz. As at the Latest Practicable Date, we have sought but have not obtained the requisite consent from the respective lenders for, *inter alia*, the Restructuring Exercise and Listing. Accordingly, as at the date of this Offer Document, our Group has repaid in full all amounts owing under these facilities using internally generated funds to discharge the obligations of Kontourz under these facilities.
- (3) It is a term of this facility that so long as any monies are owing or are to be advanced, Kontourz shall not declare, pay or make any dividend or other distribution, whether of an income or capital nature and whether in cash or in specie, in respect of any accounting period without the prior written consent of DBS Bank Ltd. As at the Latest Practicable Date, we have not received consent and/or waiver from DBS Bank Ltd. in respect of the past dividends declared by Kontourz. Accordingly, as at the date of this Offer Document, our Group has repaid in full all amounts owing under this facility using internally generated funds to discharge the obligations of Kontourz under this facility.
- (4) It is an event of default under this facility if Kontourz applies for or obtain any other loan or credit facility under the working capital loan programme and/or temporary bridging loan programme. As at the Latest Practicable Date, we have not received consent and/or waiver from the Oversea-Chinese Banking Corporation Limited in respect of Kontourz's credit facility with CIMB Bank Berhad (Singapore Branch) under the temporary bridging loan programme which was obtained subsequent to the date of this facility. Accordingly, as at the date of this Offer Document, our Group has repaid in full all amounts owing under this facility using internally generated funds to discharge the obligations of Kontourz under this facility.



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## CAPITALISATION AND INDEBTEDNESS

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The above borrowings are secured by, *inter alia*, a legal mortgage on leasehold property, renovation, plant and equipment and guarantees by Mr. Low Siong Yong and Mr. Tai Yoon On, Mrs. Low and Mrs. Tai. Please refer to the section entitled “Interested Person Transactions – Present and Ongoing Interested Person Transactions – Provision of Guarantees by Mr. Low Siong Yong and Mr. Tai Yoon On, Mrs. Low and Mrs. Tai for facilities” for further details.

As at 31 October 2021, our lease liabilities comprise leases for office equipment and land.

Save as disclosed above, since 31 October 2021 to the Latest Practicable Date, there were no material changes in our capitalisation and indebtedness as disclosed above, save for (i) the gain on disposal of approximately S\$3.2 million following the completion of the disposal by Digo Corporation of the 32 Woodlands Property to an unrelated third party for a consideration of S\$5.0 million on 6 December 2021; (ii) payment of the interim dividend of S\$4.0 million in respect of FY2021 by Digo Corporation on 20 December 2021; and (iii) changes in our retained earnings arising from our day-to-day operations in the ordinary course of business.

To the best of our Directors’ knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

Pursuant to Rule 728 of the Catalist Rules, Skky Investments, Lezo Holdings, Mr. Low Siong Yong and Mr. Tai Yoon On, being our Controlling Shareholders, have provided undertakings to our Company that they will notify our Company as soon as they become aware of any share pledging arrangements relating to their respective Shares and of any event which will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities. Upon notification by any Controlling Shareholder, our Company will make the necessary announcement(s) in compliance with Rule 728 of the Catalist Rules.

In the event that our Group enters into a loan agreement or issues debt securities that contain a specified condition, and the breach of this specified condition will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities, significantly affecting the operations of our Group or results in our Group facing a cash flow problem, we will immediately announce the details of the specified condition(s) in accordance with Rule 704(33) of the Catalist Rules, and the level of these facilities that may be affected by a breach of such specified condition. Pursuant to Rule 704(33) of the Catalist Rules, a “specified condition” is a condition that makes reference to the shareholding interests of any Controlling Shareholder, or a restriction on any change of control of our Company.

Save as disclosed above, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptances credits, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

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## RESTRUCTURING EXERCISE

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Pursuant to the Restructuring Exercise to rationalise the structure of our Group and our subsidiaries in preparation for the Listing and for the purposes of the Placement, our Company became the holding company of our Group.

The Restructuring Exercise involved the following steps:

### 1. Incorporation of our Company

On 8 November 2021, our Company was incorporated as a private company limited by shares in Singapore under the Companies Act, with an issued and paid-up share capital of S\$100 comprising 100 Shares (before the Share Split), with 55 Shares (before the Share Split) and 45 Shares (before the Share Split) held by Skky Investments and Lezo Holdings respectively, credited as fully paid. Accordingly, the issued share capital of our Company became owned as to 55.0% and 45.0% by Skky Investments<sup>(1)</sup> and Lezo Holdings<sup>(2)</sup> respectively.

### 2. Acquisition of Digo Corporation, Digo Building and Kontourz

Pursuant to a share purchase agreement dated 14 January 2022 entered into amongst our Company, Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low<sup>(3)</sup> and Mrs. Tai<sup>(4)</sup>, our Company acquired:

- (a) an aggregate of 2,000,000 shares amounting to the entire issued and paid up share capital of Digo Corporation for an aggregate purchase consideration of S\$11,688,800, which is based on the NAV of Digo Corporation as at 31 December 2020 (“**Digo Corporation Consideration**”);
- (b) an aggregate of 850,100 shares amounting to the entire issued and paid up share capital of Digo Building for an aggregate purchase consideration of S\$196,800, which is based on the NAV of Digo Building as at 31 December 2020 (“**Digo Building Consideration**”); and
- (c) an aggregate of 500,000 shares amounting to the entire issued and paid up share capital of Kontourz for an aggregate purchase consideration of S\$809,300, which is based on the NAV of Kontourz as at 31 December 2020 (“**Kontourz Consideration**”).

The Digo Corporation Consideration, Digo Building Consideration and Kontourz Consideration was to be satisfied in full by the allotment and issue of 6,982,195 Shares (before the Share Split) and 5,712,705 Shares (before the Share Split) (“**Consideration Shares**”), based on an issue price of S\$1.00 per Share and credited as fully-paid, to Mr. Low Siong Yong and Mr. Tai Yoon On respectively. At the respective directions of Mr. Low Siong Yong and Mr. Tai Yoon On, the Consideration Shares of each of Mr. Low Siong Yong and Mr. Tai Yoon On were allotted and issued to Skky Investments<sup>(1)</sup> and Lezo Holdings<sup>(2)</sup> respectively.

Upon completion of the above transactions, Digo Corporation, Digo Building and Kontourz became wholly-owned subsidiaries of our Company.

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## RESTRUCTURING EXERCISE

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### 3. Share Split

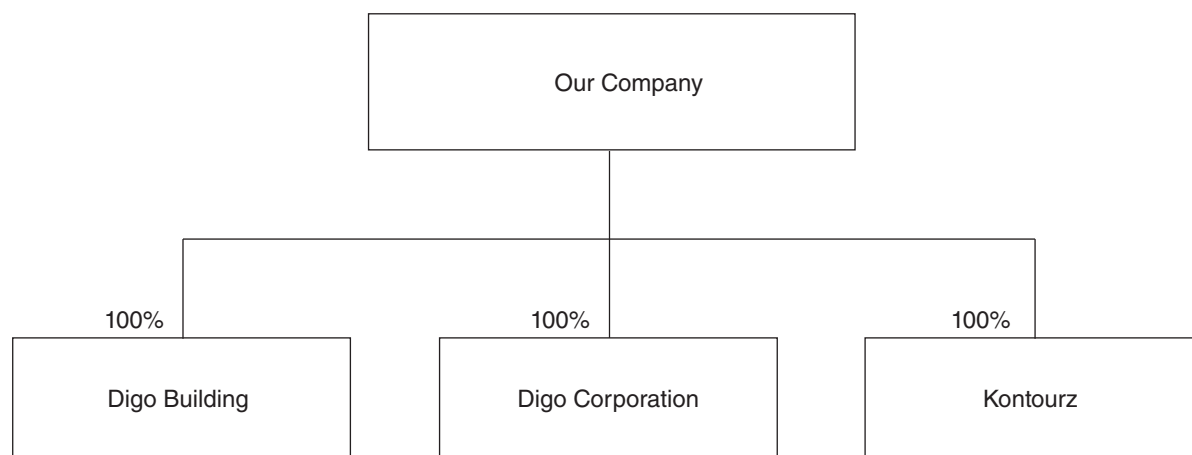
On 18 January 2022, the Share Split was effected and our 12,695,000 Shares were sub-divided into 152,340,000 Shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company became S\$12,695,000, comprising 152,340,000 Shares.

**Notes:**

- (1) Skky Investments is a private company limited by shares incorporated on 14 October 2021. The sole director and sole shareholder of Skky Investments is our Executive Chairman and CEO, Mr. Low Siong Yong.
- (2) Lezo Holdings is a private company limited by shares incorporated on 14 October 2021. The sole director and sole shareholder of Lezo Holdings is our Executive Director, Mr. Tai Yoon On.
- (3) Pursuant to a deed of confirmation of trust executed by Mrs. Low and Mr. Low Siong Yong dated 26 October 2021, Mrs. Low confirmed, *inter alia*, that all her interests in the shares of Digo Building (since 28 December 2017) and Kontourz (since 1 March 2013), were held on trust for and on behalf of her spouse, Mr. Low Siong Yong. This amounted to 467,555 shares in Digo Building or approximately 55.0% of the total issued and paid-up share capital of Digo Building, and 275,000 shares in Kontourz or approximately 55.0% of the total issued and paid-up share capital of Kontourz.
- (4) Pursuant to a deed of confirmation of trust executed by Mrs. Tai and Mr. Tai Yoon On dated 26 October 2021, Mrs. Tai confirmed, *inter alia*, that all her interests in the shares of Digo Building (since 28 December 2017) and Kontourz (since 1 March 2013), were held on trust for and on behalf of her spouse, Mr. Tai Yoon On. This amounted to 382,545 shares in Digo Building or approximately 45.0% of the total issued and paid-up share capital of Digo Building, and 225,000 shares in Kontourz or approximately 45.0% of the total issued and paid-up share capital of Kontourz.

## OUR GROUP STRUCTURE

Our Group immediately after the Restructuring Exercise and as at the date of this Offer Document is as follows:



### Our Subsidiaries

Information on our subsidiaries as at the date of this Offer Document is set out in the table below:

<b>Company</b>	<b>Date and Place of Incorporation</b>	<b>Principal Business Activities</b>	<b>Principal Place of Business</b>	<b>% Ownership Interest held by our Company</b>
Digo Corporation	20 December 2003, Singapore	IBS, M&E and A&A works	Singapore	100.0
Kontourz	12 October 2007, Singapore	IBS and M&E works	Singapore	100.0
Digo Building	26 May 2017, Singapore	A&A works	Singapore	100.0

Save as disclosed above, our Group does not have any subsidiaries or associated companies. Our subsidiaries are not listed on any stock exchange in any jurisdiction.

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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY

Our Company was incorporated in the Republic of Singapore on 8 November 2021 under the Companies Act as a private company limited by shares under the name of “Alpina Holdings Pte. Ltd.”. On 17 January 2022, our Company was converted into a public company and was renamed as “Alpina Holdings Limited”. Our Company’s registration number is 202138650H.

Pursuant to the Restructuring Exercise, as more particularly described in the section entitled “Restructuring Exercise” of this Offer Document, our Company became the holding company of our Group for the purpose of the Listing and holds the entire interest of three (3) subsidiaries, namely, Digo Corporation, Kontourz and Digo Building.

Our principal operating subsidiary, Digo Corporation, was incorporated in December 2003 and has been in operation in the M&E engineering industry in Singapore for over 17 years. Digo Corporation principally engages in electrical works and the provision of general building engineering design and consultancy services in Singapore. Subsequently, we expanded our scale of operations by incorporating other subsidiaries, namely Kontourz in October 2007 and Digo Building in May 2017, and expanded our services to include A&A works in 2008 and IBS in 2014. Throughout the years, we believe that we have built up a reputation as a quality and reliable contractor in Singapore.

Our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On, each has over 25 years of experience in providing IBS, M&E engineering services and A&A works.

In December 2003, Digo Corporation was incorporated to undertake M&E works. Digo Corporation was initially held by Ms. Low Siew Lay and Mr. Lim Chang Chai, the sister and brother-in-law of Mr. Low Siong Yong respectively, both of whom were holding the shares of Digo Corporation on behalf of Mr. Low Siong Yong. Mr. Low Siong Yong and Mr. Tai Yoon On have been participating in the management of Digo Corporation since its incorporation, and they became shareholders of Digo Corporation in March 2006 and November 2005, respectively. Digo Corporation initially engaged in public M&E engineering projects as a subcontractor. In 2009, Digo Corporation undertook its first M&E engineering project as a main contractor in the public sector.

In 2003 and 2006, Digo Corporation obtained registration of ME05 (Electrical Engineering) Workhead – Grade L6 and ME01 (Air-conditioning, Refrigeration & Ventilation Works) Workhead – Grade L4. In 2016, Digo Corporation obtained the GB2 Licence issued by the BCA, which enabled it to tender for building works projects in the public and private sectors, and started undertaking A&A works as the main contractor in 2016. As at the Latest Practicable Date, our Group holds the GB2 Licence and 13 BCA Workhead registrations under the CRS.

To streamline our business operations, Kontourz was incorporated in October 2007 to undertake maintenance services and M&E engineering projects of a smaller scale, of below approximately S\$1.0 million in project value in Singapore. Digo Building was incorporated in May 2017 to undertake A&A works.

In 2007, Digo Corporation obtained the ME15 (Integrated Building Services) Workhead – Grade L5, and diversified its customer base to the public sector in 2014 by undertaking its first IBS project for a Singapore statutory body as a main contractor. Digo Corporation has since obtained the grading of L6 under the ME15 (Integrated Building Services) Workhead, which is the highest grading under this Workhead and allows Digo Corporation to participate in tendering and executing IBS projects in the public sector with no tendering limits and no project value limits.

## GENERAL INFORMATION ON OUR GROUP

Over the years, in recognition of our quality management and work safety, we have received a number of accreditations and awards. We were accredited with ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health and Safety Management System) and bizSAFE Level Star for workplace safety and health. For details of our major certifications, please refer to the section entitled “General Information on our Group – Awards and Accreditations” of this Offer Document.

A summary of the key milestones of our Group since incorporation is set out below:

Date	Key milestones
2003	Digo Corporation was incorporated to undertake M&E engineering projects in Singapore.
2007	Digo Corporation undertook its first M&E engineering project as a main contractor for a Singapore statutory board.  Kontourz was incorporated to undertake M&E engineering projects of a smaller scale in Singapore.
2014	Digo Corporation undertook its first major IBS project under the ME15 (Integrated Building Services) Workhead as a main contractor for a Singapore statutory body with a contract sum of approximately S\$4.9 million.
2015	Digo Corporation obtained the ME15 (Integrated Building Services) Workhead – Grade L6 registration, which enabled it to tender directly for IBS projects from government or statutory bodies with no tendering limit and no project value limit.
2016	Digo Corporation was awarded its first IFM contract from an education institution covering the maintenance for both building facilities and M&E systems.
2016 to 2019	Digo Corporation was successfully awarded various zones of contracts for integrated maintenance services for M&E systems from the same statutory board in Singapore with an aggregate contract value of approximately S\$27.0 million.
2017	Digo Building was incorporated to undertake A&A works.
2019	Digo Corporation contracted a project for A&A works as a subcontractor with a contract sum of approximately S\$38.6 million.
2019	Digo Corporation secured three (3) contracts arising from a single tender for integrated maintenance services for M&E systems from a Singapore ministry with an aggregate contract value of approximately S\$36.0 million.
2020	Digo Corporation obtained registration of the FM01 (Facilities Management) Workhead – Grade M3, which enabled it to tender directly for IFM projects, from government or statutory bodies, of up to S\$10.0 million.
2020	Digo Corporation secured three (3) contracts for M&E system upgrading in three (3) batches from a statutory board in Singapore with an aggregate contract value of approximately S\$15.8 million.

During the Period Under Review, our projects were all located in Singapore with predominantly public sector customers such as government ministries and statutory boards. We provided a series of services such as M&E systems and builder maintenance, A&A works, and upgrading of M&E facilities.

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## GENERAL INFORMATION ON OUR GROUP

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### AWARDS AND ACCREDITATIONS

Our Group has received the following awards, accreditation and certifications:

Name of award or accreditation	Awarding organisation	Obtained by	Date of expiry/next renewal
Environmental Management System Accreditation (ISO 14001:2015)	MS Certification Singapore	Digo Corporation	12 July 2024
Operational Health and Safety Management System Accreditation (ISO 45001:2018)	MS Certification Singapore	Digo Corporation; Kontourz	12 July 2024
Quality Management System Accreditation (ISO 9001:2015)	MS Certification Singapore	Digo Corporation; Kontourz	12 July 2024
bizSAFE Level Star	Workplace Safety and Health Council of Singapore	Digo Corporation; Kontourz	12 July 2024

### BUSINESS OVERVIEW

We are an established Singapore-based contractor specialising in providing IBS, M&E engineering services and A&A works with a long operating history of over 17 years. During the Period Under Review, we provided IBS and M&E engineering services mainly as main contractor and provided A&A works as subcontractor. We have obtained the grading of L6 for our registration under the ME15 (Integrated Building Services) Workhead, which is the highest grading under this Workhead and allows us to participate in tendering for and executing IBS projects in the public sector with no tendering limits and project value limits under this Workhead.

During the Period Under Review, the IBS segment was our largest revenue contributor. Our IBS business mainly encompasses (i) scheduled and breakdown maintenance services on the M&E systems; and (ii) ad-hoc and improvement works.

We are engaged in both public and private sector projects for IBS, M&E engineering services and A&A works. Public sector projects refer to projects of which the Singapore Government or a public university in Singapore is the project owner. During the Period Under Review, the majority of our projects were public sector projects, with approximately 99% of our projects being public sector projects.

We are led by a management team which is experienced in our industry. The founders of our Group, our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On, each has over 25 years of experience in providing IBS, M&E engineering services and A&A works. Over the years, under the leadership of Mr. Low Siong Yong and Mr. Tai Yoon On, our Group has grown to having over 400 employees as at the Latest Practicable Date, with the capability to undertake projects of varying scales. For further details of the qualifications and experience of Mr. Low Siong Yong and Mr. Tai Yoon On, please refer to the section entitled "Directors, Executive Officers and Employees" of this Offer Document.



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## GENERAL INFORMATION ON OUR GROUP

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### Business Model

#### 1. IBS

Our IBS contracts generally have a specified contract period ranging from one (1) to four (4) years, and in certain instances, up to six (6) years. During the contract period, our Group is required to perform a mixture of works in respect of different building systems at a specified building or at various premises. Our IBS contracts mainly encompass maintenance services (including scheduled maintenance and breakdown maintenance) on the building systems and ancillary A&A works.

For scheduled maintenance, our scope of work is generally to carry out maintenance at predetermined intervals or corresponding to prescribed criteria and intended to reduce the probability of failure or performance degradation of a system or item. This includes routine or scheduled servicing works, restoration of system, telephone and remote supports, consumables, inspection, adjustment, lubrication of the parts and equipment, fine tuning of systems, troubleshooting, updating of data, rectification, replacement and repair.

For breakdown maintenance, our scope of work generally includes urgent and ad-hoc repairs, including the replacement of spares and repairs of systems when such systems break down and restoring them to a satisfactory operating condition. It includes but is not limited to the provision of emergency maintenance and repairs which if left unexecuted can cause injury to occupants or the loss of use of the systems or cause the systems to be made inoperative. To enable this, we have to ensure the provision and management of an efficient inventory system in which sufficient stock of essential spares, consumable items and materials for repair and replacement are kept.

For ancillary A&A works, our scope of work generally includes extension, alterations, conversion and upgrading of existing building systems as well as other minor repair and improvement works. Pursuant to our contracts, our ancillary A&A works are generally carried out upon our customers confirming the work orders.

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

- (a) **Electrical system.** This mainly includes lightning protection systems, generator, transformer, internal and external power supply and distribution systems, internal and external light fittings, urgent power supply systems and fire protection and alarm systems, switchboard, distribution board, lighting systems, lightning protection systems, urgent power supply systems, bus-ducts (bus-bar trunking system), standby generators, wall and ceiling fans.
- (b) **Mechanical system.** This mainly includes air-conditioning systems (such as air cooled split systems, HVLS fans, VRV/VRF systems, water cooled package systems and water/air cooled chiller systems), mechanical ventilation systems, plumbing and sanitary systems, extraction systems, water tanks and pumping systems, automatic gates and doors systems, motorised roller blind system, and car park/staircase exhaust system.
- (c) **Domestic system.** This mainly includes central antenna television systems, solar heater, cooler, hot and cold-water disperser and town gas and liquefied petroleum gas system.

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## GENERAL INFORMATION ON OUR GROUP

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- (d) **Specialist system.** This mainly includes transportation systems (such as all types of lift), communication systems (such as public address (PA) system), security system (such as burglar alarms, card access system), programmable logic controller (PLC) system, building automated system (BAS), building management system (BMS), maintenance management system (MMS), fire hydrant pumping system, fire sprinkler system, smoke control system wet chemical suppression system, people counting system, sound reinforcement system, and fire protection installations for fire alarm systems.

### 2. M&E engineering

Our M&E engineering services include the installation, replacement, and upgrading of the M&E systems, including switchboards, distribution boards, light fittings, lightning protection systems, ACMV systems, pump systems and fire protection systems. These services are usually provided for a specific project with a lump sum contract price and not based on a fixed term.

### 3. A&A works

The A&A works undertaken by us are for term contracts with a fixed contract period ranging from two (2) to four (4) years. The work scope may cover building works, civil works and M&E works, which are carried out according to work orders issued from time to time during the contract period.

Our building works generally include retrofitting existing spaces into buildings or facilities owned by the customer, renovation, improvement and upgrading of buildings and interior design works, the extension and construction of buildings and structures such as shelters and general repairs and redecoration works.

Our civil works generally include demolition, upgrading works of existing facilities, drainage, road and pavement improvement works within the customer's property, repairing roof leaks and water damage, excavation works and earthworks.

Our M&E works generally include installation, replacement or upgrading of M&E systems such as electrical system, ACMV system, fire protection system, communication system, security system.

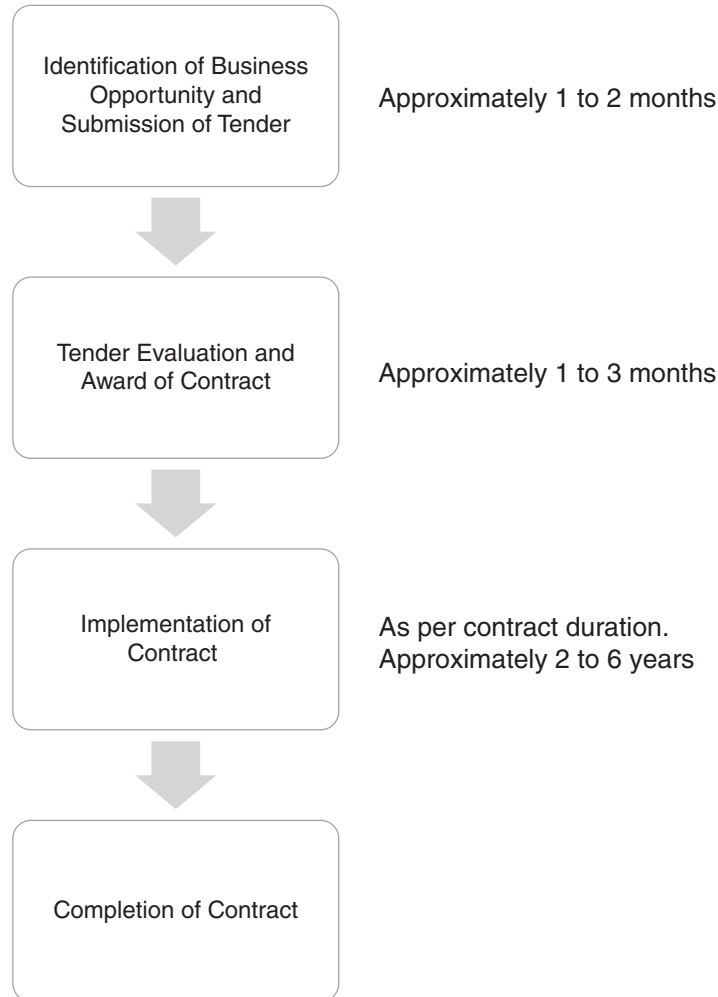
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## GENERAL INFORMATION ON OUR GROUP

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### Operational Flow

For illustrative purposes, set out below is a flowchart summarising the principal steps of our workflow in a typical project for IBS, M&E engineering services and A&A works:



**Note:** The timeframe is calculated on an approximate basis and may vary from project to project, depending on the complexity of the project, the requirements of our customers and/or our agreement with our customers on the timeframe for the principal steps.

### Identification of business opportunities and submission of tender

During the Period Under Review, we generally identify potential projects mainly through (i) regular review of the tender notices published on GeBIZ, one of the Singapore Government's e-procurement portals where public sector's invitations for tenders are posted by the Singapore Government, other e-procurement portals and newspapers; (ii) review of tender notices in made available on portals such as SESAMi and SAP Ariba, or *via* notices in newspapers; and (iii) invitations for tender received for us to participate as subcontractors for public sector projects from the main contractors engaged for such projects. In addition, our Group has also secured new business as subcontractors through direct invitations for tender by main contractors engaged for a project.

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## GENERAL INFORMATION ON OUR GROUP

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### **Preliminary assessment of the project**

The tender documents and project details provided by our customers generally contain the project description, scope of services required, tender drawings, expected commencement date, contract period, payment term, evaluation criteria and timeframe for submitting the tender.

The evaluation criteria of the public sector projects may cover the following aspects:

- (a) registration status of the tenderer under the specified Workheads and financial grade under the BCA or EPPU;
- (b) bizSAFE or safety management certification status of the tenderer;
- (c) competitiveness of the tender pricing;
- (d) the tenderers' historical performance and service quality in public sector projects of similar nature and complexity;
- (e) the tenderers' past safety records;
- (f) industry reputation of the tenderers based on track record submitted and biography of the persons assigned to perform the projects;
- (g) financial positions of the tenderers; and
- (h) compliance with the instructions for the submission of tender as set out in the tender documents.

Upon receiving the tender documents and/or project details from our prospective customers, we will conduct an internal evaluation on the feasibility of undertaking the project, taking into account various factors which are stipulated in the tender documents and/or project details, including the technical requirements, project size, expected complexity, commencement date, estimated profitability of the project, availability and capacity of our manpower and the need to engage subcontractors. We also take into consideration other factors such as the creditworthiness of the prospective customer through the conduct of informal background checks prior to accepting new work orders from new customers, the expected urgency of the project (if any) and the prevailing market conditions.

### **Preparation of tender proposal**

Our tender proposals are prepared in accordance with the respective tender requirements, and typically comprise (a) the pricing documents; and (b) the quality document or proposal which includes our corporate profile, track record, licenses and certifications, financial reports and the specific tender proposal. Our customers may arrange interviews with us after receiving our tender proposal in order to have a better understanding of our personnel, expertise and experience. The process of preparing and submitting our tender proposal usually spans between four (4) to eight (8) weeks, depending on the nature and complexity of the proposed project, not accounting for any subsequent negotiations, if any.

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## GENERAL INFORMATION ON OUR GROUP

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### **Award of contract**

Our customers generally confirm our engagement by issuing a letter of award to us, with the principal terms of our engagement which broadly contains the scope of work, duration, contract sum, payment terms, insurance, performance/surety bond, liquidated damages, defects liability period and indemnities.

### **Formation of project management team**

Upon the award of the project, we usually form a project management team comprising members possessing the technical expertise required for the particular project. Our project management team is generally responsible for (i) formulation of detailed plans and schedules; (ii) arranging necessary materials, equipment and manpower resources; (iii) delegation of works and collaboration with our subcontractors (if necessary); (iv) supervision of work progress, budget and quality of services rendered; (v) preparation of progress report; and (vi) participation in project meetings and communication with our customers on a continual basis to ensure the works performed fulfil our customers' requirements, and are completed on schedule, within budget and in compliance with all applicable statutory requirements.

### **Procurement and testing of materials**

We are generally responsible for procuring materials required for our projects on our own account. The major types of materials sourced from our suppliers of materials include air-conditioning sets, light fittings, electrical cables and M&E accessories. We typically arrange sample inspection of the materials upon their arrival. Depending on our customers' requirements, quality inspection or testing may be conducted by representatives of our customers for certain kinds of materials to be used in our projects. Any materials that fail to comply with the specifications or standards provided in the purchase order will be returned to the materials suppliers for replacement. Our suppliers of materials charge us based on the total quantity of our purchase.

We generally purchase materials from our internal list of approved suppliers of materials. We would obtain quotations from different suitable suppliers for comparison. Occasionally, we may be required by our customers to purchase certain materials of particular brands or models for repair and/or replacement. In selecting our suppliers of materials, we take into account various factors, including pricing, quality of material or equipment provided, timeliness of delivery, financial performance and ability to comply with our requirements and specifications.

### **Engagement of subcontractors (if necessary)**

We possess our own direct labour resources to perform the works of our projects. Depending on the availability of our labour resources and the types of specialised works involved, we may also subcontract the works to subcontractors. For certain projects, we may also be required to engage specified subcontractors as directed by the project owners. We engage our subcontractors on a project-by-project basis. We have not committed to any minimum purchase amount with our subcontractors.

We select and maintain an internal list of approved subcontractors and such list is updated on a continuous basis. Our evaluation criteria include their qualifications, labour resources, relevant work experience and financial background. Our Directors are of the view that we have the flexibility to engage alternative subcontractors to provide different kinds of construction or designer works. The principal terms of our subcontracting engagement generally include, among other things, (i) the scope of works; (ii) the contract price, specifying the payment schedule, method and credit terms; (iii) the location of the work site at which the works are to be performed; and (iv) the defects liability period.

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## GENERAL INFORMATION ON OUR GROUP

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### **Project supervision and quality control**

We also perform in-house quality inspection and project supervision throughout the project in accordance with our in-house quality management systems which are in conformity with the requirements of the ISO 9001:2015 standards. For further information regarding our quality management systems, please refer to the section entitled “General Information on our Group – Quality Control and Assurance” of this Offer Document.

### **Warranty period**

We are generally required to provide a warranty period of approximately 12 months to five (5) years for the parts and components used in our services from the date of acceptance of the works performed. During the warranty period, we shall at our own cost repair, rectify and make good any damages or defects to the parts and components. We generally obtain back-to-back warranties from our suppliers and subcontractors. The terms of such back-to-back warranties given by our suppliers and subcontractors at our request would generally include that such suppliers or subcontractor shall guarantee all works as specified in the warranties as required under the main contract, and for such suppliers or subcontractors to restore defective work to the standard of contract documents without cost to the owner, including all materials labour, refinishing and other costs incidental to the work. Our Group has not previously encountered any subcontractor or supplier which was unwilling or unable to provide such back-to-back warranties, and in such event of a potential subcontractor or supplier being unable or unwilling to provide such back-to-back warranties, our Group would not proceed with engaging such potential subcontractor or supplier and would engage an alternative subcontractor or supplier which is willing to provide such back-to-back warranties instead.

To the extent our Group is unable to effectively seek recourse from such suppliers or subcontractors, our Group would be liable for the repair costs and damages. During the Period Under Review, our Group has been able to recover all such repair costs and damages from the supplier or subcontractor pursuant to the back-to-back warranties given by them.

### **OUR MAJOR CUSTOMERS**

Our Group’s customer base comprises mainly (a) the Singapore Government, including Singapore Government ministries and statutory boards governing education, environment, industrial infrastructure, housing, public libraries, sport culture, social community relationship, urban ecosystems, public utilities, national securities, public safety, civil defence, border control and immigration; (b) public universities or institutions in Singapore; and (c) contractors which engage us as their subcontractors and delegate certain works to us.

## GENERAL INFORMATION ON OUR GROUP

The table below sets out the customers which accounted for 5.0% or more of our Group's total revenue for the Period Under Review.

Customer	Type of services provided	Percentage contribution to total revenue (%)			
		FY2018	FY2019	FY2020	1HY2021
General building contractor in Singapore <sup>(1)(3)</sup>	Upgrading works in park connectors	17.1	3.0	–	–
Public institution in Singapore <sup>(3)</sup>	Minor works and lighting replacement works	12.4	6.3	9.9	15.3
Statutory board of the Singapore Government <sup>(3)</sup>	M&E maintenance and upgrading works	10.3	13.3	9.2	3.8
General building contractor in Singapore <sup>(3)</sup>	Provision of electrical maintenance, minor works, repair of electrical installation and services	6.5	2.6	1.9	2.0
Statutory board of the Singapore Government <sup>(3)</sup>	Maintenance services	5.2	4.3	–	–
Public Utilities Board	Maintenance services and supply, installation, testing and commissioning of bollard lighting system	5.3	4.7	3.0	1.6
A construction company incorporated in Singapore <sup>(2)(3)</sup>	Additions and alterations work and building services maintenance	1.4	25.8	5.9	–
Ministry of the Singapore Government <sup>(3)</sup>	Maintenance of M&E systems and additions and alteration works	–	7.4	19.3	16.3
Statutory board of the Singapore Government <sup>(3)</sup>	M&E works	3.9	2.0	6.1	13.4
Ministry of the Singapore Government <sup>(3)</sup>	Retrofitting works to existing lighting system	–	1.8	5.8	6.2



## GENERAL INFORMATION ON OUR GROUP

Customer	Type of services provided	Percentage contribution to total revenue (%)			
		FY2018	FY2019	FY2020	1HY2021
A group of companies in Singapore involved in additions & alterations and repair & redecoration works <sup>(3)</sup>	Development, upgrading and maintenance works	0.6	–	2.9	6.0

**Notes:**

- (1) There was no revenue contribution from this customer after FY2019 as it was and is still experiencing financial difficulties as at the Latest Practicable Date and no further services have been provided to this customer since FY2019. As at the Latest Practicable Date, an amount of approximately S\$0.65 million remains due from this customer, and such amount has been recorded as expected loss on trade receivables and contract assets in FY2019.
- (2) This customer is currently in receivership and no further services have been provided to this customer since FY2020. As at the Latest Practicable Date, an amount of approximately S\$2.79 million remains due from this customer, and such amount has been recorded as expected loss on trade receivables and contract assets in FY2019 and FY2020.
- (3) The identity of this customer has not been disclosed as we were unable to obtain consent from this customer for the disclosure of its identity.

We generally do not have recurring contracts with our customers, and most of our projects are awarded on a project-by-project and potentially one-off basis. As most of our major customers are from the public sector in Singapore, and public sector projects are generally awarded by the Singapore Government through open tendering procedures, there is no guarantee that we will be successful in obtaining contracts from these customers in such open tenders. As such, due to the nature of our business, the percentage of revenue contribution from each of our major customers had fluctuated during the Period Under Review as our revenue is largely project-based and the revenue contribution from our major customers varies from year to year depending on the number of projects, scope of work, contract value and percentage of project completion in each of the financial year/period. We also may not secure similar projects in terms of size and scope with the same customer year on year.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major customers.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major customers.

There are no arrangements or understanding with any major customer pursuant to which any of our Directors or Executive Officers were appointed.

To the best of their knowledge, as of the Latest Practicable Date, our Directors are of the view that our business and profitability are not materially dependent on any of the above major customers.

## GENERAL INFORMATION ON OUR GROUP

### OUR MAJOR SUPPLIERS

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include (i) our subcontractors; and (ii) suppliers of materials. Our suppliers mainly provide subcontracting services and/or supply of materials.

The table below sets out the suppliers which accounted for 5.0% or more of our Group's total purchases for the Period Under Review:

Supplier	Products/ services supplied	Percentage of total purchases (%)			
		FY2018	FY2019	FY2020	1HY2021
Guangzhou Vomica <sup>(1)</sup>	Electrical components and lighting equipment	22.6	12.3	6.2	5.4
Tai Sin Electric Limited	Electrical components	11.2	7.2	1.2	2.6
Accentury <sup>(2)</sup>	Electrical components and lighting equipment	1.3	3.5	16.0	6.0
M&E subcontractor <sup>(3)</sup>	M&E services	–	–	5.2	16.4
Supplier of electronic products in Singapore <sup>(3)</sup>	Electrical components	0.7	2.8	3.9	6.2

**Notes:**

- (1) Guangzhou Vomica is incorporated in the PRC on 3 December 2009, and is engaged in the business of trading of electrical components and lighting equipment. It was previously an Associate of Mr. Low Siong Yong (Executive Chairman and CEO) and Mr. Tai Yoon On (Executive Director), being 40.0%-owned by Mr. Low Siong Yong and Mr. Tai Yoon On through Vomica HK, with the remaining 60.0% held by Cao Guan Jian (曹观坚) and Huang Cheng Man (黄成满). Vomica HK disposed of its shares in Guangzhou Vomica on 12 July 2019 to Cao Guan Jian (曹观坚), and Guangzhou Vomica ceased to be an Interested Person.
- (2) Accentury is an exempt private company limited by shares incorporated in Singapore on 3 April 2008. It engages in the trading of electric components and lighting equipment. Its shareholders are Mrs. Low and Mrs. Tai, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On and hold, respectively, 55.0% and 45.0% of the issued and paid up shares of Accentury respectively. Pursuant to the deeds of confirmation of trust executed by Mrs. Low and Mrs. Tai dated 26 October 2021, they have confirmed, *inter alia*, that all their interests in the shares of Accentury since incorporation of Accentury, were held on trust for and on behalf of their spouses, Mr. Low Siong Yong and Mr. Tai Yoon On, respectively. Accordingly, Mr. Low Siong Yong and Mr. Tai Yoon On are beneficially interested in the shares of Accentury, are treated as having an interest in the shares of Accentury pursuant to Section 4 of the SFA, and Accentury is an Associate of each of Mr. Low Siong Yong and Mr. Tai Yoon On. Please refer to the section entitled "Potential Conflicts of Interest" of this Offer Document for further details.
- (3) The identity of this supplier has not been disclosed as we were unable to obtain consent from this supplier for the disclosure of its identity.

Save as disclosed above, as of the Latest Practicable Date, none of our Directors, Substantial Shareholders and their respective Associates has any interest, direct or indirect, in any of the above major suppliers.

Please refer to the section entitled "Interested Person Transactions" of this Offer Document for details of our Group's transactions with Guangzhou Vomica and Accentury. We intend to continue to enter into similar transactions with Accentury under our IPT General Mandate following the admission of our Company to Catalist. Such arrangements will be subject to the review procedures under our IPT General Mandate as set out in the section entitled "Interested Person Transactions – General Mandate for Interested Person Transactions" of this Offer Document.

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## GENERAL INFORMATION ON OUR GROUP

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The purchases from our major suppliers had fluctuated during the Period Under Review due to the project-based nature of our business as our requirements for the type and quantity of materials and subcontract resources vary according with, *inter alia*, (i) the size and scope of our projects; (ii) our customers' demand and requirements; and (iii) the stage of our project during a financial year/period. Our Group also only places an order with our suppliers when we have secured a project. We generally do not enter into long-term exclusive agreements with any of our suppliers as this would provide us with the flexibility to evaluate and select suppliers based on, amongst others, our past working experience with them, their track record, pricing and ability to meet our specifications, quality and safety requirements, and time schedule.

To the best of their knowledge, as at the Latest Practicable Date, our Directors are of the view that our business and profitability are not materially dependent on any of the above major suppliers.

During the Period Under Review, we did not experience any material shortage or delay in the supply of subcontracting services and materials that we required. Our Directors consider that we are generally able to pass on substantial increase in purchase costs, if any, to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

### INVENTORY MANAGEMENT

Our inventories mainly include material and consumable tools required for our projects, such as electrical components, lighting equipment and related spare parts and other building materials.

Due to the nature of our business, we do not carry substantial inventory. Generally, we purchase inventories on an as-needed basis in accordance with the project specifications. We monitor our inventory level on an on-going basis, including conducting inventory aging analysis and inventory stock count.

### CREDIT MANAGEMENT POLICY

#### Credit terms to our customers

We typically issue progress claims to our customers in accordance with the milestones stipulated under our contracts. The progress claim will then be certified by our customers' qualified professionals and we will issue an invoice based on the agreed amount after the payment certificate is issued.

We have put in place credit control policies and procedures to manage our credit exposure and mitigate exposure to credit risk. As part of our preliminary assessment of a project, we will conduct credit evaluations and background checks prior to accepting new work orders from such new customers, so as to assess their creditworthiness. Our management also tasks our finance staff to undertake credit evaluations on our customers on a regular basis. The credit terms and limits are granted to our customers based on a number of factors, such as the customer's financial background and creditworthiness, the contract value, payment history and the length of relationship with us.

Material overdue payments are closely monitored and evaluated on a case-by-case basis in order to determine the appropriate follow-up actions having regard to our business relationship with the customer, its history of making payments, its financial position as well as the general economic environment. During the Period Under Review, our follow-up actions for recovering long-overdue payment included active communications and conducting follow-up calls with the customers. Such

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## GENERAL INFORMATION ON OUR GROUP

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material overdue payments which occurred during the Period Under Review were mainly in respect of two (2) projects where we were engaged as a subcontractor by our major customers which were and are, as at the Latest Practicable Date, facing financial difficulties, and where some payment instalments had been overdue from the project's main contractor. Please refer to the sections entitled "General Information on our Group – Our Major Customers" and "General and Statutory Information – Litigation" of this Offer Document for further details. Notwithstanding such overdue payment from these customers, we had continued to perform our scope of works on the project for the main contractor with the overarching aim not to jeopardise our working relationship with the end customer in causing disruptions to the project, as we had an existing direct business relationship with such end customer on other projects at that time. Our Group is of the view that there are adequate procedures in place to monitor and prevent such overdue payments by our customers, including the following:

- (a) credit limits attributed to our customers are reviewed once a year, taking into account the payment history and years of business relationship with our customers and the current economic environment;
- (b) our finance department will keep track of the payment behaviours of our customers so that corresponding actions can be taken early when any unusual practice is found;
- (c) our finance department follows up to recover overdue payments, which mainly includes active communications with our customers and conducting follow-up calls with our customers;
- (d) where there is any sign of deterioration of recoverability, we will consider taking legal action against our customer whenever necessary; and
- (e) if necessary, arbitration or direct negotiations between our management team and our customers in relation to the long-overdue receivables will be conducted from time to time.

We review and assess the need to make allowance for our overdue debts periodically. Specific allowance or write-off will be made when we are of the view that our customer is in severe financial difficulties and there is no realistic prospect of recovery. This is assessed on a case-by-case basis, based on, among others, the customer's current financial position and the past default experience of the customer. This applies particularly in cases where we are the subcontractor and our customer is the main contractor. In FY2018, FY2019, FY2020 and 1HY2021, our Group recorded expected credit loss on trade receivables and contract assets of approximately S\$4,000, S\$2.7 million, S\$0.9 million and S\$0.2 million, respectively. The expected credit loss on trade receivables and contract assets in respect of FY2019 and FY2020 were in respect of revenue due from two (2) major customers our Group which were and are, as at the Latest Practicable Date, facing financial difficulties. Please refer to the sections entitled "General Information on our Group – Our Major Customers" and "General and Statutory Information – Litigation" of this Offer Document for further details.

The credit term granted by us to our customers generally ranged from approximately 30 to 90 days from the issue of invoices.

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## GENERAL INFORMATION ON OUR GROUP

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Our average trade receivables' turnover days for the Period Under Review were as follows:

	FY2018	FY2019	FY2020	1HY2021
Average trade receivables' turnover (days) <sup>(1)</sup>	54	70	76	42

**Note:**

(1) The average trade receivables' turnover days for FY2018, FY2019, FY2020 and 1HY2021 is calculated on the basis of average trade receivables (net of provision for credit losses, if any) divided by revenue, and multiplying by the number of days in the relevant year or period (i.e. 365 days for FY2018 and FY2019, 366 days for FY2020 and 181 days for 1HY2021). Average trade receivables are calculated as the sum of the beginning balance and ending balance for the relevant financial year or period, divided by two.

The increase in our average trade receivables' turnover days from 54 days in FY2018 to 70 days for FY2019 was mainly due to an increase in the amount of trade receivables as at 31 December 2019 as there was an increase in invoices issued and revenue recognised during the last quarter of FY2019. The increase in our average trade receivables' turnover days to 76 days in FY2020 was mainly due to slower collection as our customers had generally taken longer time to settle our invoices as a result of the outbreak of the COVID-19 pandemic in Singapore. Our average trade receivables' turnover days had decreased to 42 days in 1HY2021 due to our increased efforts to follow up on payment with our customers.

Our trade receivables, net of loss allowance as at 30 June 2021 amounted to approximately S\$5.6 million, of which approximately S\$2.5 million were past due and have not been impaired. The aging schedule for such trade receivables as at 30 June 2021 was as follows:

<b>Age of trade receivables</b>	<b>Percentage of total trade receivables (%)</b>
Not past due	55.7
Less than 30 days overdue	11.5
30 to 60 days overdue	6.0
More than 60 days overdue	26.8
	100.0

As at the Latest Practicable Date, approximately S\$4.3 million of our trade receivables as at 30 June 2021 have been collected, including S\$1.4 million of the trade receivables which were past due as at 30 June 2021 and, barring unforeseen circumstances, we do not expect any material expected credit loss for trade receivables to be made post-Listing for the remaining balance.

## GENERAL INFORMATION ON OUR GROUP

Our trade receivables, net of loss allowance as at the Latest Practicable Date amounted to approximately S\$6.1 million, of which approximately S\$2.6 million were past due and have not been impaired. The aging schedule for such trade receivables as at the Latest Practicable Date was as follows:

<b>Age of trade receivables</b>	<b>Percentage of total trade receivables (%)</b>
Not past due	56.8
Less than 30 days overdue	10.5
30 to 60 days overdue	8.2
More than 60 days overdue	24.5
	100.0

As at the Latest Practicable Date and barring unforeseen circumstances, we do not expect any material expected credit loss for trade receivables to be made post-Listing for the above trade receivables which were past due and have not been impaired.

### **Credit terms from our suppliers**

Our cost of sales is recognised based on (i) work done by our subcontractors; and (ii) goods delivered to site. Trade payables are recorded when invoices are received from suppliers in accordance with the purchase order or contract as agreed between ourselves and our suppliers.

The payment terms granted by our suppliers vary and are dependent on various factors, such as the contract value, past transactions with the suppliers and the length of our relationship with them. Generally, the credit terms granted by our suppliers range from 30 to 90 days from the date of issue of the invoice.

Our average trade payables' turnover days for the Period Under Review were as follows:

	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>1HY2021</b>
Average trade payables' turnover (days) <sup>(1)</sup>	87	79	122	88

#### **Note:**

(1) The average trade payables' turnover days for FY2018, FY2019, FY2020 and 1HY2021 is calculated on the basis of average trade payables divided by the aggregate of materials and subcontracting charges and overhead costs and multiplied by the number of days in the relevant year or period (i.e. 365 days for FY2018 and FY2019, 366 days for FY2020 and 181 days for 1HY2021). Average trade payables are calculated as the sum of the beginning balance and ending balance for the relevant financial year or period, divided by two.

The decrease in our average trade payables' turnover days from 87 days in FY2018 to 79 days in FY2019 was mainly due to faster processing of payments to our suppliers and subcontractors. The increase in our average trade payables' turnover days from 79 days in FY2019 to 122 days in FY2020 was mainly due to longer payment settlement periods to our suppliers and subcontractors as a result of the outbreak of the COVID-19 pandemic in Singapore. Notwithstanding the longer payment settlement period we took in FY2020, our Group did not incur any penalties or charges from our suppliers and subcontractors in FY2020. Our average trade payables' turnover days had decreased to 88 days for 1HY2021 due to our efforts to ensure timely settlement of the trade payables to our suppliers and subcontractors following the gradual easing of the "Circuit Breaker" measures implemented by the Singapore Government as a result of the COVID-19 pandemic.

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## GENERAL INFORMATION ON OUR GROUP

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### QUALITY CONTROL AND ASSURANCE

We believe that our commitment to quality services is crucial to our reputation and continued success.

We have obtained the ISO 9001 accreditation since 2013, certifying that our quality management systems are in accordance with the requirements of the ISO 9001 standards. Our quality management system is set up with clear procedures of management system planning, support, operation and performance evaluation. Our workers, as well as our subcontractors, are required to follow such procedures.

The quality control measures adopted by our Group include the following:

#### **Designation of project management team**

A project management team is assigned for each project based on the project nature and the relevant qualifications and experience levels required. The project supervisor plans and manages the project and periodically reports to our project director for the works performed. In addition, our on-site officer or the safety supervisor would monitor and inspect the works on site regularly. Our Executive Directors would also have regular meetings with the project supervisor and the project director. The project manager would also prepare monthly management reports, which consist of maintenance schedule review, areas of critical monitoring, enhancement works to be performed, the outstanding works and inventory report.

#### **Timely response to address customers' concerns**

Our Executive Directors and senior management team regularly conduct meetings with our customers to provide updates on works progress and to resolve any issues identified in the projects. In addition, in the case of providing breakdown maintenance, we have installed smart global positioning system tracking system for all of our vehicles to deploy our nearby team in order to ensure we can attend to any emergency cases from our customers.

#### **Control over works performed by subcontractors**

Our Group maintains an approved internal list of subcontractors which is updated on a regular basis. We select our subcontractors based on their quality of services, qualifications, skills and technique, prevailing market price, delivery time, availability of resources in accommodating our requests and reputation.

We remain accountable to our customers for the performance and quality of work rendered by our subcontractors. In general, works performed by our subcontractors are inspected and monitored by our project management team based on our quality management system, environmental management and occupational health and safety management system which are in conformity with the requirements of ISO 9001, ISO 14001 and ISO 45001 standards respectively.

We have implemented the following measures to monitor the quality and progress of works outsourced to our subcontractors so as to ensure the compliance with our contract specifications:

- (a) our project management team conducts regular meetings with our subcontractors' responsible personnel to review their performance and resolve any issues encountered in the course of their works;



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## GENERAL INFORMATION ON OUR GROUP

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- (b) our project management team reviews the works performed by our subcontractors on a continual basis during project implementation based on our quality control manual. We assess the performance of our subcontractors based on their (i) ability to meet delivery schedules; (ii) ability to meet the relevant tests' requirements; (iii) response to instructions; (iv) ability to honour the warranty period; (v) management commitment; (vi) quality of services; and (vii) cost competitiveness;
- (c) our subcontractors are required to follow our guidelines and instructions on workplace safety. Our project management team will closely monitor the on-site safety performance of our subcontractors; and
- (d) we require our subcontractors to submit progress reports to us on a regular basis.

### **Control over procurement of materials**

Our Group has in place procedures for selecting our material suppliers, and maintains an approved list of material suppliers which is updated on a regular basis, based on appropriate assessment criteria determined by our Group, which include pricing, quality of materials or equipment provided, service standards, timeliness of delivery, financial performance, and ability to comply with our requirements and specifications. We typically arrange for sample inspection of the materials upon their arrival. Please refer to the paragraph on procurement and testing of materials in the section entitled "General Information on our Group – Business Overview" of this Offer Document for our procurement policies of materials. Our material suppliers are responsible for replacing any materials which do not meet the relevant specifications or standards and any associated costs incurred.

### **INSURANCE**

As at the Latest Practicable Date, we have taken up the following insurance policies to cover, among others, our operations, professional liability and human resources risks:

- (a) medical, hospital and surgical and/or work injury compensation insurance for employees;
- (b) insurance for security bonds;
- (c) contractors' all risks insurance;
- (d) industrial all risks insurance;
- (e) public liability insurance;
- (f) motor vehicle insurance; and
- (g) fire insurance.


Our Directors believe we have sufficient insurance coverage in accordance with industry standards and business practices. Depending on our Group's expansion plans and growth in operations, we may increase our insurance coverage.

## GENERAL INFORMATION ON OUR GROUP

### INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered the following trademarks:

#### Digo Corporation

No.	Mark	Registration No.	Country of Registration	Class(es) <sup>(1)</sup>	Duration of Trademark	Status
1.	<b>MARECOLUCES</b>	40201609740Y	Singapore	11	17 June 2016 to 17 June 2026	Registered
2.	<b>MIELUCE</b>	40201609739T	Singapore	11	17 June 2016 to 17 June 2026	Registered
3.		305263614	Hong Kong	9, 16, 35, 36, 37, 38, 41 and 45	5 May 2020 to 4 May 2030	Registered
4.	利高	305263605	Hong Kong	9, 16, 36, 37, 38, 41 and 45	5 May 2020 to 4 May 2030	Registered

**Note:**

(1) "Class" refers to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation.

As at the Latest Practicable Date, our Group has registered the following domain names:

#### Digo Corporation

No.	Domain Name	Registration No.	Country of Registration	Duration of Domain Rights	Status
1.	digo.com.sg	Nil	Singapore	3 September 2007 to 3 September 2022	Active <sup>(1)</sup>

#### Kontourz

No.	Domain Name	Registration No.	Country of Registration	Duration of Domain Rights	Status
1.	kontourz.com.sg	Nil	Singapore	25 October 2021 to 24 October 2022	Active <sup>(1)</sup>

**Note:**

(1) Active in respect of electronic mail correspondence only.

Save as disclosed above, our Group does not own or use any trademark, patent or other intellectual property which are material to our business or profitability.

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## GENERAL INFORMATION ON OUR GROUP

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### GOVERNMENT REGULATIONS

We are subject to all relevant laws and regulations of Singapore and may be affected by policies which may be introduced by the Singapore Government from time to time. We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our operations, the relevant regulatory bodies and the licences, permits and approvals typically required for the conduct of our business, as follows:

#### **Contractors Registration System**

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's built environment, comprising buildings, structures and infrastructure in Singapore. Although business entities which are not registered with the BCA are not precluded from conducting business as contractors or suppliers outside the Singapore public sector, registration in the Contractors Registration System (CRS) maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. At present, there are seven major categories of registration which may be further sub-classified into six, seven or single financial grades, depending on the category of registration. The seven major categories of registration are: (i) Construction Workheads (CW); (ii) Construction-Related Workheads (CR); (iii) Mechanical & Electrical Workheads (ME); (iv) Facilities Management Workheads (FM); (v) Trade Heads (TR); (vi) Supply Heads (SY); and (vii) Regulatory Workheads (RW). The differences in the BCA gradings relate to the tendering limits for Singapore public sector projects.

Registration of a contractor with the BCA and the grade assigned to a contractor for a certain category of registration are dependent on, amongst others, the contractor fulfilling certain requirements such as personnel qualification, value of previously completed projects, its minimum net worth and paid-up capital. The validity for a first-time registration is for a period of three (3) years. Registration will thereafter lapse automatically unless a renewal (for a period of three (3) years) is filed with and approved by the BCA.

## GENERAL INFORMATION ON OUR GROUP

Our Group is currently registered with the BCA under the following Workheads. The table below also sets forth certain requirements to be complied with to maintain the existing the BCA gradings of our Group:

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
CW01 – General building Grade C1	Digo Corporation	<p>(a) All types of buildings works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, buildings parks and playgrounds and other recreational works, industrial plants, and utility plants.</p> <p>(b) Addition and alteration works on buildings involving structural changes.</p> <p>(c) Installation of roofs.</p>	<p>Minimum Paid-Up Capital and Minimum Net Worth</p> <p>Licensing Requirements</p> <p>Certifications</p> <p>Management</p>	<p>S\$300,000</p> <p>1 July 2022</p>
			<p>General Builder Licence – Class 1 or Class 2</p> <p>Obtained the following certifications: (i) bizSAFE Level 3; (ii) ISO 45001; or (iv) Integrated Construction Quality Assurance (“ICQA”)</p> <p>To employ at least: one (i) registered professional with a minimum qualification of a degree in civil/structural, mechanical or electrical engineering recognised by the Professional Engineers Board or the BCA, or a degree in architecture recognised by the Board of Architects of Singapore; or (ii) professionals with a minimum qualification of a recognised degree in civil/structural, mechanical or electrical engineering, architecture, building or equivalent qualifications approved by the BCA; <b>and</b> at least one technician having a minimum technical qualification of any of (a) a diploma in civil/structural mechanical or electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic, (b) a National Certificate in Construction Supervision or Advanced National Building Qualification/Specialist Diploma in M&amp;E Coordination awarded by the BCA Academy, or (c) such other diplomas or qualifications as approved by the BCA from time to time, and at least one of such registered professional, professional or technician having obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</p>	
			<p>Track Record (over a three-year period)</p> <p>To secure projects with an aggregate contract value of at least S\$3.0 million.</p>	

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
CW02 – Civil engineering Grade C2	Digo Corporation	<p>(a) Works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open car-parks and related works such as kerbs and footways. Firms which undertake piling works, ground support and stabilisation works or site investigation works should register under CR08, CR12 and CR15 respectively.</p> <p>(b) Works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes reclamation works.</p> <p>(c) Works involving marine piling and the construction of marine structures such as jetties wharves, sea and river walls. The head does not cover the construction and fabrication of marine crafts, pontoons and oilrigs or any floating platform.</p>	<p>Minimum Paid-Up Capital and Minimum Net Worth</p> <p>Licensing Requirements</p> <p>Certifications</p> <p>Management</p>	<p>1 July 2022</p>
			<p>SS\$100,000</p> <p>General Builder Licence – Class 1 or Class 2</p> <p>Obtained the following certifications: (i) bizSAFE Level 3; (ii) ISO 45001; or (iv) ICQA</p> <p>To employ at least one (i) registered professional with a minimum qualification of a degree in civil/structural, mechanical or electrical engineering recognised by the Professional Engineers Board or the BCA, or a degree in architecture recognised by the Board of Architects of Singapore; or (ii) professionals with a minimum qualification of a recognised degree in civil/structural, mechanical or electrical engineering, architecture, building or equivalent qualifications approved by the BCA; or at least two technicians having a minimum technical qualification of any of (a) a diploma in civil/structural mechanical or electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic, (b) a National Certificate in Construction Supervision or Advanced National Building Qualification/Specialist Diploma in M&amp;E Coordination awarded by the BCA Academy, or (c) such other diplomas or qualifications as approved by the BCA from time to time, <b>and</b> any one of such registered professionals, professionals or technicians having obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</p>	
				<p>To secure projects with an aggregate contract value of at least S\$1.0 million.</p>

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date	
CR07 – Cable/Pipe laying and road reinstatement Grade L1	Digo Corporation	Installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services.	Minimum Paid-Up Capital and Minimum Net Worth  Certifications  Management	S\$10,000  N/A  To employ at least one (1) technical personnel having a minimum technical qualification with a polytechnic diploma in Civil/Structural Mechanical, Electrical Engineering, Architecture, Building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.  The technical personnel must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.  To secure projects with an aggregate contract value of at least S\$100,000.	1 July 2022
			Track Record (over a three-year period)		

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME01 – Air-conditioning, refrigeration and ventilation works Grade L4	Digo Corporation	The installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, cooling towers, heating and ventilation systems.	Minimum Paid-Up Capital and Minimum Net Worth  Certifications  Management	1 July 2022
			<p>SS\$250,000</p> <p>Obtain the following certifications: (i) bizSAFE Level 3; or (ii) ICGA</p> <p>To employ at least two (2) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time. At least one (1) of these technical personnel must have at least five (5) years of relevant experience.</p> <p>To employ at least one (1) registered professional, professional or technical personnel with at least the following qualifications: (i) a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers); (ii) a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or (iii) a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diploma or qualifications as approved by the BCA from time to time <b>and</b> who must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</p> <p>To secure projects with an aggregate contract value of at least S\$5.0 million of which a minimum of S\$500,000 worth of the projects are from a single main contract or subcontract.</p>	
			Track Record (over a three-year period)	



## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME03 – Solar PV system integration Grade L1	Digo Corporation  Kontourz	Installation, testing, commissioning, maintenance and repair of ground/ building-mounted grid-connected solar PV systems for electricity generation.	Minimum Paid-Up Capital and Minimum Net Worth  Certifications  Management	1 July 2022  1 April 2022
			<p>S\$10,000</p> <p>N/A</p> <p>To employ at least one (1) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.</p> <p>To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications:</p> <ul style="list-style-type: none"> <li>• a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers);</li> <li>• a professional qualification with a recognised degree in Electrical/Electronics or</li> <li>• a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time,</li> </ul> <p>and such registered professional, professional or technical personnel must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</p>	
			Track Record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$100,000

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME04 – Communication and security systems Grade L1	Digo Corporation	<p>(a) Installation and maintenance of communications system (e.g. intercom &amp; wireless radio) and security systems (e.g. CCTV, security alarm, car park security control and card access system).</p> <p>(b) Installation and maintenance of Central Antenna Television (CATV) systems.</p>	<p>Minimum Paid-Up Capital and Minimum Net Worth</p> <p>Certifications</p> <p>Management</p>	1 July 2022
			<p>\$S\$10,000</p> <p>N/A</p> <p>To employ at least one (1) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.</p> <p>To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications:</p> <ul style="list-style-type: none"> <li>• a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers);</li> <li>• a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or</li> <li>• a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time, and both of whom with at least five (5) years of relevant experience, and such registered professional, professional or technical personnel must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</li> </ul>	
			<p>Track Record (over a three-year period)</p> <p>To secure projects with an aggregate contract value of at least S\$100,000</p>	

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date	
ME05 – Electrical engineering Grade L6	Digo Corporation	The installation, testing, 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 and marine vessels.	Minimum Paid-Up Capital and Minimum Net Worth  Certifications  Management	S\$1.5 million  Obtain the following certifications: (i) bizSAFE Level 3; or (ii) ICGA  To employ at least two (2) registered professionals or professional personnel having at least the following qualifications: <ul style="list-style-type: none"> <li>• a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers);</li> <li>• a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent,</li> </ul> both with at least five (5) years of relevant experience	1 July 2022
			Track Record (over a three-year period)		
			At least one (1) of the registered professional or professional must have obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy or be a Certified Construction Productivity Personnel.		
			To secure projects with an aggregate contract value of at least S\$30.0 million, of which a minimum of S\$7.5 million worth of projects are executed in Singapore, a minimum S\$3.0 million worth of projects are executed from main contracts (or nominated subcontracts) and S\$3.0 million worth of projects are from a single main contract or subcontract.		

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME05 – Electrical engineering Grade L2	Kontourz	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 and marine vessels. Suppliers should register under the relevant SY04 (Electrical Equipment) or SY05 (Electrical & Electronic Materials, Products & Components).	Minimum Paid-Up Capital and Minimum Net Worth  Certifications  Management	1 April 2022
			<p>SS\$50,000</p> <p>Obtain the following certifications: (i) bizSAFE Level 3; or (ii) ICQA</p> <p>To employ at least one (1) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electric/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time, and with at least three (3) years of relevant experience.</p> <p>To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications: (i) a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers); (ii) a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or (iii) a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time, <b>and</b> also must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</p> <p>To secure projects with an aggregate contract value of at least S\$1.0 million.</p>	
			Track Record (over a three-year period)	

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date	
ME06 – Fire prevention and protection systems Grade L4	Digo Corporation	Installation and maintenance of fire alarm, prevention and protection systems. This head may include the supply of fire extinguishers and fire hoses if these items are part and parcel of the system installation or maintenance contract.	Minimum Paid-Up Capital and Minimum Net Worth  Certifications  Management	SS\$250,000  Obtain the following certifications: (i) bizSAFE Level 3; or (ii) ICGA  To employ at least two (2) technical personnel each having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electric/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time, <b>and</b> one with at least five (5) years of relevant experience.  To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications: (i) a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers); (ii) a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or (iii) a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time, <b>and</b> who must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.	1 July 2022
			Track Record (over a three-year period)		
			To secure projects with an aggregate contract value of at least S\$5.0 million of which a minimum of S\$500,000 worth of the projects are from a single main contract or subcontract.		

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME08 – Internal telephone wiring for telecommunications Grade L1	Digo Corporation	Wiring work within a telecommunications building for a telecommunications purposes.	Minimum Paid-Up Capital and Minimum Net Worth  Licences  Certifications  Management	S\$10,000  Applicants must possess a valid IMDA telecommunication wiring contractor's licence.  N/A  To employ at least one (1) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electric/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.  To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications:  <ul style="list-style-type: none"> <li>• a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers);</li> <li>• a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or</li> <li>• a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time,</li> </ul> and such registered professional, professional or technical personnel who must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.
			Track Record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$100,000.

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date	
ME11 – Mechanical engineering Grade L1	Digo Corporation	The installation, commissioning, maintenance and repair of mechanical plant, machinery and systems. It includes the installation and maintenance of power generation and turbine systems.	<p>Minimum Paid-Up Capital and Minimum Net Worth</p> <p>Certifications</p> <p>Management</p>	<p>S\$10,000</p> <p>N/A</p> <p>To employ at least one (1) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electric/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.</p> <p>To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications:</p> <ul style="list-style-type: none"> <li>• a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers);</li> <li>• a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or</li> <li>• a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time,</li> </ul> <p>and such registered professional, professional or technical personnel must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</p>	1 July 2022
			Track Record (over a three-year period)		

To secure projects with an aggregate contract value of at least S\$100,000.



## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME12 – Plumbing and sanitary works Grade L1	Digo Corporation	Installation, repairs and serving of water and gas sanitary works and plumbing fixtures	<p>Minimum Paid-Up Capital and Minimum Net Worth</p> <p>Licences</p> <p>Certifications</p> <p>Management</p>	<p>S\$10,000</p> <p>1 July 2022</p> <p>Applicants must employ a full-time employee who either has a valid PUB Plumber Licence or EMA Gas Service Worker Licence.</p> <p>N/A</p> <p>To employ at least one (1) technical personnel having at least a minimum technical qualification with a polytechnic diploma in Mechanical, Electric/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time.</p> <p>To employ at least one (1) registered professional, professional or technical personnel having at least the following qualifications:</p> <ul style="list-style-type: none"> <li>• a minimum professional qualification with a degree in Electrical/Electronics or Mechanical Engineering recognised by the Professional Engineers Board (PEB) or equivalent qualifications approved by the BCA (for Resident Engineers);</li> <li>• a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent; or</li> <li>• a minimum technical qualification with a polytechnic diploma in Mechanical, Electrical/Electronics Engineering or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by the BCA from time to time, and such registered professional, professional or technical personnel must have obtained a Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by the BCA Academy.</li> </ul>
			Track Record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$100,000.

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date
ME15 – Integrated building services Grade L6	Digo Corporation	The installation, commissioning, maintenance and repairs of building services (including prefabricated mechanical, electrical and plumbing modules), which include some or all of the following: ME01, ME02, ME04, ME05, ME06, ME08, ME11 and ME12.	Minimum Paid-Up Capital and Minimum Net Worth  Licences  Minimum ME requirements	1 July 2022
			<p>SS\$1.5 million</p> <p>Applicants must process a valid IDA telecommunication wiring contractor's licence.</p> <p>Applicant must process a registration for:</p> <p>(i) ME01 Workhead (L6), ME05 Workhead (at least L4) and at least one of ME02, ME04, ME06, ME08, ME11 or ME12 Workheads (at least L2); or</p> <p>(ii) ME01 Workhead (at least L4), ME05 Workhead (L6) and at least one of ME02, ME04, ME06, ME08, ME11 or ME12 Workheads (at least L2).</p>	
			Obtain the following certifications: (i) bizSAFE Level 3; or (ii) ICQA	
			Management	
			<p>To employ at least two (2) professionals having a minimum professional qualification with a degree in Mechanical or Electrical/Electronics Engineering recognised by Professional Engineers Board or a professional qualification with a recognised degree in Electrical/Electronics or Mechanical Engineering or equivalent <b>and</b> at least five (5) years of relevant experience <b>and</b> either (i) one of such professional personnel or (ii) a third personnel must hold either of the following qualifications:</p> <ul style="list-style-type: none"> <li>• The BCA Academy: Advanced National Building Qualification in (i) Supervision &amp; Coordination in M&amp;E Works (ii) Green Building Operations &amp; Maintenance/ Certificate or Specialist Diploma in M&amp;E Coordination/ Diploma in Mechanical Engineering (Green Building Technology);</li> <li>• Ngee Ann Polytechnic: Diploma in (i) Building Services Engineering; (ii) Technology (Building Services); (iii) Technology (Building Services &amp; Fire Safety); (iv) Engineering (Building Services &amp; Fire Safety); or</li> <li>• Temasek Polytechnic: Diploma in (i) Green Building &amp; Sustainability; (ii) Intelligent Building Technology</li> </ul>	

## GENERAL INFORMATION ON OUR GROUP

Workheads, Title and Grade	Issued to	Scope of Work	Requirements	Expiry Date	
FM01 – Facilities management Grade M3	Digo Corporation	Provision of IFM and/or managing agent services by facilities management companies.  IFM refers to the provision of at least two distinct maintenance services in one contract. The contractor may either deliver the services or outsource and manage subcontractors. Areas of distinct maintenance services include building maintenance services, M&E maintenance services, security services, cleaning services, landscape services and pest control services.	Track Record (over a three-year period)  Minimum Paid-Up Capital and Minimum Net Worth  Licensing requirements  Certifications  Management	To secure projects with an aggregate contract value of at least S\$30.0 million, of which a minimum of S\$7.5 million worth of projects are executed in Singapore, a minimum S\$3.0 million worth of projects are executed from main contracts (or nominated subcontracts) and S\$3.0 million worth of projects are from a single main contract or subcontract.  S\$500,000  N/A  Obtained the following certifications: (i) bizSAFE Level 3; or (ii) ISO 45001  To employ (i) at least one (1) professional with a minimum qualification of a recognised degree in Facilities Management, Civil/Structural, Mechanical/Electrical/Electronics Engineering, Architecture, Building or equivalent who shall have his qualification in respect of Facilities Management <b>and</b> at least one technician having a minimum technical qualification of a recognised diploma in Facilities Management, Civil/Structural, Mechanical/Electrical/Electronic Engineering, Architectural, Building or Advance National Building Qualification (NBQ)/Specialist Diploma in M&E Coordination; <b>or</b> (ii) at least three (3) technicians having a minimum technical qualification of a recognised diploma in Facilities Management, Civil/Structural, Mechanical/Electrical/Electronic Engineering, Architectural, Building or Advance National Building Qualification (NBQ)/Specialist Diploma in M&E Coordination, of whom at least two (2) of such personnel shall have his qualification in respect of Facilities Management.  To secure projects with an aggregate contract value of at least S\$5.0 million, of which a minimum of S\$500,000 worth of projects are from a single main contract	1 July 2022

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## GENERAL INFORMATION ON OUR GROUP

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### Government supplier registration

Business entities wishing to tender for the supply of goods and/or services to the public sector (i.e. Singapore Government ministries/departments, institutions, statutory boards, and other public sector organisations) may be required to be registered as an Expenditure and Policies Procurement Unit (“EPPU”) supplier.

EPPU is the authority for evaluating and approving the general supply of goods and services heads (while the BCA is the authority for evaluating and approving all the construction and engineering Workheads). As such, the EPPU supply heads do not cover construction related services.

Digo Corporation is, as at the Latest Practicable Date, registered under the following EPPU registration supply heads:

Supply Heads (Brief Description)	Examples of Goods/ Services Covered	Financial Grade	Expiry Date
EPU/CMP/10 – Computer Related Hardware, Software, and Services	Readily available hardware and software products, modems, accessories and computer cabling excluding computer suppliers eg diskettes, computer ribbons. Software development on tailor-made basis, projects on turnkey basis and Internet Service Provider for all Internet related services and any other types of information technology services. Maintenance of system, equipment including domestic equipment	S10 >S\$30,000,000 (EPU S10)	14 March 2024
EPU/SER/30 – Service (Management)	Management of car-parks, food courts, kiosks, real estate management and sourcing of information etc. This excludes facilities management services which comes under the BCA’s CRS.	S10 >S\$30,000,000 (EPU S10)	14 March 2024

In order to be registered with a S10 Financial Grade, which allows Digo Corporation to tender for contracts which are of a contract sum of more than S\$30,000,000: (i) Digo Corporation’s net tangible assets (being the sum of its paid up capital, revenue reserves, preference/premium shares plus accumulated profit or less accumulated losses) must be no less than S\$4,500,000; (ii) Digo Corporation must have a registered paid up capital of not less than S\$2,000,000; and (iii) Digo Corporation’s turnover/sales/revenue (being the total amount of sales generated from Digo Corporation in one (1) year) must be more than S\$15,000,000.

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## GENERAL INFORMATION ON OUR GROUP

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### Telecommunication Wiring Licence

In order for Digo Corporation to qualify for its registration under the L1 grade in ME08 (Internal Telephone Wiring for Telecommunications) and L6 grade in ME15 (Integrated Building Services) Workheads, Digo Corporation must hold a valid telecommunication wiring contractor's (class) licence issued by the IMDA.

There are two types of telecommunication wiring licences, namely: (a) telecommunication wiring contractor's (class) licence; and (b) telecommunication wiring installer's licence. The telecommunication wiring contractor's (class) licence is meant for ACRA registered entities and the telecommunication wiring installer's licence is for individuals.

To register for a telecommunication wiring contractor's (class) licence, Digo Corporation will need to be an ACRA registered entity and must employ at least one (1) licensed telecommunication wiring installer. The licensee shall ensure that only a holder of a valid telecommunication wiring installer's licence carries out telecommunication wiring works in the course of the class licensee's trade or business. The licensee shall comply with the provisions of the Telecommunications Act, the Guidelines to Application for Telecommunication Wiring Licences and any code of practice issued under the Telecommunications Act.

### General Builder Licence

The Building Control Act 1989 of Singapore, and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control ("CBC") and builders who work in specialist areas which have a high impact on safety will require a builders' licence.

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

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## GENERAL INFORMATION ON OUR GROUP

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To maintain the existing GB2 licences of Digo Corporation and Digo Building, there are certain requirements to be complied with, including but not limited to the following:

### **Class of Builders'**

<b>Licensing</b>	<b>Requirements</b>	
GB2	Minimum Paid-Up Capital  Approved Person	S\$25,000  <b>Course</b> (a) a course leading to a diploma in a construction and construction-related fields, or a Bachelor's degree or postgraduate degree in any field; or  (b) a course conducted by the BCA known as Essential Knowledge in Construction Regulations & Management for Licensed Builders.  <b>Practical Experience</b> (a) at least three (3) years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification; or  (b) at least eight (8) years (in aggregate) of practical experience in the execution of construction projects in Singapore.
	Technical Controller	<b>Course</b> A course leading to a diploma, Bachelor's degree or postgraduate degree in a construction and construction-related fields.  <b>Practical Experience</b> 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.

The CBC may by order revoke any GB licence or specialist builder's licence if he is satisfied that, among others, (i) the builder has failed to comply with certain conditions of the builder's licence; (ii) the builder has been convicted of an offence under the Building Control Act 1989 of Singapore; or (iii) the conduct of any director, manager or employee of the builder (which is a corporation) affords grounds for believing that the builder will not be able to carry on the business of a general builder or specialist builder, as the case may be, in Singapore in accordance with any written law and with honesty and integrity. The CBC may, in any case which he considers that there is no

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## GENERAL INFORMATION ON OUR GROUP

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cause of sufficient gravity for revoking any builder's licence, (i) suspend the licence for a period not exceeding six (6) months; (ii) impose a financial penalty not exceeding S\$20,000 on the builder; (iii) censure the builder; or (iv) impose such other direction or restriction as he considers appropriate on the builder's business as a general builder or specialist builder as the case may be.

### **Building and Construction Industry Security of Payments**

Under the Building and Construction Industry Security of Payment Act 2004 of Singapore (“**BCISPA**”), any person who has carried out construction work or supplied any goods or services under a contract relating to, amongst others, (i) the construction, alteration, repair, restoration, maintenance, extension, demolition or dismantling of buildings or structures that form or are to form part of the land, (ii) the installation in any building, structure or works of fittings that form or are to form part of the land, including systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection and security or communications systems, (iii) excavation and (iv) the erection, maintenance or dismantling of scaffolding, is entitled to progress payment. Such definition of “construction works” under the BCISPA applies to the works provided by our Group in relation to the installation of playgrounds.

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

- (a) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (b) the right of the claimant to suspend the carrying out of construction work or supply of goods and 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
- (c) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

Last, the BCISPA provides that a “pay when paid” provision, which means, *inter alia*, a provision of the contract that makes the liability of one party (the first party) to pay money owing to another party contingent or conditional on payment to the first party by a further party of the whole or any part of that money shall be unenforceable.



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## GENERAL INFORMATION ON OUR GROUP

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### Employment Act

The Employment Act 1968 of Singapore (“**EA**”) is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. With effect from 1 April 2019, the EA extends to all employees, including persons employed in managerial or executive positions, with certain exceptions.

In particular, Part IV of the EA sets out enhanced protection requirements such as rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,600 a month (“**relevant employees**”). Prior to 1 April 2019, Part IV of the EA only covered workmen earning up to S\$4,500 a month and non-workmen earning up to S\$2,500 a month. Section 38(8) of the EA provides that a relevant employee is not allowed to work for more than 12 hours in any one (1) day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (“**Commissioner**”) for an exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

From 1 April 2016, the Employment (Amendment) Act 2015 requires employers to implement enhanced administrative requirements for employees covered under the EA. There are key changes in relation to pay slips, employment terms and employment records, as well as the new framework adopted for less severe breaches of the EA. Employers are also required to provide itemised pay slips to all employees, provide employees with written key employment terms and keep detailed employment records for each employee.

### Employment of Foreign Workers in Singapore

The employment of foreign workers in Singapore is governed by the EFMA and regulated by the MOM.

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

- (a) be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
  - (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months; or
  - (ii) in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

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## GENERAL INFORMATION ON OUR GROUP

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The availability of the foreign workers to various sectors is also regulated by the MOM through, amongst others, 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**”) in respect of workers from Non-Traditional Sources (“**NTS**”) and the PRC.

As our Group provides “construction works” as defined in the EFMA, comprising, amongst others, construction, extension, installation, repair, maintenance, renewal, removal, alteration, dismantling or demolition of any building, erection, edifice, structure, wall, fence or chimney (whether constructed wholly or partly above or below ground level) as part of our works to our customers, we are considered a service provider in the construction sector for the purposes of compliance with EFMA and its related regulations.

### *Approved source countries*

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

Our Group currently employs foreign workers from Bangladesh, the PRC, Myanmar, Malaysia and the Philippines.

Construction sector companies must have Prior Approval (“**PA**”) from the MOM to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS countries and the PRC. It also determines the number of workers who can have their work permits renewed, or who can be transferred from another company in Singapore. PAs are given based on: (i) the duration of the work permits applied for; (ii) the number of full-time local workers employed by the company over the past three months (3) 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 number of company’s quota available.

The MOM requires all new workers from NTS countries and the PRC in the construction sector who are recruited under the PA scheme to possess either the Skills Evaluation Certificate (“**SEC**”) or the Skills Evaluation Certificate (Knowledge) (“**SEC(K)**”) before they are allowed to work in Singapore. The SEC and SEC(K) schemes are initiated by the BCA to raise the skill levels and productivity of the construction sector’s workforce, and enhance safety in the construction sector. All workers from NAS countries must possess either the SEC or SEC(K) and all Malaysian workers must possess either Secondary Four education or its equivalent, the SEC or the SEC(K) before they are allowed to work in Singapore. All SEC and SEC(K) must be issued or accepted by the BCA.

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From 7 May 2021, the BCA and MOM introduced a temporary six-month scheme to allow new PRC workers to obtain their skills certification in Singapore. This means employers can bring in PRC workers without skills certification if they meet the entry approval and all other work pass requirements.

From 1 May 2018, with respect to NTS and PRC construction sector workers, basic skilled workers would be allowed to work up to a maximum of 14 years in Singapore, while higher skilled workers would be allowed to work up to 26 years in Singapore. As a transitional measure for existing basic skilled workers, MOM will grant an extension to the period of all affected workers. Generally, employers will have at least two (2) years to upgrade their workers from basic skilled to higher skilled. There is no maximum period of employment for NAS and Malaysian work permit workers, however all workers (including NAS and Malaysian work permit workers) may only work in Singapore up to 60 years of age.

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

All foreign workers in the construction sector must attend the Apply Workplace Safety and Health in Construction Sites ("**AWSHCS**"), formerly known as the Construction Safety Orientation Course ("**CSOC**"), a two-day course conducted by various training centres accredited by MOM and/or designated overseas training centres. The AWSHCS/CSOC is to (i) ensure that construction workers are familiar with common safety requirements and health hazards in the industry; (ii) educate them on the required measures to prevent accidents and diseases; and (iii) ensure that they are aware of their rights and responsibilities under employment law. Employers must ensure that the foreign workers attend the course within two weeks of their arrival in Singapore before their work permits can be issued. At the end of the course, the workers will receive a safety orientation pass if they pass its requirement/assessment. Employers who fail to ensure that their workers take and pass the AWSHCS/CSOC will be barred from applying for any new work permits for three months, while the affected workers will have their work permits revoked. Foreign workers in the construction sector need to retake and pass the AWSHCS/CSOC once every two (2) years if they have worked in the construction sector for six (6) years or less and once every four (4) years if they have worked in the construction sector for more than six (6) years.

### *Security bonds and levies*

For each non-Malaysian construction sector worker who is successfully granted with a work permit, a security bond of S\$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the EFMA. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which, entry into Singapore will not be allowed.

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## GENERAL INFORMATION ON OUR GROUP

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The employment of foreign workers is also subject to the payment of monthly levies. The levy is a pricing mechanism to regulate the number of foreign manpower in Singapore. For the construction sector, employers pay the requisite levy according to the qualification of the foreign workers employed and the countries they are from, and ranges from S\$300 to S\$950 per month as at the Latest Practicable Date as follows:

Tier	Monthly	Daily
Malaysians and NAS – Higher-Skilled	S\$300	S\$9.87
Malaysians and NAS – Basic-Skilled	S\$700	S\$23.02
NTS and PRC – Higher-Skilled, on MYE	S\$300	S\$9.87
NTS and PRC – Basic-Skilled, on MYE	S\$700	S\$23.02
NTS and PRC – Higher-Skilled, MYE waiver	S\$600	S\$19.73
NTS and PRC – Basic-Skilled, MYE waiver	S\$950	S\$31.24

### *Dependency ceilings*

The dependency ceiling for the construction sector is currently set at a ratio of one (1) full-time local worker to seven (7) foreign workers. This means that for every full-time Singaporean or Singapore Permanent Resident employed by the company in the construction sector earning a local qualifying salary (“LQS”) and with regular full month CPF contributions made by the employer, the company can employ seven (7) foreign workers. A Singaporean or Permanent Resident employee including the company’s director, is counted as:

- (a) one (1) local employee if they earn the LQS of at least S\$1,400 per month; and
- (b) 0.5 local employee if they earn half the LQS of at least S\$700 to below S\$1,400 per month.

### *MYE*

The MYE allocation system is a work permit quota system relating to the employment of construction workers from NTS and the PRC. MYEs represent the total number of such workers that each main contractor is allocated for a specific construction sector project based on the value of the project or contract awarded by the developer or owner. The allocation of MYE is in the form of the number of “man-years” required to complete a project and only main contractors may apply for MYE. One (1) man-year is equivalent to one (1) year’s employment under a work permit. All levels of subcontractors are required to obtain the completion date of the relevant project. NTS or PRC construction sector workers who have worked with any employer in Singapore for at least three (3) years in the construction sector, may be hired by main contractors without the need for MYE. However, they will be subject to higher MYE – waiver levy rates.

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

- (a) that the foreign worker performs only those construction sector activities specified in the conditions;
- (b) ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;

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- (c) providing safe working conditions for their foreign workers; and
- (d) purchasing and maintaining medical insurance with coverage of at least S\$15,000 per 12 month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than 12 months) for the foreign worker's inpatient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing. Where the employer purchases group medical insurance policy for its foreign workers, the employer shall not be considered to have satisfied the obligation under this condition unless the terms of the employer's group medical insurance policy are such that each and every individual foreign worker is concurrently covered to the extent as required aforesaid.

Pursuant to the rules of the MOM, at least 10% of a construction company's work permit holders must be higher-skilled workers before the company can hire any new basic-skilled workers.

### Other work passes

In relation to the employment of foreign mid-skilled technical workers, employers must ensure that such persons apply for a "S Pass". The S Pass is intended for foreigners who:

- (a) earn a monthly fixed income of at least S\$2,500 (older, more experienced applicants require higher salaries to qualify); and
- (b) have degree or diploma level educational qualifications and years of relevant work experience.

Application for S Pass is open for all nationalities but is still subject to foreign worker levy and quota.

In relation to the employment of foreign professionals and executives, employers must ensure that such persons apply for an employment pass ("**EP**"). The EP is intended for foreigners who:

- (a) earn a monthly fixed income of at least S\$4,500 (more experienced candidates require higher salaries to qualify);
- (b) have acceptable qualifications, usually a good university degree, professional qualifications or specialist skills;
- (c) work in a managerial, executive or specialised job; and
- (d) have a job offer in Singapore.

No foreign worker levy or quota is imposed for EP holders.

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

- (a) the Employment Act, the requirements of which are set out above; and
- (b) the Immigration Act 1959 of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

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### Workplace Safety and Health Safety Measures

Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

The Workplace Safety and Health (Construction) Regulations 2007 sets out additional specific duties on employers which include, amongst others, appointing a workplace safety and health co-ordinator 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 and identify any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite and to 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 (“**WSHR**”). 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 WSHR, the following equipment are required to, amongst others, be tested and examined by an authorised examiner (“**Authorised Examiner**”) before they can be used and thereafter, at specified intervals: (a) hoists or lifts; (b) lifting gears; and (c) lifting appliances and lifting machines. Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the occupier of a workspace in which the equipment is used to comply with the foregoing provisions of the WSHR, and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

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

Under the WSHA, the CWSH may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the



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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 stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**Factories Regulations**”), any person who desires to occupy or use any premises as a factory falling within any of the classes prescribed under the First Schedule of the Factories Regulations is required to register the premises as a factory with the CWSH, while any person who desires to use or occupy any premises as a factory not falling within such classes shall only be required to submit a notification in the prescribed form to the CWSH before the commencement of operation of the factory. In the latter case the occupier of the factory is required to inform the CWSH, amongst others, of any changes in any of the particulars of the factory, type of work carried out in the factory or any cessation of occupation or use of the factory.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, the employer in a workplace is supposed to, amongst others, conduct a risk assessment in relation to the safety and health risks posed to any person who may be affected by his undertaking in the workplace, take all reasonable practicable steps to eliminate or minimise foreseeable risks, implement measures/safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than three (3) years, and submit such records to the CWSH from time to time when required by the Commissioner.

Under the Workplace Safety and Health (Incident Reporting) Regulations (“**Incident Reporting Regulations**”), certain work-related accidents, workplace accidents, Dangerous Occurrences (as defined under Schedule 1 of the WSHA) and Occupational Diseases (as defined under Schedule 2 of the WSHA and Second Schedule of WICA) must be reported to MOM within the timeframe stipulated therein. Regulation 10 of the Incident Reporting Regulations states *inter alia* that any person who contravenes the notification requirement shall be guilty of an offence and shall be liable on conviction for the first offence, 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 six (6) months or to both.

### **Demerit Points Scheme**

The MOM has also implemented an enhanced demerit points system for main and subcontractors in the construction sector since 1 July 2015. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the breach. Under the single-stage Demerit Points System (“**DPS**”) for the construction sector, the number of demerit points awarded depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. Applications from the company for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment up to a maximum of two (2) years of debarment.



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The number of demerit points issued to contractors will be based on the severity of the offences committed:

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

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

Contractors, including all main and subcontractors who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. The following table indicates the scope and duration of debarment for the accumulated number of demerit points:

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

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### Work Injury Compensation Act

The Work Injury Compensation Act 2019 of Singapore (“**WICA**”) applies to all employees in all industries engaged under a contract of service or apprenticeship, regardless of their level of earnings and provides that the employer will be liable to pay compensation to them in accordance with the provisions of the WICA, if personal injury by accident arising out of and in the course of employment is caused to them. The WICA sets out, among other things, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM.

Employers are also subject to, amongst others, provisions set out in the EFMA, the EA and the regulations relating to the employment of foreign manpower.

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:

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

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

Under the WICA, every employer is required to insure and maintain insurance under approved policies with a designated insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed him, unless specifically exempted. The insurance is valid for one (1) year and is renewed annually by our Group. With effect from 1 January 2020, compensation limits for death and permanent incapacity have been increased by about 10% to S\$225,000 and S\$289,000, respectively. The compensation limit for medical expenses has also been increased by about 25%, from the current S\$36,000 to S\$45,000. Under the WICA, every employer is required to buy work injury compensation insurance for:

- (a) all employees doing manual work, regardless of salary level; and
- (b) all employees doing non-manual work (“**NME**”), earning a salary of \$2,600 or less a month, excluding any overtime payment, bonus payment, annual wage supplement, productivity incentive payment and any allowance.

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Certain of the key amendments of the Work Injury Compensation Act 2019 (“**WICA 2019**”), which took effect on 1 September 2020, include:

- (a) preventing injuries from happening in the first place. This is driven by the fact that there is currently no information sharing between insurers of their clients’ past claims record, which has resulted in safer companies subsidising the less safe companies as there is little premium differentiation between these companies. Under the WICA 2019, 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;
- (b) expediting and streamlining WICA claims processing. The WICA 2019 will allow compensation to be based on the prevailing state of incapacity at the earliest opportunity six (6) months from the date of the accident. In addition, under the WICA 2019, designated WIC insurers (as opposed to WIC insurers and/or 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; and
- (c) providing more certainty for employers. There will be a prescribed core set of standard terms for WICA-compliant policies to ensure adequate coverage.

### **Central Provident Fund Act**

The Central Provident Fund (“**CPF**”) system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act 1953 of Singapore (“**CPF Act**”), an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold Employment Passes, S Passes or Work Permits. CPF contributions are required for both ordinary wages and additional wages (subject to a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, amongst others, 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.

### **Environmental laws and regulations**

#### *Environmental Public Health*

The Environmental Public Health Act 1987 of Singapore (“**EPHA**”) requires, among others, a person, during the construction, alteration, repair or maintenance of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance.

The EPHA also regulates, amongst others, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Director-General of Public Health may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA and if satisfied of the existence of a nuisance, serve a nuisance order on the person by

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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.

### *Environmental Protection and Management Act*

The Environmental Protection and Management Act 1999 of Singapore seeks to provide for the protection and management of the environment and resources conservation and regulates, amongst others, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations.

### **Personal Data Protection Act**

The Personal Data Protection Act 2012 of Singapore (“**PDPA**”) governs the collection, use and disclosure of individuals’ personal data by organisations. An organisation is required to comply with the following obligations:

- (a) obtain the consent of the individual before collecting, using or disclosing his personal data, save in situations required and authorised under the PDPA or any other written law;
- (b) collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and, if applicable, have been notified to the individual concerned;
- (c) notify the individual of the purpose(s) for which it intends to collect, use or disclose the individual’s personal data on or before such collection, use or disclosure of the personal data;
- (d) upon request, (i) provide an individual with his or her personal data in the possession or under the control of the organisation and information about the ways in which the personal data may have been used or disclosed during the past year; and (ii) correct an error or omission in an individual’s personal data that is in the possession or under the control of the organisation;
- (e) make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete if the personal data is likely to be used by the organisation to make a decision that affects the individual concerned or disclosed by the organisation to another organisation;
- (f) protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;

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- (g) cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals as soon as it is reasonable to assume that (i) the purpose for which the personal data was collected is no longer being served by retention of the personal data; and (ii) retention is no longer necessary for legal or business purposes;
- (h) not transfer personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and
- (i) develop and implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

On 20 November 2020, the Personal Data Protection (Amendment) Act 2020 (“**PDPA Amendments**”) was passed and the Personal Data Protection Commission (“**PDPC**”) announced that the PDPA Amendments would take effect from 1 February 2021, which include:

- (a) **Mandatory data breach notification:** Organisations must notify the PDPC of any data breach that: (i) results in, or is likely to result in, significant harm to the affected individuals; or (ii) is of a significant scale (i.e., involves personal data of 500 or more individuals). Affected individuals must be notified if the data breach is likely to result in significant harm to them.
- (b) **Prescribed personal data or classes of personal data deemed to result in significant harm:** The Personal Data Protection (Notification of Data Breaches) Regulations 2021 (Regulations on Notification of Data Breaches) provide a prescribed list of personal data or classes of personal data that shall be deemed to result in significant harm to affected individuals if compromised in a data breach (e.g., authentication data relating to an individual’s account with an organisation, credit card information, bank account number, creditworthiness of an individual, salary information etc.).
- (c) **Timeframes for notification:** Notifications to the PDPC must be made as soon as is practicable, but in any case no later than three (3) calendar days after the day the organisation makes the assessment that a data breach is a notifiable data breach. Notifications to individuals must be made as soon as practicable, at the same time or after notifying the PDPC.
- (d) **Information required:** Section 5 of the Personal Data Protection (Notification of Data Breaches) Regulations 2021 (Regulations on Notification of Data Breaches) prescribes a list of minimum information that the notification must contain.

A new expansion of the consent framework has also been introduced. There are now new provisions which introduce deemed consent by contractual necessity and deemed consent by notification to allow organisations to collect, use and disclose personal data. Legitimate interest and business improvement exceptions have also been introduced, with changes to the business asset transaction exception to broaden the scope and changes to the research exception to improve data innovation efforts. The expansions to the consent framework are accompanied by accountability requirements.

If an organisation is found to be in breach of the PDPA, the Personal Data Protection Commission may require the organisation to (i) stop collecting, using or disclosing personal data in contravention of the PDPA; (ii) destroy personal data collected in contravention of the PDPA; (iii) provide access to or correct the personal data; and/or (iv) pay a financial penalty of an amount

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not exceeding S\$1 million. There will be an increase in the maximum financial penalty for breaches of the PDPA which will take effect on a future date to be notified and no earlier than 1 February 2022. Such increase refer to the change in financial penalty of up to 10% of the annual turnover of the organisation in Singapore (if such organisation's annual turnover in Singapore exceeds S\$10 million) or S\$1 million, whichever is higher.

### Licences, Permits and Approvals

Save as disclosed herein, including the Workheads registered with the BCA and GB2 licences disclosed above, we do not require any other material licences, registrations, permits or approvals in respect of our operations apart from those pertaining to general business registration requirements. To the best of our knowledge and as at the Latest Practicable Date, our Group has obtained all requisite licences and approvals which are material to our business operations and is in compliance with the applicable laws and regulations that would materially affect our business operations.

As at the Latest Practicable Date, our Directors believe that we are not in breach of any laws or regulations applicable to our business operations that would materially affect our business operations.

### PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group does not own and has not leased or licensed any properties, save for the following properties owned, leased or licensed by our Group:

#### Properties owned by our Group

Tenant/ Lessee	Lessor/ Sub-lessor	Location	Area (sq m)	Tenure	Description of Use
Digo Corporation	JTC	54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118 <sup>(1)</sup>	4,075.1	19 years from 23 May 2019 to 22 May 2038 <sup>(2)</sup>	Office and warehouse

#### Notes:

- (1) The interest in the 54 Senoko Property has been mortgaged to UOB to secure facilities granted by UOB to Digo Corporation.
- (2) Digo Corporation was assigned the lease for the 54 Senoko Property for a term commencing on 1 January 2012 and ending on 22 May 2019. Pursuant to the binding offer for lease issued by JTC and accepted by Digo Corporation on 8 August 2016 and a supplemental letter issued by JTC to Digo Corporation dated 12 August 2021 (together, the "Lease Offer"), Digo Corporation (as equitable lessee) currently holds beneficial interest in the leasehold title for a further term of 19 years from 23 May 2019 to 22 May 2038 ("New Term"), while legal title remains vested in JTC. Nevertheless, there is no impact on our Group's operations as our Group could continue to use the 54 Senoko Property as its office and warehouse, pursuant to the Lease Offer, and accordingly, there was no disruption to the business operations of our Group. The grant of the further term from JTC is subject to the provisions of the Lease Offer, *inter alia*, compliance with development timelines and technical requirements, investment criteria to be met and there being no breach nor non-observance of any provisions in the prior lease of the property nor non-observance of any of the conditions of the Lease Offer.

As at the Latest Practicable Date, the execution copy of the lease for the New Term has been issued by JTC ("Escrow Lease"), has been executed by Digo Corporation and is pending execution by JTC. Our Group is of the view that there are no foreseeable difficulties in completing the outstanding procedures to obtain legal title to the 54 Senoko Property. Digo Corporation will have legal title to the New Term upon the execution and final registration of the Escrow Lease with the Singapore land titles registry. It is expected that by the end of January 2022, the Escrow Lease will be registered with the Singapore land titles registry and Digo Corporation will obtain legal title to the New Term.

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Notwithstanding the foregoing, in the unlikely event that JTC does not proceed with the execution of the Escrow Lease and/or the Escrow Lease fails to be registered with the Singapore land titles registry, there will be adverse implications to our Group's business operations and financial conditions if we are unable to procure and move to a new office and warehouse on the similar terms as the Escrow Lease. As at the Latest Practicable Date, our Group does not foresee any difficulties in procuring and/or moving to a new office and warehouse even if JTC does not execute the Escrow Lease as we are of the view that there are comparable and suitable properties in the market for office and warehouse use which are available for lease. Our Group also does not foresee any difficulties in entering into a lease with third parties for a new office and warehouse based on terms which are market standard. We will make timely announcements *via* SGXNET upon any material development in relation to the outstanding procedures for the Escrow Lease and upon legal title to the 54 Senoko Property being obtained. Please refer to the section entitled "Risk Factors – Risks Relating to our Businesses – Any non-renewal of leases on the property we currently use may materially and adversely affect our business operations and financial condition" of this Offer Document for further details.

### Properties leased by our Group

Tenant/ Lessee	Lessor/ Sub-lessor	Location	Area (sq m)	Tenure	Description of Use
Digo Corporation	Avery Strategic Investments Pte Ltd ("Avery Strategic")	6 Kian Teck Avenue, #05-08, Singapore 628910	22.0	One (1) year commencing on 1 August 2021 and ending on 31 July 2022	Dormitory housing
Digo Corporation	Avery Strategic	10 Kian Teck Avenue, #05-03, Singapore 628912	22.0	One (1) year commencing on 1 August 2021 and ending on 31 July 2022	Dormitory housing
Digo Corporation	Avery Strategic	12 Kian Teck Avenue, #05-04, Singapore 628913	32.5	One (1) year commencing on 1 June 2021 and ending on 31 May 2022	Dormitory housing
Kontourz	TG25 Pte. Ltd. ("TG25")	4 rooms (non-specific) at 508 Old Choa Chu Kang Road, Singapore 698903 <sup>(1)</sup>	N.A.	One (1) year, commencing on 18 April 2021 and ending on 17 April 2022, further 12 months renewal at prevailing market rent and upon same terms and conditions	Foreign workers' accommodation



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Tenant/ Lessee	Lessor/ Sub-lessor	Location	Area (sq m)	Tenure	Description of Use
Digo Building	TG25	1 room (non-specific) at 518 Old Choa Chu Kang Road, Singapore 698908 <sup>(1)</sup>	N.A.	One (1) year commencing on 1 May 2021 and ending on 30 April 2022, further 12 months renewal at prevailing market rent and upon same terms and conditions	Foreign workers' accommodation

**Note:**

(1) We were unable to conduct a title search for this property as the land lot is part of State land and accordingly, unable to determine the ownership or interest of the lessor.

### Properties licensed by our Group

Licensee	Licensor	Location	Area (sq m)	Tenure	Description of Use
Digo Corporation	Hulett Construction (S) Pte Ltd ("Hulett Construction")	20 Senoko Drive, #07-20, Singapore 758207	78.0	One (1) year commencing on 16 March 2021 and ending on 15 March 2022	Workers' accommodation
Digo Corporation	Hulett Construction	20 Senoko Drive, #07-24, Singapore 758207	38.0	One (1) year commencing on 12 May 2021 and ending on 11 May 2022, with subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract <sup>(1)</sup>	Workers' accommodation
Digo Corporation	Crest Industrial Holdings II Pte. Ltd. ("Crest Industrial")	2 rooms (non-specific) at 51 North Coast Avenue, Singapore 756992 <sup>(2)</sup>	N.A.	One (1) year commencing on 1 June 2021 and ending on 31 May 2022	Workers' accommodation

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Licensee	Licensor	Location	Area (sq m)	Tenure	Description of Use
Digo Corporation	Crest Industrial	1 room (non-specific) at 51 North Coast Avenue, Singapore 756992 <sup>(2)</sup>	N.A.	One (1) year commencing on 1 September 2021 and ending on 31 August 2022	Workers' accommodation
Digo Corporation	Crest Industrial	1 room at 51 North Coast Avenue, Singapore 756992 <sup>(2)</sup>	N.A.	One (1) year commencing on 13 November 2021 and ending on 31 August 2022	Workers' accommodation
Digo Corporation	Crest Industrial	4 rooms at 51 North Coast Avenue, Singapore 756992 <sup>(2)</sup>	N.A.	One (1) year commencing on 16 November 2021 to 31 August 2022	Workers' accommodation
Kontourz	Hulett Construction	20 Senoko Drive, #06-16, Singapore 758207 <sup>(1)</sup>	38.0	One (1) year commencing on 21 March 2021 and ending on 20 March 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation
Kontourz	Hulett Construction	20 Senoko Drive, #06-25, Singapore 758207 <sup>(1)</sup>	38.0	One (1) year commencing on 24 November 2021	Workers' accommodation

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Licensee	Licensor	Location	Area (sq m)	Tenure	Description of Use
Kontourz	Hulett Construction	20 Senoko Drive, #08-04, Singapore 758207 <sup>(1)</sup>	78.0	One (1) year commencing on 28 January 2021 and ending on 27 January 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation
Kontourz	Hulett Construction	20 Senoko Drive, #08-08, Singapore 758207 <sup>(1)</sup>	78.0	One (1) year commencing on 1 April 2021 and ending on 31 March 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation
Digo Building	Hulett Construction	20 Senoko Drive, #07-02, Singapore 758207 <sup>(1)</sup>	78.0	One (1) year commencing on 12 May 2021 and ending on 11 May 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation

## GENERAL INFORMATION ON OUR GROUP

Licensee	Licensor	Location	Area (sq m)	Tenure	Description of Use
Digo Building	Hulett Construction	20 Senoko Drive, #07-19, Singapore 758207 <sup>(1)</sup>	38.0	One (1) year commencing on 1 July 2021 and ending on 30 June 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation
Digo Building	Hulett Construction	20 Senoko Drive, #07-25, Singapore 758207 <sup>(1)</sup>	38.0	One (1) year commencing on 30 January 2021 and ending on 29 January 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation
Digo Building	Hulett Construction	20 Senoko Drive, #06-15, Singapore 758207 <sup>(1)</sup>	38.0	One (1) year commencing on 1 March 2021 and ending on 28 February 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation

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Licensee	Licensor	Location	Area (sq m)	Tenure	Description of Use
Digo Building	Hulett Construction	20 Senoko Drive, #07-26, Singapore 758207 <sup>(1)</sup>	38.0	One (1) year commencing on 1 March 2021 and ending on 28 February 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation
Digo Building	Hulett Construction	20 Senoko Drive, #07-10, Singapore 758207	38.0	One (1) year commencing on 12 April 2021 and ending on 11 April 2022, subsequent yearly renewal on same terms and conditions unless notice of changes is given one (1) month prior to expiry date of current contract	Workers' accommodation

**Notes:**

- (1) The licensor is entitled to terminate the license of this property in the event that this property is compulsorily acquired or affected by government acquisition or if the head lease is terminated by the head lessor for any reason, by giving to the licensee one (1) month's notice in writing and the license agreement shall terminate without any compensation or damages payable to the licensee. Further, the licensor is entitled to terminate the license agreement in respect of this property by giving the licensee one (1) month's notice in writing.
- (2) We were unable to conduct a title search for this property as the land lot is part of State land and accordingly, unable to determine the ownership or interest of the licensor.

There are no encumbrances on the above leases and licences of our Group. Save as disclosed above, none of our lessors may unilaterally terminate the respective leases without cause. Our Directors are of the view that any unilateral termination by any lessor is unlikely to have a material impact on our Group's business or operations as we believe that we will be able to secure leases and licences for alternative premises in such event.

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## GENERAL INFORMATION ON OUR GROUP

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### Other Fixed Assets

We own other material fixed assets comprising mainly machinery and equipment, computer and software, furniture and office equipment and motor vehicles. We use different machinery and equipment for our projects, depending on the scope of contracted work and our customers' requirements.

As at the Latest Practicable Date, save for our properties as disclosed, motor vehicles which are the subject of hire purchase agreements and equipment, none of our fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing and finance lease.

To the best of our Directors' knowledge and belief, save as set out in the section entitled "General Information on our Group – Government Regulations" of this Offer Document, there are no regulatory requirements and environmental issues that may materially affect our Group's utilisation of the above properties and fixed assets.

### RESEARCH AND DEVELOPMENT

The nature of our business does not require us to conduct research and development activities. During the Period Under Review and up to the Latest Practicable Date, we did not engage in any research and development activity.

### ORDER BOOK

Our order book as at 30 June 2021 amounted to approximately S\$176.8 million. Barring unforeseen circumstances, we expect approximately 14.7% of our order book to be recognised in FY2021, approximately 30.1% to be recognised in FY2022 and the balance after FY2022.

Our order book as at the Latest Practicable Date amounted to approximately S\$151.0 million. Barring unforeseen circumstances, we expect approximately 2.6% of our order book to be recognised in FY2021, approximately 35.2% to be recognised in FY2022 and the balance after FY2022.

Our order book as at the respective dates as set out above represents the value in the secured contracts, letters of award or confirmed variation orders for works yet to be performed (being the total stated value in these contracts, letters of award or confirmed variation orders less the portion of revenue recognised in accordance with our revenue recognition policies as at the respective dates).

However, our order book may not be an accurate indicator of our future performance or the actual revenue to be recognised as these depend on the actual work undertaken, particularly for term contracts, and the contract amounts in respect of our contracts (except for fixed term contracts pertaining to M&E works) are provisional only. We have also not taken into account any potential renegotiations, cancellations or deferment of orders in determining our order book. Additionally, our order book does not take into account any other contracts that our Group may secure, from tenders that our Group participates in, or otherwise from time to time in the ordinary course of business, which are ongoing as at or after the Latest Practicable Date.

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## GENERAL INFORMATION ON OUR GROUP

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### COMPETITION

We operate in a highly competitive sector and compete on various factors, such as pricing, quality of services, and track record. We face competition from a group of companies which are also able to offer some or all of the services in the business segments we undertake.

To the best of our knowledge and belief, we consider the following companies to be our main competitors: (i) Fonda Global Engineering Pte. Ltd.; (ii) SH Integrated Services Pte. Ltd.; (iii) Propell Integrated Pte. Ltd.; (iv) MKV Engineering And Trading Services Pte. Ltd.; and (v) Kim Yew Integrated Pte. Ltd..

None of our Directors, Executive Officers or Substantial Shareholders or their Associates is related to or has any interest in any of our competitors above.

To the best of our knowledge and belief, there are no published statistics that may be used to accurately measure the market share of our business within Singapore.

### OUR COMPETITIVE STRENGTHS

We believe that our Group is able to compete effectively with the following competitive strengths:

#### **We have a well-established presence in the IBS, M&E engineering and A&A works market in Singapore**

Our Group holds a number of licences and registrations which enable us to carry on our businesses. As at the Latest Practicable Date, our Group holds 15 Workhead registrations and two (2) builder licences with the BCA.

Digo Corporation, our key operating subsidiary and the first member of our Group, was incorporated in 2003 and has been operating in the M&E engineering industry in Singapore for over 17 years. Since then, we have expanded our scale of operations by incorporating other subsidiaries, namely Digo Building and Kontourz, and expanded our services to A&A works in 2008 and IBS in 2014, whereby our IBS segment has become the largest contributor of our revenue during the Period Under Review. Throughout the years, our Directors believe that we have built up a reputation as a quality and reliable contractor in Singapore.

Under our IBS segment, we are able to provide our customers with a package of services comprising scheduled and breakdown maintenance services and ancillary minor A&A works which include some or all of the works carried out under the Workheads of ME01, ME03, ME04, ME05, ME06, ME08, ME11, ME12 and ME15, and therefore by engaging our services in this business segment, our customers would be able to obtain a comprehensive solution in respect of their building management needs. Please refer to the section entitled “General Information on our Group – Government Regulations – Licences, Permits and Approvals” of this Offer Document for further details.

Our Directors believe that our established presence and proven profile in the IBS, M&E engineering and A&A works industry in Singapore as well as the possession of the relevant licenses give us an advantage in maintaining existing customers and securing new business opportunities, which is crucial to our daily business operations and future business development.



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## GENERAL INFORMATION ON OUR GROUP

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### **We have an established track record and qualifications in undertaking projects in IBS, M&E engineering and A&A works in the public sector of Singapore**

Proven track record is a key competitive factor in the IBS, M&E engineering and A&A works industry. Credible track record for quality of works, efficient division of labour, timely delivery within budget control are critical metrics for companies to perform M&E engineering and A&A works. Being recognised and having a good reputation allows companies to win trust of customers and other industry stakeholders, and more importantly increases the possibilities of landing projects. New entrants without a track record and sound reputation built on past collaboration with industry stakeholders and experience in delivering IBS, M&E engineering and A&A works would compromise their overall competitiveness in the market.

We have an established track record in undertaking projects in IBS, M&E engineering and A&A works with more than 90% of our projects during the Period Under Review being public sector projects.

The evaluation criteria of public sector projects generally include historical performance and service quality in previous public sector projects of similar nature and complexity. Our track record in the public sector projects enables us to develop a solid understanding of the service quality in terms of standards and timelines expected by the Singapore Government. In addition, through undertaking public sector projects in the past, we are experienced in collaborating with the representatives of the Singapore Government to develop the procedures and workflows process for rendering our services, which facilitates us in delivering our services in conformance with the requirements and specifications of the Singapore Government. Further, mutual reliance between the main contractors and the government departments is not uncommon in the public sector, where the government departments tend to retain the same main contractor who has accumulated experience in carrying out their projects and works orders for better coordination and more effective project management. Our Directors believe that our past participation in public sector projects would be considered favourably by different authorities and statutory bodies of the Singapore Government, as reflected in the increasing number of public sector projects awarded to us.

Our Directors consider that our ME15 Workhead registration with the grading of L6 has distinguished our Group in the IBS market in Singapore, considering that achieving such grading allows us to participate in tendering and executing IBS projects in the public sector with no tendering limits and project value limits under this Workhead. We have also obtained the grading of L6 for our registration under the ME05 Workhead, which allows us to undertake projects in the public sector with no tendering limits and project value limits under this Workhead. In light of our qualifications in tendering for public sector projects of varying scale, our Directors consider that we are well-positioned to capture any future growth in the IBS market.

### **We possess our own direct labour resources for providing IBS, M&E engineering services and A&A works**

During the tendering process, we may be required by our customers to include a manpower deployment plan in our tender proposals to demonstrate our available staff and their industry experience in undertaking the relevant tasks in the projects. Depending on the contract terms for IBS, we generally have to deploy a scheduled management team, a breakdown maintenance team, a 24/7 hour emergency call back service team, an A&A team and a professional support team.

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## GENERAL INFORMATION ON OUR GROUP

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Our Directors consider that the Singapore Government and contractors in Singapore generally give priority to service providers of IBS, M&E engineering services and A&A works who are able to provide reliable services. We maintain a pool of technicians who are trained and skilled in performing various types of maintenance works. As at the Latest Practicable Date, our Group has over 400 technicians. With this pool of technicians, our Directors believe that we are well-positioned to cater for the manpower and skills requirements for projects of varying scale and complexity, which in turn earns our customers' recognition and facilitates our future tendering. Our own pool of technicians also gives us the flexibility to decide whether to provide IBS, M&E engineering services and A&A works ourselves or to engage subcontractors if necessary. As such, we are not restricted by the availability of suitable subcontractors in tendering or executing the projects, and in turn we maintain more control as to the quality and timeline of the services we provide.

### **We are in connection with a network of suppliers and subcontractors**

Leading IBS, M&E engineering and A&A works contractors usually have established business relationships with other market participants, such as suppliers and subcontractors in Singapore. Our Group's long-established partnerships with certain suppliers and subcontractors facilitates the resources deployment and division of labour based on prior business relationship, track record and ability in project delivery. By leveraging the existing good working relationships built on collaboration with these industry stakeholders, time and costs are saved in our day-to-day operations. As such, our Group, as an existing IBS, M&E engineering and A&A works contractor, generally has better execution capacity than new entrants.

### **We exercise stringent quality control and high standard of safety and environmental impact control**

We place emphasis on providing consistently high quality services. We have adopted and implemented a quality control system that complies with international standards. Our management system has been certified to be in conformance with ISO 9001:2015.

We have also set up an occupational health and safety system to promote safe working practice among all employees and to prevent the occurrence of accidents through safety inspections. In the case of any serious or fatal accidents, the project manager is required to conduct an investigation and report to our headquarters and the MOM immediately. For minor accidents, the site safety supervisor is required to conduct an investigation immediately and report to our human resources department within twenty-four (24) hours. Upon investigation, the project manager or the site safety supervisor will prepare an investigation report, setting out the date, time and brief description of the accident, the work site and the details of injured worker.

We have adopted the following internal control measures to ensure better management, awareness and compliance in respect of workplace safety:

- (a) established safety bulletin and detailed record of accident statistics, hold regular internal and external safety meetings, and document safety measures and issues identified for each project by preparing inspection reports and training records;
- (b) conduct risk assessments to identify potential hazards and accident and provide suggestions on proper preventive measures prior to commencement of works;
- (c) prior to commencement of works, all project managers and project supervisors are required to attend external safety training;

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## GENERAL INFORMATION ON OUR GROUP

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- (d) site inspections are carried out by safety supervisor to ensure strict compliance with the statutory occupational health and safety laws, rules and regulations;
- (e) organise safety drillings from time to time to maintain staff's safety awareness; and
- (f) formed a safety committee which is responsible for monitoring and reviewing the effectiveness of safety policies, accident rates and any non-compliance with applicable laws and regulations as well as providing recommendations.

Our health and safety management system has been certified to be in conformance with ISO 45001:2018 and we have obtained a bizSAFE Level Star certification which is the highest bizSAFE level that may be awarded under the bizSAFE programme.

Further, we have also set up an environmental management system to promote environmental awareness and to prevent pollution of the environment resulting from projects undertaken by us, and our environmental management system has been certified to be in conformance with ISO 14001:2015. Our environmental management system includes measures and work procedures governing (i) the reduction of waste; (ii) the minimisation of the impact of our operations on the neighbouring communities; and (iii) increasing the use of environmentally acceptable materials, equipment and technology that are required to be followed by our employees and subcontractors.

Our Directors believe that our stringent quality assurance system and strong commitment to environmental and occupational health and safety management allow us to be better positioned to deliver quality works reliably, timely and within budget, thereby strengthening our position as an established contractor specialised in providing IBS, M&E engineering services and A&A works in Singapore.

### **We are led by an experienced and dedicated management team**

Our management team has extensive industry knowledge and project experience in providing IBS, M&E engineering services and A&A works. The founders of our Group, our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On, each has over 25 years of experience in providing IBS, M&E engineering services and A&A works, respectively. Mr. Low Siong Yong is primarily responsible for the overall management and formulation of business strategies of our Group, and Mr. Tai Yoon On is primarily responsible for the management and supervision of our Group. Our project director, Mr. Low Choo Khee, has over ten (10) years of experience in providing IBS and project management. Our contract director, Mr. Zhang Liangliang, has accumulated approximately ten (10) years of experience in project tendering and contract management. For further information regarding the background and experience of our Directors and Executive Officers, please refer to the section entitled "Directors, Executive Officers and Employees" of this Offer Document.

Our Directors believe that based on the experience of our management team and their knowledge of the industry and our customers' needs, our Group is able to deliver quality and satisfactory services to our customers, which is essential to our success and future development.

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### PROSPECTS

As a provider of IBS, M&E engineering and A&A works, and with the intended expansion of our services to include the provision of IFM services moving forward, we believe that the industry outlook for these services would remain positive in the near future for the following reasons:

#### (a) Growth of demand for IFM and IBS Services

The BCA and the CEA had, in a press release in 2018<sup>1</sup>, launched the Real Estate Industry Transformation Map (“ITM”) to provide a roadmap for the real estate industry to be future ready. This roadmap, amongst others, focuses on transforming facilities management by adopting smart facilities management solutions and practices throughout Singapore, with an emphasis on encouraging the design and construction of buildings with facilities management in mind right from the planning and design stage.

As part of the ITM, the BCA was tasked to coordinate the development of the facilities management industry. In line with the roadmap, the Tripartite Facilities Management Implementation Committee was set up in April 2018 to bring along major stakeholders from public and private sectors to advance the facilities management industry from a labour-intensive industry to a productive one leveraging on data analytics, predictive maintenance and smart solutions<sup>2</sup>, and at the same time developing detailed action plans to implement the strategies identified in the ITM. The BCA will also be working with institutes of higher learning and facilities management associations to review and update the curriculum offered and strengthen the continuing education and training framework to build up the facilities management talent pool. This will also include exploring the implementation of an industry accreditation scheme to improve the professionalism of the industry.

As part of the ITM, a Smart Facilities Management Taskforce comprising public and private industry stakeholders was subsequently formed<sup>3</sup> to develop a framework for implementation and formulation of strategies for adoption of smart facilities management by the industry. The taskforce developed a “Guide to Smart FM” launched on 1 October 2019 which aims to provide building owners and facilities management managers with an easy to use reference to guide them on key steps to take in their smart facilities management journey. The BCA also successfully launched on 1 September 2020 the Smart FM Challenge, which called upon developers and building owners and facilities management service providers and technology providers to pledge under the Smart FM challenge and work to, amongst others, adopt smart facilities management technology solutions to improve productivity and enhance service delivery in at least one building or portfolio/cluster of buildings within the next three (3) years.

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1 The information was extracted from the press release entitled “Transforming the Real Estate Industry To Be Future-Ready” at <https://www.cea.gov.sg/docs/default-source/module/pressRelease/557e8d1b-21cb-4c82-9649-0fb0e2f35613.pdf>. The CEA has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable efforts to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

2 The information was extracted from the website of the BCA at <https://www.bca.gov.sg/greenmark/facilities-management-industry-transformation-fmic.html> accessed on 29 December 2021. The BCA has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

3 The information was extracted from the website of the BCA at <https://www1.bca.gov.sg/buildsg/facilities-management-fm/smart-facilities-management-fm> accessed on 29 December 2021. The BCA has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable efforts to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

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We are of the view that the above developments and measures are expected to lead the way in stimulating and driving the growth of the demand for IFM and IBS services particularly for public sector projects.

**(b) Rising Trend of Integrated Solutions in Building Services and Facilities Management**

In view of the rising need for integrated solutions in building services and facilities management, we believe that IBS services providers will continue to enhance their service coverage and quality in order provide clients with more value-added services. In this regard, we have observed a rising trend of IBS contracts evolving into IFM works, which also cover building and M&E maintenance, and other associated services including cleaning, landscaping, pest control, and security services. This creates new opportunities for the IBS and IFM contractors, such as our Group, with a focus on integrated solutions to play a more important role in repair, maintenance and replacement of M&E systems in both private and public sectors.

**(c) Continued overall growth of the construction industry in Singapore**

According to the BCA<sup>1</sup>, total construction demand in Singapore is projected to recover in 2021 to between S\$23.0 billion and S\$28.0 billion, or an improvement from the preliminary estimate of S\$21.3 billion in 2020 during the ongoing COVID-19 pandemic. Along with this, the BCA has stated that it expects the public sector to contribute 65% of the total demand, or between S\$15.0 billion to S\$18.0 billion per year, with an anticipated stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

The BCA also expects a steady improvement in construction demand over the medium term, being projected to reach between S\$25.0 billion and S\$32.0 billion per year from 2022 to 2025. The BCA expects the public sector to lead the demand and contribute S\$14.0 billion to S\$18.0 billion per year from 2022 to 2025 with similar proportions of demand coming from building projects and civil engineering works. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by large infrastructure and institutional projects. Based on the contracts awarded in the past few years and considering the construction demand forecast for 2021, the BCA also projected the total nominal construction output in 2021 to increase to between S\$24.0 billion and S\$27.0 billion, from the estimated S\$19.5 billion in 2020. The BCA anticipates improvement in construction demand in 2021 and the backlog of remaining workloads impacted by the COVID-19 during 2020 will support the projected pickup in total construction output.

In tandem with the growth of the overall construction industry in Singapore, we are of the view that the industry outlook for IBS, M&E engineering and A&A works will correspondingly remain positive in the near future.

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<sup>1</sup> The information was extracted from the media release entitled “Public Sector Construction Demand to Support the Sector’s Recovery” of the BCA at <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery> accessed on 29 December 2021. The BCA has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable efforts to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

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### (d) Population Growth

Based on the Singapore Population White Paper 2013<sup>1</sup>, total population in Singapore is expected to be between 6.5 million and 6.9 million by 2030. Based on statistics furnished by the Department of Statistics Singapore, total population has already reached approximately 5.4 million in 2021<sup>2</sup>. In tandem with such population growth, we expect the Singapore Government to continue to increase spending on public sector infrastructure projects, such as residential, industrial as well as recreation and other public infrastructure and facilities. This will continue to drive demand for IBS, M&E engineering and A&A works services, as well as IFM services.

### TREND INFORMATION

Our Directors observe the following trends based on the operations of our Group as well as within the industries in which our Group operates, for the next 12 months from the Latest Practicable Date:

#### (a) Further tightening of labour supply and increase in labour costs

Generally, the foreign worker policies in Singapore have tightened over recent years, with the cost for hiring foreign workers increasing across all sectors through higher levies to be paid for S Pass and Work Permit holders. For instance, the monthly rate of foreign worker levy for basic skilled workers in the construction sector has increased to S\$700 as at the Latest Practicable Date. Rising foreign worker levy will increase the contractors' costs of operations, and affect the profitability of businesses.

At the same time, the COVID-19 pandemic has prevented foreign labour from the usual sources of such labour from returning to Singapore due to various reasons, the most important being the border restrictions or long quarantine periods in place. Such restricted access to foreign manpower will lead to competition for a limited pool of foreign labour, resulting in anticipated higher wage levels. Notwithstanding that these border restrictions are slowly being eased, our Directors expect that, for the cumulative effect of the reasons set out above, costs of labour will continue to increase in the immediate term as well as over the next few years.

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1 The information was extracted from the Singapore Population White Paper 2013 on the website of the Strategy Group Singapore of the Prime Minister's Office at <https://www.strategygroup.gov.sg/media-centre/population-white-paper-a-sustainable-population-for-a-dynamic-singapore> accessed on 29 December 2021. The Strategy Group Singapore of the Prime Minister's Office has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable efforts to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

2 The information was extracted from the website of the Department of Statistics Singapore at <https://www.singstat.gov.sg/find-data/search-by-theme/population/population-and-population-structure/latest-data> accessed on 29 December 2021. The Department of Statistics Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken reasonable efforts to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.



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### **(b) Increase in Equipment and Raw Material Costs**

Along with labour costs, we expect an increase in the costs of our equipment and raw materials due to the COVID-19 pandemic. This, coupled with the expected increase in our business activities, could result in increasing overall operating costs. In the event the prices of these equipment and raw materials fluctuate, our costs will also fluctuate accordingly.

### **(c) Increase in Administrative Expenses**

Our Directors expect our administrative expenses to increase mainly due to expenses incurred for our Listing, the post-Listing ongoing compliance costs and our Executive Directors' remuneration pursuant to the Service Agreements. In accordance with SFRS(I), only a portion of the expenses incurred for our Listing will be capitalised while the balance will be expensed off. Please refer to the section entitled "Use of Proceeds and Listing Expenses" of this Offer Document for further details on the Listing expenses.

### **(d) Revenue and Pricing**

Due to the expected increase in labour, equipment and raw material costs, we will be more prudent and cautious in provisions for pricing and costing for any project tenders, and make adjustments where necessary in tandem with any expected increases. We do not expect the impact on revenue to be immediately obvious as the prices and fees for most of our ongoing projects have been fixed on signing of the contracts.

Nevertheless, we expect our overall revenue to increase along with the expected increase in demand for our services, due to the growth of demand for IFM and IBS services, rising trend of integrated solution in building services and facilities management, continued overall growth of the construction industry in Singapore, and population growth in Singapore. Please refer to the section entitled "General Information on our Group – Prospects" of this Offer Document for further details.

Save as disclosed above, and as disclosed in the section entitled "Risk Factors" of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of (i) any significant recent trends in the costs and prices of our services since the end of 1HY2021, (ii) or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Offer Document.

## **OUR BUSINESS STRATEGIES AND FUTURE PLANS**

Going forward, our principal business objective is to further strengthen our market position and to broaden our income sources. In furtherance of our business objectives, we intend to undertake the following business strategies and future plans:

### **(a) Expanding our existing business**

We plan to expand the scale of our existing business in providing IBS, M&E engineering services and A&A works by strengthening our manpower resources and equipment resources, thereby enabling us to undertake more and/or higher value projects in IBS, M&E engineering services and A&A works. We are also exploring the use of new and/or upgraded technology in our existing services and for increasing the types of value-added services in these business segments that we can offer.



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We consider that our current service capacity may not be sufficient to meet the manpower needs from the additional projects that we plan to undertake in the future. Should we undertake additional projects in the future, our existing staff may not be able to devote sufficient time and attention to properly supervise and manage the works undertaken by us and our subcontractors. By expanding our manpower resources, we believe that we would have additional capacity to undertake more projects simultaneously while maintaining our project management efficiency and service quality. Our Directors also consider that upon the expansion of our manpower, we will be able to offer more competitive pricing as we could have better control of our operating costs, thereby strengthening our position of being awarded with new contracts. By strengthening our manpower resources, our Directors intend to lower our need for subcontracting services for our projects and the costs incurred therefrom. Our Directors consider that we will enjoy greater flexibility in determining our tender pricing by reducing the amount of works outsourced to our subcontractors given that a profit mark-up is generally factored in the subcontracting fees charged by our subcontractors.

In order to support the intended expansion of our existing business for IBS, M&E engineering services and A&A works, apart from strengthening manpower resources, we plan to strengthen our capability and work efficiency by acquiring additional machinery and equipment, including motor vehicles, to facilitate our performance of our works and accommodate the increase in our transportation needs.

We intend to allocate S\$3.0 million of the gross proceeds from the issuance of the New Shares for this purpose.

### **(b) Strengthening and accelerating the extension of our IFM services**

Our Directors are of the view that facility management has evolved over the years, and the demand has moved away from separated service management, towards integrated solutions. In particular, enhanced facility management solutions face increase in demand as more building facilities are aging and require an advanced degree of care and management.

As such, our Directors are of the view that there are rising needs for customised and integrated solutions in redeveloped buildings. The most essential part of IFM services includes building maintenance services and M&E maintenance services. These overlap with our current core business of the provision of IBS services (which includes the provision of building maintenance services) as well as M&E maintenance services. As such, our existing skills, know-how, expertise and experience would be directly applicable and transferable towards our move to IFM services. Additionally, our existing registrations of the ME05 and ME15 Workheads with a grading of L6 and our established track record in the public sector, would enable us to tender for IFM projects from such bodies with no tendering limit and project value limit.

As such, we have extended our scope of services to IFM, with Digo Corporation, obtaining registration of the FM01 (Facilities Management) Workhead – Grade M3 in 2020, which enables it to tender directly for IFM projects of up to S\$10.0 million from government or statutory bodies.

In order to strengthen and accelerate the extension of our IFM services, we plan to strengthen manpower resources with the recruitment of additional staff, as well as acquire additional machinery and equipment.

We intend to allocate S\$2.5 million of the gross proceeds from the issuance of the New Shares for this purpose.

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## GENERAL INFORMATION ON OUR GROUP

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### (c) Expansion through mergers and acquisitions (“M&A”)

Depending on the available opportunities, feasibility and market conditions, we will leverage on our network and explore M&A opportunities with parties in complementary businesses in Singapore and/or the region. Through such M&A opportunities, we may gain access to new markets and/or strengthen our market position. When evaluating such opportunities, we will consider factors such as the acquisition of capabilities, skills, technology and/or operational processes which are synergistic to our business.

For instance, we intend to enhance our business service level by acquiring cleaning service companies. While IBS services and IFM services largely overlap, IFM services also include the provision of cleaning services, landscape services and pest control services. Currently, without the ability to provide inhouse cleaning, landscaping and pest control services, these services are outsourced to external specialist subcontractors, whose charges are factored into our tender proposals.

We believe that with the acquisition of local Singapore-based company(ies) that possess established teams and provide cleaning services with at least an FM02 (Facilities Management) Workhead registration with the BCA and Clean Mark Silver accreditations under the NEA Clean Mark Accreditation Scheme, our operating systems and track record would be more acceptable to customers, and in our view, this is less risky and costly than setting up a new cleaning services company from scratch.

As at the Latest Practicable Date, we have not entered into any agreements for the acquisition of any specific M&A targets.

### CORPORATE SOCIAL RESPONSIBILITY

We view corporate social responsibility as our responsibility and we recognise that we have an obligation towards our employees, investors, customers, suppliers and the community as a whole. We believe that our reputation, together with the trust and confidence of those whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and are committed to achieving long-term mutually sustainable relationships with our stakeholders.

As part of our sustainability policy, our Group is committed to implementing strategies to reduce our Group’s carbon footprint by commencing the usage of electrical motor vehicles and also the usage of LED lighting and smart lighting products mainly due to their energy efficiency as compared to compact fluorescent lamps.

We will be required to disclose our corporate social responsibility policies with reference to the SGX-ST’s Guide to Sustainability Reporting for Listed Companies, and our Directors intend to establish a corporate social responsibility policy which will formally address our Group’s impact on the local community.

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## INTERESTED PERSON TRANSACTIONS

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### OVERVIEW

In general, transactions between our Group and any of our interested persons (namely, our Directors, CEO, Controlling Shareholders or any Associates of such Directors, CEO, or Controlling Shareholders) (“**Interested Persons**” and each, an “**Interested Person**”) would constitute interested person transactions for the purposes of Chapter 9 of the Catalist Rules.

Details of the present and ongoing transactions as well as past transactions between our Group and Interested Persons which are material in the context of the Placement are set out below, including trade and non-trade transactions with Interested Persons, amount due to Directors and advances to Directors (as the case may be). Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there are no material interested person transactions for the Period Under Review and for the period from 1 July 2021 to the Latest Practicable Date (“**Relevant Period**”).

Save as otherwise provided in this section, investors, upon subscription and/or purchase of the Placement Shares, are deemed to have specifically approved these transactions with our Interested Persons and as such, these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

### INTERESTED PERSONS

The following persons or companies who or which (as the case may be) have transacted with our Group during the Relevant Period are as follows:

<b>Interested Persons</b>	<b>Relationship</b>
Accentury	An exempt private company limited by shares incorporated in Singapore on 3 April 2008. It engages in the trading of electric components and lighting equipment. Its shareholders are Mrs. Low and Mrs. Tai, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On and hold, respectively, 55.0% and 45.0% of the issued and paid up shares of Accentury. Pursuant to the deeds of confirmation of trust executed by Mrs. Low and Mrs. Tai dated 26 October 2021, they have confirmed, <i>inter alia</i> , that all their interests in the shares of Accentury since incorporation of Accentury, were held on trust for and on behalf of their spouses, Mr. Low Siong Yong and Mr. Tai Yoon On, respectively. Accordingly, Mr. Low Siong Yong and Mr. Tai Yoon On are beneficially interested in the shares of Accentury, are treated as having an interest in the shares of Accentury pursuant to Section 4 of the SFA, and Accentury is an Associate of each of Mr. Low Siong Yong and Mr. Tai Yoon On.
Mr. Low Siong Yong	The Executive Chairman and CEO of our Company, and a Controlling Shareholder

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## INTERESTED PERSON TRANSACTIONS

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Interested Persons	Relationship
Mrs. Low	Pow Pei San (Bao Peishan), who is the spouse of Mr. Low Siong Yong
Mr. Tai Yoon On	The Executive Director of our Company, and a Controlling Shareholder
Mrs. Tai	Cheng Chew Hun, who is the spouse of Mr. Tai Yoon On
Guangzhou Vomica	A company incorporated in the PRC on 3 December 2009, and engaged in the business of trading of electrical components and lighting equipment. It was previously an Associate of Mr. Low Siong Yong and Mr. Tai Yoon On, being 40.0%-owned by Mr. Low Siong Yong and Mr. Tai Yoon On through Vomica HK, with the remaining 60.0% held by Cao Guan Jian (曹观坚) and Huang Cheng Man (黄成满). Vomica HK disposed of its entire 40.0% shareholding interests in Guangzhou Vomica on 12 July 2019 to Cao Guan Jian (曹观坚), and Guangzhou Vomica ceased to be an Interested Person.
Vomica HK	A company incorporated in Hong Kong on 13 August 2010 whose principal business is in general trading. Its shareholders are Mr. Low Siong Yong and Mr. Tai Yoon On, who respectively hold 55.0% and 45.0% of the entire issued and paid-up share capital of Vomica HK, and accordingly is an Associate of Mr. Low Siong Yong and Mr. Tai Yoon On. Vomica HK became a dormant company on 16 January 2020 and as at the Latest Practicable Date, is in the process of being struck off. We will release an announcement <i>via</i> SGXNET in a timely manner after being informed by Mr. Low Siong Yong and Mr. Tai Yoon On on the effective striking off of Vomica HK post-Listing.

## INTERESTED PERSON TRANSACTIONS

### PAST INTERESTED PERSON TRANSACTIONS

(1) **Provision of guarantees by Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai to our Group for facilities**

During the Relevant Period, Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai provided personal guarantees for the facilities granted by various lenders to our Group, details of which are set out below:

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$\$'000)
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	ORIX Leasing Singapore Limited	Working capital facility	18 January 2017	6.75% effective interest rate per annum	12 months from the date of first drawdown (or such other date as may be agreed to by the financial institution)	300.0	25.0
Mr. Low Siong Yong	Digo Corporation	Goldbell Financial Services Pte Ltd	Hire purchase facility	21 July 2017	2.99% flat per annum (or effective interest rate of 6.1416% per annum)	21 July 2019	74.3	56.5
Mr. Low Siong Yong	Digo Corporation	Abwin Private Limited	Hire purchase facilities	27 July 2017	3.78% flat per annum (or effective interest rate of 7.733% per annum)	27 July 2019	136.0	103.9

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low Siang Yong	Digo Corporation	Abwin Private Limited	Hire purchase facility	15 August 2017	3.88% flat per annum (or effective interest rate of 7.933% per annum)	15 August 2019	34.0	27.4
Mr. Low Siang Yong and Mr. Tai Yoon On	Digo Corporation	United Overseas Bank Limited	Hire purchase facility	16 November 2017	1.78% per annum flat (or effective interest rate of 3.6060% per annum)	31 January 2021	272.8	272.8
Mr. Low Siang Yong and Mr. Tai Yoon On	Digo Corporation	United Overseas Bank Limited	Hire purchase facility	8 January 2018	1.78% per annum flat (or effective interest rate of 3.6060% per annum)	31 January 2021	124.8	124.8
Mr. Low Siang Yong and Mr. Tai Yoon On	Digo Corporation	ORIX Leasing Singapore Limited	Working capital facility	23 February 2018	6.75% effective interest rate per annum	22 January 2020 (or such other date as may be agreed to by the financial institution)	300.0	300.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	ORIX Leasing Singapore Limited	Working capital facility	23 February 2018	8.00% effective interest rate per annum	22 January 2020 (or such other date as may be agreed to by the financial institution)	500.0	500.0
Mr. Low Siong Yong	Digo Corporation	Tokyo Century Leasing (Singapore) Private Limited	Hire purchase facility	26 July 2018	Nil	26 July 2019	125.0	125.0
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	Sing Investments & Finance Limited	Hire purchase facility	26 December 2018	1.70% flat per annum (effective rate of 3.515% per annum)	2 years from the date of first drawdown	394.2	394.2
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	Sing Investments & Finance Limited	Hire purchase facility	22 January 2019	1.70% flat per annum (or effective rate of 3.515% per annum)	2 years from the date of first drawdown	72.9	72.9
Mr. Low Siong Yong	Digo Corporation	Mercedes-Benz Financial Services Singapore	Hire purchase facilities	8 May 2019	2.99% flat per annum (or effective rate of 6.1416% per annum)	8 May 2021	309.6	309.6



## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low Siong Yong	Digo Corporation	Abwin Private Limited	Hire purchase facilities	20 June 2019	2.99% flat per annum (or effective rate of 6.1410% per annum)	20 June 2021	122.0	122.0
Mr. Low Siong Yong	Digo Corporation	Mercedes-Benz Financial Services Singapore	Hire purchase facilities	1 July 2019	2.99% flat per annum (or effective rate of 6.1416% per annum)	1 July 2021	177.7	177.7
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	Investors which have invested into the issued notes under the facility and identified in the list of investors in the investment note certificate(s) pursuant to the note issuance agreement (business term financing) entered into between Funding Societies Pte Ltd, Digo Corporation, Mr. Low Siong Yong and Mr. Tai Yoon On	Working capital facility	21 January 2020	10% flat per annum	30 October 2020	800.0	800.0
Mr. Low Siong Yong	Digo Corporation	Hong Leong Finance Limited	Hire purchase facility	5 December 2018	2.48% flat per annum	5 December 2021	227.0	227.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Tai Yoon On	Digo Corporation	Mercedes-Benz Financial Services Singapore	Hire purchase facilities	2 September 2019	2.99% flat per annum (or effective rate of 6.1416% per annum)	2 September 2021	120.2	120.2
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	ETHOZ Capital Ltd	Hire purchase facilities	16 December 2016	2.8% flat per annum	15 November 2021	20.0	16.1
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	ETHOZ Capital Ltd	Hire purchase facilities	28 March 2016	2.75% flat per annum	27 March 2021	16.0	10.6
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	ETHOZ Capital Ltd	Hire purchase facilities	28 March 2016	2.75% flat per annum	27 March 2021	24.6	16.3
Mr. Low Siong Yong	Digo Corporation	FS Capital Pte Ltd	Facility in conjunction with the Enterprise Financing Scheme by Enterprise Singapore	16 February 2021	11% per annum	1 December 2021	650.0	650.0
Mrs. Low and Mrs. Tai	Kontourz	FS Capital Pte Ltd	Facility in conjunction with the Enterprise Financing Scheme by Enterprise Singapore	28 January 2021	18% per annum	1 November 2021	70.0	70.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mrs. Low	Kontourz	Mercedes-Benz Financial Services Singapore	Hire purchase facility	10 September 2018	2.99% flat per annum (or effective interest rate of 6.4824% per annum)	10 September 2019	69.3	69.3
Mr. Low Siang Yong	Kontourz	Goldbell Financial Services Pte. Ltd.	Hire purchase facility	13 February 2019	2.99% flat per annum (or effective interest rate of 6.143265% per annum)	13 February 2021	61.6	61.6
Mr. Low Siang Yong	Kontourz	Abwin Private Limited	Hire purchase facility	27 February 2017	3.58% flat per annum (or effective interest rate of 7.331% per annum)	27 February 2019	39.0	21.8
Mrs. Low	Kontourz	Mercedes-Benz Financial Services Singapore	Hire purchase facility	22 May 2019	2.99% flat per annum (or effective interest rate of 6.1416% per annum)	22 May 2021	57.0	57.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low Siang Yong	Kontourz	Abwin Private Limited	Hire purchase facility	10 November 2017	3.28% flat per annum (or effective interest rate of 6.5640% per annum)	10 November 2020	48.0	45.6
Mr. Low Siang Yong	Digo Building	Abwin Private Limited	Hire purchase facility	13 September 2017	3.18% flat per annum (or effective interest rate of 6.8930% per annum)	13 September 2018	18.0	12.1
Mrs. Low	Digo Building	Mercedes-Benz Financial Services Singapore Ltd.	Hire purchase facility	17 May 2019	2.99% flat per annum (or effective interest rate of 6.1418% per annum)	17 May 2021	77.4	77.4
Mrs. Low	Digo Building	Abwin Private Limited	Hire purchase facility	2 April 2019	2.99% flat per annum (or effective interest rate of 6.1410% per annum)	2 April 2021	61.0	61.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal Amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mrs. Low	Digo Building	Abwin Private Limited	Hire purchase facility	3 April 2019	2.99% flat per annum (or effective interest rate of 6.1410% per annum)	3 April 2021	61.0	61.0
Mr. Low Siang Yong	Digo Building	Abwin Private Limited	Hire purchase facility	28 July 2017	3.58% flat per annum (or effective interest rate of 7.1470% per annum)	28 July 2020	23.0	19.5
Mrs. Low	Digo Building	Abwin Private Limited	Hire purchase facility	21 January 2019	2.99% flat per annum (or effective interest rate of 6.1410% per annum)	21 January 2021	56.5	56.5

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## INTERESTED PERSON TRANSACTIONS

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The personal guarantees granted by Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai for the loans and facilities granted to our Group were provided without any consideration paid by any entity within our Group. Accordingly, our Directors are of the view that the provision of the abovementioned personal guarantees were not conducted on an arm's length basis and not on normal commercial terms but were not prejudicial to the interests of our Company and our minority Shareholders.

As at the Latest Practicable Date, the aforesaid personal guarantees had been discharged as the respective loans and facilities granted have been fully repaid. Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai have provided other guarantees for facilities granted to our Group which are present and on-going interested person transactions. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for further details.

**(II) Provision of indemnities by Mr. Low Siong Yong and Mr. Tai Yoon On in favour of financial institutions in consideration of the issuance of insurance guarantees or performance bonds by financial institutions to our Group's customers**

During the Relevant Period, Mr. Low Siong Yong and Mr. Tai Yoon On have jointly provided indemnities in favour of various financial institutions in consideration of the issuance of insurance guarantees or performance bonds by the financial institutions, for amounts ranging from S\$5,000 to S\$1,200,000, to our Group's customers in respect of projects undertaken by our Group. The indemnities are against, *inter alia*, all liabilities that the financial institutions may incur in connection with their issuance of the insurance guarantees or performance bonds.

The aforesaid indemnities provided by Mr. Low Siong Yong and Mr. Tai Yoon On to the financial institutions were without any consideration paid by any entity within our Group. Accordingly, our Directors are of the view that the provision of the abovementioned indemnities were not conducted on an arm's length basis and not on normal commercial terms but were not prejudicial to the interests of our Company and our minority Shareholders.

As at the Latest Practicable Date, the aforesaid indemnities had been discharged as the respective projects of our Group for which the performance bonds were granted by the financial institutions have been completed. Mr. Low Siong Yong and Mr. Tai Yoon On have provided other indemnities to financial institutions which are present and on-going interested person transactions. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for further details.

**(III) Purchase of products from Guangzhou Vomica by our Group**

During the Relevant Period, our Group had purchased electrical components, lighting equipment and related spare parts from Guangzhou Vomica. The aggregate amount of purchases from Guangzhou Vomica by our Group during the Relevant Period were as follows:

	<b>FY2018 (S\$'000)</b>	<b>FY2019<sup>(1)</sup> (S\$'000)</b>
Aggregate amount of purchases from Guangzhou Vomica by our Group	2,764	968

**Note:**

(1) For the period from 1 January 2019 to 12 July 2019. Guangzhou Vomica ceased to be an Interested Person on 13 July 2019 following the disposal by Vomica HK of its entire 40.0% shareholding interests in Guangzhou Vomica.

No separate third party fee quotes were obtained for the purposes of comparison with the goods to be supplied. In view of the foregoing, our Directors are of the opinion that the transactions with

## INTERESTED PERSON TRANSACTIONS

Guangzhou Vomica may not be entered into or carried out on an arm's length basis and may not be on normal commercial terms, but were not prejudicial to the interests of our Company and our minority Shareholders, as the goods purchased from Guangzhou Vomica were of lower cost than those of similar products purchased from other suppliers. We have continued with similar transactions with Guangzhou Vomica after it ceased to be an Interested Person in accordance with our internal procurement policies, details of which may be found in the section entitled "General Information on our Group – Business Overview – Procurement and testing of materials" of this Offer Document.

### (IV) Transfer of warehouse to Accentury by Digo Corporation

Digo Corporation previously held the leasehold estate of 30 years commencing from 28 October 2013 for the 61 Woodlands Property, being a warehouse located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium, Singapore 757047, for the storage of lighting accessories, electrical components and related spare parts.

As Digo Corporation has sufficient storage space at the 54 Senoko Property, while at the same time, Accentury was seeking storage space for its inventory, Digo Corporation transferred its leasehold interests in the 61 Woodlands Property to Accentury for a consideration of S\$750,000, which was completed on 30 July 2021 with Digo Corporation having received such purchase consideration in full. The consideration was based on the value proposed by a property agent, computed based on the approximate average price of comparable properties listed on SRX website and Digo Corporation's assessment based on the open market values of the properties transacted within the same vicinity.

Accordingly, our Directors are of the view that the aforesaid transfer was carried out on an arm's length basis and on normal commercial terms, and was not prejudicial to the interests of our Company and our minority Shareholders.

### (V) Supply of labour to Accentury by Digo Corporation

During the Relevant Period, Digo Corporation had from time to time supplied labour to Accentury for the installation of the supplied electrical components that were purchased by Digo Corporation from Accentury. The aggregate amount of labour supplied to Accentury by our Group during the Relevant Period were as follows:

	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1HY2021 (S\$'000)	From 1 July 2021 up to the Latest Practicable Date
Amount of labour supplied to Accentury by our Group	52	13	9	–	–

The amount charged to Accentury for the supply of labour was based on the pro-rated salaries and worker levies of the relevant workers incurred by Digo Corporation, without any mark-up. Accordingly, our Directors are of the view that the supply of labour to Accentury was not carried out on an arm's length basis and not on normal commercial terms, but was not prejudicial to the interests of our Company and our minority Shareholders as the supply of labour to Accentury was in turn for services to be provided by Accentury to our Group.

As at the Latest Practicable Date, all amounts due to our Group from Accentury for the supply of labour had been fully settled. Our Group had also ceased the supply of labour to Accentury since FY2021 and we do not intend to enter into such transactions with Accentury following our Listing.



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## INTERESTED PERSON TRANSACTIONS

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**(VI) Provision of loan by Mr. Low Siong Yong and Mr. Tai Yoon On to Digo Corporation and Digo Building**

Mr. Low Siong Yong and Mr. Tai Yoon On had entered into the following agreements in relation to the provision of loans to our Group for working capital purposes:

- (a) loan agreement with Digo Corporation dated 11 January 2021, pursuant to which Mr. Low Siong Yong had extended a loan of S\$200,000 at an interest rate of 2.5% per annum; and
- (b) loan agreement with Digo Building dated 8 July 2019, pursuant to which Mr. Low Siong Yong and Mr. Tai Yoon On had extended a loan of S\$495,000 and S\$405,000 respectively, at an interest rate of 2.5% per annum.

The provision of the above loans by Mr. Low Siong Yong and Mr. Tai Yoon On to our Group were unsecured and without fixed repayment terms. Accordingly, our Directors are of the view that the provision of the above loans were not on an arm's length basis and not on normal commercial terms but were not prejudicial to the interests of our Company and our minority Shareholders as the loans were for our Group's working capital requirements.

As at the Latest Practicable Date, all amounts owing to Mr. Low Siong Yong and Mr. Tai Yoon On pursuant to the above loan agreements have been fully repaid. We do not intend to enter into such transactions with Mr. Low Siong Yong and Mr. Tai Yoon On following our Listing.

**(VII) Advances by Digo Corporation to Mr. Low Siong Yong and Mr. Tai Yoon On and payment of expenses by Mr. Low Siong Yong and Mr. Tai Yoon On on behalf of Digo Corporation**

In 2018, Digo Corporation advanced an amount of S\$87,000 to Mr. Low Siong Yong and an amount of S\$71,000 to Mr. Tai Yoon On for them to make payments on behalf of Digo Corporation to its subcontractors and suppliers from time to time. In the same year, Mr. Low Siong Yong and Mr. Tai Yoon On paid an aggregate of S\$16,587 and S\$13,390 respectively, on behalf of Digo Corporation, to its subcontractors and suppliers for amounts due and owing by Digo Corporation.

Subsequently, in 2019, Mr. Low Siong Yong and Mr. Tai Yoon On paid an aggregate of S\$70,413 and S\$57,610 respectively, on behalf of Digo Corporation, to its subcontractors and suppliers for amounts due and owing by Digo Corporation.

As the advances made by Digo Corporation to Mr. Low Siong Yong and Mr. Tai Yoon On were without fixed repayment terms or interest, our Directors are of the view that such advances were not on an arm's length basis and not on normal commercial terms but were not prejudicial to the interests of our Company and our minority Shareholders as these were primarily payments to be made on behalf of Digo Corporation.

As at the Latest Practicable Date, the amount owing by each of Mr. Low Siong Yoon and Mr. Tai Yoon On to our Group pursuant to such advances has been fully settled by way of offsetting against payments made by Mr. Low Siong Yoon and Mr. Tai Yoon On respectively, on behalf of Digo Corporation. We do not intend to enter into such transactions with Mr. Low Siong Yong and Mr. Tai Yoon On following our Listing.

## INTERESTED PERSON TRANSACTIONS

### PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

(1) **Provision of guarantees by Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai for facilities**

During the Relevant Period, Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai provided the following personal guarantees for the facilities granted by various lenders to our Group, which are subsisting as at the Latest Practicable Date, and the details of which are set out below:

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal amount (S\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances (S\$'000)
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	United Overseas Bank Limited	Term loan and various trade facilities	15 August 2019	Varied interest rates depending on the facility <sup>(1)</sup>	Varied maturity dates depending on the facility <sup>(2)</sup>	4,395.0	2,804.8
Mr. Tai Yoon On	Digo Corporation	Mercedes-Benz Financial Services Singapore	Hire purchase facilities	18 August 2020	2.99% flat per annum (or effective rate of 5.1792% per annum)	18 July 2025	233.7	233.7

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	RHB Bank Berhad	Overdraft and various trade facilities	7 October 2019; 9 October 2020; 27 September 2021; 11 November 2021; 2 December 2021 (restated and replaced by letter dated 9 October 2020, supplemented by letters dated 27 September 2021, 11 November 2021 and 2 December 2021)	Varied interest rates depending on the facility <sup>(3)</sup>	Varied maturity dates depending on the facility <sup>(4)</sup>	2,200.0	810.6
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	United Overseas Bank Limited	Temporary bridging loan under Enterprise Financing Scheme	9 April 2020	3.0% per annum	2 June 2025	3,000.0	3,000.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	RHB Bank Berhad	Temporary bridging loan under Enterprise Financing Scheme	12 May 2020; 27 September 2021; 11 November 2021; 2 December 2021	3.50% per annum	30 June 2025	2,000.0	2,000.0
Mr. Low Siong Yong	Digo Corporation	United Overseas Bank Limited	Hire purchase facility	15 October 2020	2.99% per annum (or effective rate of 5.7% per annum)	15 September 2027	56.5	56.5
Mr. Low Siong Yong	Digo Corporation	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	4 December 2020	2.99% per annum	4 December 2027	74.5	74.5
Mr. Low Siong Yong	Digo Corporation	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	13 January 2021	2.99% per annum	13 January 2028	75.8	75.8
Mr. Low Siong Yong	Digo Corporation	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	19 February 2021	2.99% per annum	19 February 2028	83.8	83.8
Mr. Low Siong Yong	Digo Corporation	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	4 December 2020	2.99% per annum	4 December 2025	67.5	67.5

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal amount (\$\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$\$'000)
Mr. Low Siong Yong	Digo Corporation	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	5 February 2021	2.99% per annum	5 February 2028	79.8	79.8
Mr. Low Siong Yong	Digo Corporation	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	9 March 2021	2.99% per annum	9 March 2028	81.8	81.8
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	Oversea-Chinese Banking Corporation Limited	Hire purchase facility	28 December 2018	2.78% per annum	14 January 2022	100.0	100.0
Mr. Low Siong Yong	Digo Corporation	HL Bank	Hire purchase facility	30 November 2020	2.28% per annum	30 October 2025	157.0	157.0
Mr. Low Siong Yong	Digo Corporation	HL Bank	Hire purchase facility	24 March 2021	2.99% per annum	24 February 2026	66.2	66.2
Mr. Low Siong Yong	Digo Corporation	HL Bank	Hire purchase facility	24 March 2021	2.99% per annum	24 February 2026	66.2	66.2
Mr. Low Siong Yong	Digo Corporation	Maybank Singapore Limited	Hire purchase facility	14 July 2021	2.99% per annum	14 June 2026	80.0	80.0
Mr. Low Siong Yong and Mr. Tai Yoon On	Digo Corporation	United Overseas Bank Limited	Hire purchase facility	7 June 2021	2.99% per annum	7 May 2028	93.0	93.0

## INTERESTED PERSON TRANSACTIONS

Interested Person	Borrower	Lender	Type of Facility	Date of Facility	Interest Rates	Maturity Date	Principal amount (\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances) (\$'000)
Mr. Low	Digo Corporation	United Overseas Bank Limited	Hire purchase facility	17 December 2021	2.99% per annum	16 December 2026	72.5	72.5
Mrs. Low and Mrs. Tai	Kontourz	DBS Bank Ltd	Working capital facility	9 April 2020	3.0% per annum	29 May 2025	1,000.0	1,000.0
Mrs. Low and Mrs. Tai	Kontourz	Oversea-Chinese Banking Corporation Limited	Working capital facility	23 September 2020	2.5% per annum	1 October 2025	400.0	400.0
Mrs. Low and Mrs. Tai	Kontourz	CIMB Bank Berhad (Singapore Branch)	Temporary bridging loan under Enterprise Financing Scheme	16 June 2021	4.5% per annum	23 June 2026	120.0	120.0
Mrs. Low	Kontourz	HL Bank	Hire purchase facility	19 March 2021	2.99% per annum	19 February 2026	66.2	66.2
Mrs. Low	Digo Building	Toyota Financial Services Singapore Pte. Ltd.	Hire purchase facility	23 March 2021	2.99% per annum	23 March 2028	84.8	84.8

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## INTERESTED PERSON TRANSACTIONS

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**Notes:**

- (1) The interest rates of the facilities are as follows or at such other rates at the sole discretion of UOB:
- (a) in respect of the term loan, interest rate for the first year is 1% per annum over prevailing 3-month cost of funds (“COF”), interest rate for the second year is 1.15% per annum over prevailing 3-month COF, interest rate for the third year is 1.30% per annum over the prevailing 3-month COF, interest rate for the fourth year is 3.00% per annum over the prevailing 3-month COF, and for the fifth year onwards, interest rate is at UOB’s commercial financing rate;
  - (b) in respect of the money market loan, 2.25% per annum over the UOB’s COF as determined by UOB on the day of the transaction or at such other rate at the sole discretion of UOB;
  - (c) in respect of the overdraft facility, 0.50% per annum over UOB’s prime lending rate (“PLR”); and
  - (d) in respect of the trust receipts, (i) 0.75% per annum over UOB’s PLR or at such other rate at the sole discretion of UOB, for SGD denominated bills; (ii) 2.50% per annum over UOB’s COF or at such other rate at sole discretion of UOB, for USD denominated bills.
- (2) The maturity dates of the facilities are as follows:
- (a) in respect of the term loan, the maturity date is 12 years after the date of first drawdown, subject to the remaining lease of the following property not being less than 5 years at the final maturity date of the term loan: the 54 Senoko Property;
  - (b) in respect of the money market loan, not applicable as there was no drawdown as at the Latest Practicable Date;
  - (c) in respect of the overdraft facility, payable on demand;
  - (d) in respect of the trust receipts, up to 120 days for import bills under UOB’s letters of credit;
  - (e) in respect of invoices against cash payment and/or term payment, up to 60 days; and
  - (f) in respect of shipping guarantees under UOB’s letters of credit, up to 14 days.
- (3) The interest rates of the facilities are as follows:
- (a) in respect of the overdraft, 0.70% per annum below RHB Bank Berhad’s Singapore Dollars PLR calculated on daily rest basis;
  - (b) in respect of the trust receipts, the aggregate of the applicable: (i) margin of 1.75% per annum; and (ii) local or foreign currency COF of RHB Bank Berhad; and
  - (c) in respect of invoice financing and pre-shipment invoice financing, the aggregate of the applicable (i) margin of 1.75% per annum; and (ii) local or foreign currency COF of RHB Bank Berhad; and
  - (d) in respect of revolving credit facility, the aggregate of the applicable: (i) margin of 2.50% per annum; and (ii) COF of RHB Bank Berhad.



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## INTERESTED PERSON TRANSACTIONS

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(4) The maturity dates of the facilities are as follows:

- (a) in respect of the overdraft, it shall be payable on demand;
- (b) in respect of the sight and usance letter of credit, up to maximum of 120 days;
- (c) in respect of the trust receipts, up to maximum of 120 days;
- (d) in respect of shipping guarantees, up to 30 days for each;
- (e) in respect of the invoice financing and pre-shipment invoice financing, up to maximum of 120 days for each; and
- (f) in respect of the revolving credit facility, 1 or 3 month(s) or any other period agreed with RHB Bank Berhad.

Please refer to the section entitled “Capitalisation and Indebtedness” of this Offer Document for the details of the above facilities, including their interest rates and maturity profile.

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## INTERESTED PERSON TRANSACTIONS

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The personal guarantees granted by Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai for the loans and facilities granted to our Group were provided without any consideration paid by any entity within our Group. Accordingly, our Directors are of the view that the provision of the abovementioned personal guarantees were not conducted on an arm's length basis and not on normal commercial terms but were not prejudicial to the interests of our Company and our minority Shareholders.

We intend to request for the discharge of the abovementioned personal guarantees by Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai following our Listing and replace them with guarantees provided by our Company. Our Directors do not expect any material change in the terms and conditions of the relevant facilities arising from the release and discharge of the abovementioned personal guarantees. Should the lenders be unwilling to release and discharge the abovementioned personal guarantees, Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai will continue to provide the relevant personal guarantees. Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai have not and will not be receiving any consideration (monetary or otherwise) for the provision of the abovementioned personal guarantees. Following our Listing, all guarantees required for similar loans and facilities granted to our Group will be provided by our Company, and our Group does not intend for Mr. Low Siong Yong, Mr. Tai Yoon On, Mrs. Low and Mrs. Tai to continue providing such guarantees in their individual capacity.

**(II) Provision of indemnities by Mr. Low Siong Yong and Mr. Tai Yoon On in favour of financial institutions in consideration of the issuance of insurance guarantees or performance bonds by financial institutions to our Group's customers**

During the Relevant Period, Mr. Low Siong Yong and Mr. Tai Yoon On jointly provided indemnities, which are subsisting as at the Latest Practicable Date, in favour of various financial institutions in consideration of the issuance of insurance guarantees or performance bonds by the financial institutions, for amounts ranging from S\$5,000 to S\$1,900,000, to our Group's customers in respect of projects undertaken by our Group. The indemnities are against, *inter alia*, all liabilities that the financial institutions may incur in connection with their issuance of the insurance guarantees or performance bonds.

The indemnities provided by Mr. Low Siong Yong and Mr. Tai Yoon On to the financial institutions in connection with the insurance guarantees or performance bonds granted by the financial institutions, were without any consideration paid by any entity within our Group. Accordingly, our Directors are of the view that the provision of the abovementioned indemnities were not conducted on an arm's length basis and not on normal commercial terms but were not prejudicial to the interests of our Company and our minority Shareholders.

We intend to request for the discharge of the abovementioned indemnities provided by Mr. Low Siong Yong and Mr. Tai Yoon On following our Listing and replace them with indemnities provided by our Company. Our Directors do not expect any material change in the terms and conditions of the relevant insurance guarantees or performance bonds arising from the release and discharge of the abovementioned personal indemnities. Should the lenders be unwilling to release and discharge the abovementioned personal indemnities, Mr. Low Siong Yong and Mr. Tai Yoon On will continue to provide the relevant personal indemnities. Mr. Low Siong Yong and Mr. Tai Yoon On have also confirmed that they have not and will not receive any consideration (monetary or otherwise) for the provision of the abovementioned personal indemnities. Following our Listing, all indemnities required in respect of insurance guarantees or performance bonds for projects taken up by our Group will be provided by our Company, and our Group does not intend for Mr. Low Siong Yong and Mr. Tai Yoon On to continue providing such indemnities in their individual capacity.

## INTERESTED PERSON TRANSACTIONS

### (III) Purchase of products from Accentury by our Group

During the Relevant Period, our Group had purchased electrical components, lighting equipment and related spare parts from Accentury. The aggregate amount of purchases from Accentury by our Group during the Relevant Period were as follows:

	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1HY2021 (S\$'000)	From 1 July 2021 up to the Latest Practicable Date (S\$'000)
Aggregate amount of purchases from Accentury by our Group	158	585	2,501	601	330

There were no comparable quotes from unrelated third parties obtained by our Group prior to the entry into of the transactions with Accentury to purchase lighting equipment, as most of the lighting equipment required by our Group are custom-made based on project requirements and there were no off-the-shelf similar products in the market and no assurance of quality from unrelated third parties. For the purchase of electrical components and related spare parts from Accentury, there were also no comparable quotes from unrelated third parties obtained by our Group prior to the entry into of such transactions as based on the management's assessment, the prices offered by Accentury to our Group were lower than the prevailing market rates for similar products. Accordingly, our Directors are of the view that the purchases from Accentury by our Group were not entered into or carried out on an arm's length basis and were not on normal commercial terms but were not prejudicial to our Company or our minority Shareholders.

We intend to continue to enter into similar transactions with Accentury after the Listing. Such transactions after the Listing will be subject to the requirements under Chapter 9 of the Catalist Rules and guidelines and the procedures highlighted in the IPT General Mandate set out in the section entitled "Interested Person Transactions – General Mandate for Interested Person Transactions" of this Offer Document.

### GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We anticipate that we would, on and after the date of admission of our Company to Catalist, in the ordinary course of business, undertake transactions with the Mandated Interested Person (as defined below), including but not limited to the purchase of electrical components, lighting equipment and related spare parts from the Mandated Interested Person on a recurrent basis to fulfil orders from our customers. In view of the time-sensitive and recurrent nature of such commercial transactions, it would be advantageous for us to obtain a general mandate from our Shareholders to enable any or all members of our Group, in the ordinary course of their business, to purchase electrical components, lighting equipment and related spare parts from the Mandated Interested Person which is necessary for our day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders ("**IPT General Mandate**").

### Chapter 9 of the Catalist Rules

Pursuant to Rule 920(2) of Chapter 9 of the Catalist Rules, our Company will treat the IPT General Mandate as having been given, for our Group to enter into the Mandated Interested Person

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## INTERESTED PERSON TRANSACTIONS

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Transactions (as defined below) with the Mandated Interested Person, as long as the information required under Rule 920(1)(b) of the Catalist Rules is included in this Offer Document. Such required information are as follows:

- (a) the names of the Interested Person with which the Entity at Risk (as defined below) will be transacting;
- (b) the nature of the transactions contemplated under the mandate;
- (c) the rationale for, and benefit to, the Entity at Risk;
- (d) the methods or procedures for determining transaction prices;
- (e) the IFA's opinion on whether the proposed methods or procedures in (d) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and the interests of our minority Shareholders;
- (f) an opinion from our Audit Committee if it takes a different view to the IFA;
- (g) a statement from the Company that we will obtain a fresh mandate from our Shareholders if the methods or procedures in (d) above become inappropriate; and
- (h) a statement that the Interested Person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

By subscribing for the Placement Shares, new Shareholders are deemed to have approved the IPT General Mandate. The IPT General Mandate will be effective from the date of our admission to Catalist until the earlier of the following: (a) the conclusion of our first annual general meeting following our admission to Catalist, or the date by which the next annual general meeting of our Company is required by law to be held; or (b) the first anniversary of the date of our admission to Catalist. Thereafter, we will seek the approval of our independent Shareholders for a renewal of the IPT General Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of our Company is required by law to be held, subject to satisfactory review by our Audit Committee of its continued application to the transactions with the Mandated Interested Person (as defined herein).

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, Interested Persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such Interested Persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, Mr. Low Siong Yong and Mr. Tai Yoon On and their Associates will abstain from voting on the resolutions approving the renewal of the IPT General Mandate.

For the avoidance of doubt, the IPT General Mandate will cover any and all Mandated Interested Person Transactions, including transactions which have a value below S\$100,000, notwithstanding that the threshold and aggregation requirements under Chapter 9 of the Catalist Rules as at the date of this Offer Document may not apply to such transactions. While transactions below S\$100,000 are not normally aggregated under Rule 906(2) of the Catalist Rules, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Catalist Rules.

Transactions which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules and/or

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## INTERESTED PERSON TRANSACTIONS

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any applicable law. Transactions conducted under the IPT General Mandate are not separately subject to Rules 905 and 906 of the Catalist Rules pertaining to threshold and aggregation requirements.

### Entities at Risk

For the purposes of the IPT General Mandate, an “entity at risk” means (“**EAR Group**”):

- (a) our Company;
- (b) a subsidiary of our Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) an Associated Company of our Company (other than an Associated Company that is listed on the SGX-ST or an approved exchange) over which our Group, or our Group and our Interested Person(s), has or have control.

### Mandated Interested Person

The IPT General Mandate will apply to the Mandated Interested Person Transactions that are carried out between any entity within the EAR Group with Accentury (“**Mandated Interested Person**”).

Accentury is an exempt private company limited by shares incorporated in Singapore on 3 April 2008, engaged in the trading of electric components and lighting equipment. Its shareholders are Mrs. Low and Mrs. Tai, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid up shares of Accentury respectively, on trust for and on behalf of Mr. Low Siong Yong and Mr. Tai Yoon On respectively.

During the Period Under Review, our Group had purchased electrical components, lighting equipment and related spare parts from the Mandated Interested Person for our business. Please refer to the section entitled “Interested Person Transactions – Present and Ongoing Interested Person Transactions” of this Offer Document for further details. Following the admission of our Company to Catalist, the EAR Group intends to continue to purchase electrical components, lighting equipment and related spare parts from the Mandated Interested Person to fulfil our customers’ demands and projects (“**Mandated Interested Person Transactions**”).

The Mandated Interested Person Transactions relate to the provision to, or obtaining from, the Mandated Interested Persons of products and services in the ordinary course of business of our Group or which are necessary for our day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses. Transactions between the Mandated Interested Person and our Group which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and such guidelines as set out in the section entitled “Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions” of this Offer Document.

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## **INTERESTED PERSON TRANSACTIONS**

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### **Rationale for and Benefits of the IPT General Mandate**

Given the nature of our business, we envisage that the Mandated Interested Person Transactions are likely to occur from time to time, in the ordinary course of our business. In view of the time-sensitive and recurrent nature of the Mandated Interested Person Transactions, it would be advantageous for us to obtain the IPT General Mandate to enable the EAR Group to enter into the Mandated Interested Person Transactions, provided that the Mandated Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders. The IPT General Mandate will allow our Group to purchase electrical components, lighting equipment and related spare parts that meet our requirements and specifications from a trusted and established supplier, thereby ensuring the sustainability of our operations.

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek independent Shareholders' approval, thereby easing administrative and financial costs, without compromising the EAR Group's business activities.

The IPT General Mandate is intended to facilitate transactions in the ordinary course of business of the EAR Group which are transacted from time to time with the Mandated Interested Person, provided that they are carried out on arm's length basis and are on normal commercial terms, and are not prejudicial to the interests of our Company and our minority Shareholders.

In accordance with the requirements of Chapter 9 of the Catalist Rules, we will (a) disclose in our Company's annual report the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate for the relevant financial periods that we are required to report on pursuant to Rule 705 of the Catalist Rules.

### **Guidelines and Procedures under the IPT General Mandate**

To ensure that the Mandated Interested Person Transactions are carried out on arm's length basis, on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, our Company will implement the following procedures under the IPT General Mandate:

- (a) All Mandated Interested Person Transactions shall be conducted in accordance with our Group's usual business practices and policies, at the prevailing market rates or prices, and on terms which are no less favourable to our Group as compared to the terms extended by unrelated third-parties (including, where applicable, preferential rates, prices, commissions or discounts accorded to customers or purchasers who have a long-term contract with our Group) or otherwise in accordance with applicable industry norms.
- (b) For each transaction with the Mandated Interested Person for purchase of electrical components, lighting equipment and related spare parts, the purchasing department will obtain at least two (2) quotations from unrelated third-party suppliers for comparison. We will only purchase from the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable than the terms offered by such unrelated third-party suppliers and taking into account other pertinent factors such as the discount offered by the Mandated Interested Person compared to the unrelated third-party suppliers, the size of the order, the quality of the electrical components, lighting equipment and related spare parts, credit terms, track record and reliability of the counterparty and delivery logistics.

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## INTERESTED PERSON TRANSACTIONS

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- (c) Where it is impracticable or not possible for quotations to be obtained from unrelated third party vendors, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such products and be based on the commercial merits of the transaction.

In the event that it is impractical or impossible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, our CFO and our Independent Directors, if each of them has no interest in the transaction, or failing which, our Audit Committee, in accordance with our usual business practices and policies will, subject to the approval thresholds set out below, determine whether the price and terms offered as the case may be, are fair and reasonable. In determining the transaction price payable to the Interested Person for such products and/or services, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account.

We will obtain a fresh mandate from our Shareholders if the foregoing guidelines and procedures determine transaction prices become inappropriate.

### **Approval Threshold(s) for the Mandated Interested Person Transactions**

The approval thresholds for each Mandated Interested Person Transaction are as follows:

<b>Value of Mandated Interested Person Transactions</b>	<b>Approval Authority</b>
Below 3.0% of the latest audited NTA of our Group	CFO
Equal or exceeds 3.0% of the latest audited NTA of our Group	CFO and Audit Committee

In the review of the Mandated Interested Person Transactions, our Independent Director may at his/her discretion obtain independent advice. If any of the approval authority has an interest in a Mandated Interested Person Transaction, he/she will abstain from any review, deliberation or decision making in respect of that Mandated Interested Person Transaction.

### **Additional Procedures for Interested Person Transactions**

We will also implement the following procedures for the identification of Interested Persons and the record keeping of all Interested Person Transactions:

- (a) our finance team will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list shall be reviewed on a quarterly basis by our CFO and subject to such verifications or declarations as required by our Audit Committee for such period as determined by them. This list shall be disseminated to all relevant staff for identification of Interested Person Transaction on a timely basis;
- (b) we will maintain a register of Interested Person Transactions, including the Mandated Interested Person Transactions ("**IPT Register**"). The IPT Register will also record any Interested Person Transaction that are below S\$100,000 in value, although such transactions are not required to be aggregated under Chapter 9 of the Catalyst Rules. Our CFO shall review the IPT Register on a quarterly basis;



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## INTERESTED PERSON TRANSACTIONS

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- (c) all documents related to the Mandated Interested Person Transactions will be filed in a separate file (“**IPT Mandate File**”) for ease of tracking and monitoring. The IPT Mandate File will contain all forms and checklists in relation to the Mandated Interested Person Transactions. The IPT Mandate File will also contain invoices and payment vouchers in relation to the Mandated Interested Person Transactions. Our CFO will review the IPT Mandate File on a monthly basis;
- (d) our Audit Committee shall review the IPT Register and the IPT Mandate File on a half-yearly basis (or on such other frequency as our Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the Mandated Interested Person Transactions have been complied with. Such review includes the examination of the transactions and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for additional information pertaining to the transactions under review from independent sources, advisers or valuers as it deems fit;
- (e) our internal auditors will, on an annual basis, review the IPT Mandate File to ascertain that the guidelines and procedures established for the Mandated Interested Person Transactions have been adhered to. Any discrepancies or significant variances from our Group’s usual business practices and pricing policies will be highlighted to our Audit Committee;
- (f) if pursuant to the relevant reviews, our Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of our Company are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary (such as, where relevant, to seek a fresh Shareholders’ general mandate for the Mandated Interested Person Transactions) to ensure that the Mandated Interested Person Transactions will be conducted on arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders; and
- (g) disclosure will be made in the interim announcements and the annual report of our Company in respect of the Mandated Interested Person Transactions in accordance with Chapter 9 of the Catalist Rules.

### **Disclosure in Financial Results Announcements and Annual Reports**

We will announce the aggregate value of transactions conducted with the Mandated Interested Person(s) pursuant to the IPT General Mandate for the relevant financial periods which our Company is required to report on pursuant to the Catalist Rules and within the time frame required for such announcements.

Disclosure will also be made in our Company’s annual report of the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT General Mandate continues in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

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## INTERESTED PERSON TRANSACTIONS

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The name of the Interested Person and the corresponding aggregate value of the transactions with the Interested Person will be presented in the following format:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year/period under review (excluding transactions less than S\$100,000 and transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the Shareholders' general mandate pursuant to Rule 920 of the Catalist Rules during the financial year/period under review (excluding transactions less than S\$100,000)

In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, Mr. Low Siong Yong and Mr. Tai Yoon On, and their Associates will abstain from voting on the resolutions approving the renewal of the IPT General Mandate.

### Opinion of the Independent Financial Adviser

RHT Capital has been appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the Catalist Rules, to opine on whether the methods or procedures, as set out above, are sufficient to ensure that the Mandated Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

After viewing the scope of the IPT General Mandate, RHT Capital is of the opinion that the methods and procedures for determining the transaction prices of the Mandated Interested Person Transactions, if adhered to strictly, are sufficient to ensure that the Mandated Interested Person Transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of our Company and our minority Shareholders. Please refer to the letter from RHT Capital to our Independent Directors as set out in "Appendix F – Opinion of the Independent Financial Adviser" to this Offer Document for more information.

### Audit Committee's statement

Our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms of the Mandated Interested Person Transactions, as set out above, if adhered to strictly, are sufficient to ensure that the Mandated Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

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## INTERESTED PERSON TRANSACTIONS

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### GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Company and our minority Shareholders in any way.

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Company or our minority Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or engaging any services from an Interested Person, two (2) other quotations from unrelated third parties in respect of the same or substantially the same type of transactions will be obtained for comparison to ensure that the interests of our Company and minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two (2) other quotations from unrelated third parties. In determining the most competitive price or fee, our Audit Committee will review all pertinent factors, including but not limited to quality, quantity, requirements, specifications, delivery time and track record will be taken into consideration;
- (b) when we sell any products or supply any services to an Interested Person, the price or fee and terms of two (2) other successful transactions of a similar nature with unrelated third parties will be used as comparison to ensure that the interests of our Company or our minority Shareholders are not disadvantaged. The price or fee for the sale of products or the supply of services shall not be lower than the lower of the price or fee of the two other successful transactions with unrelated third parties;
- (c) in the case of renting properties from or to an Interested Person, our Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (as necessary) (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be compared against the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be approved by either our Executive Chairman and CEO, if he has no interest in the transaction, or failing which, our Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account; and

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## INTERESTED PERSON TRANSACTIONS

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- (e) in addition, we shall monitor all interested person transactions entered into by us and categorise these transactions as follows:
- (i) a “Category 1” interested person transaction, either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year, is one where the value thereof is equal or in excess of 3.0% of the latest audited NTA of our Group; and
  - (ii) a “Category 2” interested person transaction, either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year, is one where the value thereof is below 3.0% of the latest audited NTA of our Group.

All “Category 1” interested person transactions must be approved by our Audit Committee prior to entry whereas “Category 2” interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed once every six (6) months by our Audit Committee.

Our Audit Committee will review all interested person transactions, if any, once every six (6) months to ensure that they are carried out on an arm’s length basis, will not be prejudicial to our Company’s interests and the interests of our minority Shareholders, and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

All interested person transactions above S\$100,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. All interested person transactions below S\$100,000 are to be approved by our CFO for the time being or such other senior executive(s) of our Company, who shall not be an interested person in respect of the particular transaction, designated by our Audit Committee from time to time for such purpose.

We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, our Audit Committee and our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into. Such transactions will also be subject to the approval of our Shareholders if required by the Catalist Rules. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2018.

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## **INTERESTED PERSON TRANSACTIONS**

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These internal audit reports will be reviewed by our Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. Our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our Company's interests and the interests of our minority Shareholders. Further, if during these periodic reviews by our Audit Committee, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate. Our Audit Committee may request for an independent financial adviser's opinion on such guidelines and procedures as it deems necessary.

Disclosure will be made in our annual report of the aggregate value of interested person transactions during the relevant financial year under review.

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## POTENTIAL CONFLICTS OF INTERESTS

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Save as disclosed below and in the sections entitled “Interested Person Transactions” and “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document, none of our Directors, Controlling Shareholders or any of their Associates has an interest, direct or indirect:

- (i) in any transaction to which any member of our Group was or is to be a party;
- (ii) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group;
- (iii) in any enterprise or company that is our Group’s client or supplier of goods and services; and
- (iv) any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

### Shareholding interest in Accentury

Accentury is an exempt private company limited by shares incorporated in Singapore on 3 April 2008, engaged in the trading of electric components and lighting equipment. Its shareholders are Mrs. Low and Mrs. Tai, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On respectively and hold 55.0% and 45.0% of the issued and paid up shares of Accentury respectively. Pursuant to the deeds of confirmation of trust executed by Mrs. Low and Mrs. Tai dated 26 October 2021, they have confirmed, *inter alia*, that all their interests in the shares of Accentury since incorporation of Accentury were held on trust for and on behalf of their spouses, Mr. Low Siong Yong and Mr. Tai Yoon On, respectively. Accordingly, Mr. Low Siong Yong and Mr. Tai Yoon On are beneficially interested in the shares of Accentury, and are also treated as having an interest in the shares of Accentury pursuant to Section 4 of the SFA.

Accentury is a major supplier of our Group, which our Group purchases electrical components, lighting equipment and related spare parts from. For FY2018, FY2019, FY2020 and 1HY2021, our Group’s purchases from Accentury accounted for approximately 1.3%, 3.5%, 16.0% and 6.0% of our Group’s total purchases respectively. Our Group intends to continue to enter into similar transactions with Accentury after the Listing. Please refer to the sections entitled “General Information on our Group – Major Suppliers” and “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document for further details.

Accentury has not been included as part of our Group as its business of trading of electric components and lighting equipment is different from that of our Group. Our Board is of the view that any potential conflicts of interest arising from the interests of Mr. Low Siong Yong and Mr. Tai Yoon On is mitigated by the following:

- (a) Mr. Low Siong Yong and Mr. Tai Yoon On are not directors of and together with Mrs. Low and Mrs. Tai, are not involved in the management or day-to-day operations of Accentury. Mr. Low Siong Yong and Mr. Tai Yoon On do not have nominees on the board of directors and management of Accentury;
- (b) Accentury is in the business of trading of electric components and lighting equipment. Our Board is of the view that this is distinct and separate from our Group’s business, which is in the provision of IBS, M&E engineering services and A&A works. There is therefore no competing business segments between our Group and Accentury;

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## POTENTIAL CONFLICTS OF INTERESTS

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- (c) The transactions between our Group and Accentury after the Listing will be subject to the requirements under Chapter 9 of the Catalist Rules and guidelines and the procedures highlighted in the IPT General Mandate set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of this Offer Document; and
- (d) Mr. Low Siong Yong and Mr. Tai Yoon On have each provided non-competition undertakings under their respective Service Agreements, further details of which are set out in the section entitled “Service Agreements” of this Offer Document.

### **Interests of Experts**

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or its subsidiaries.

No expert (a) is employed on a contingent basis by our Company or our subsidiaries; (b) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (c) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.



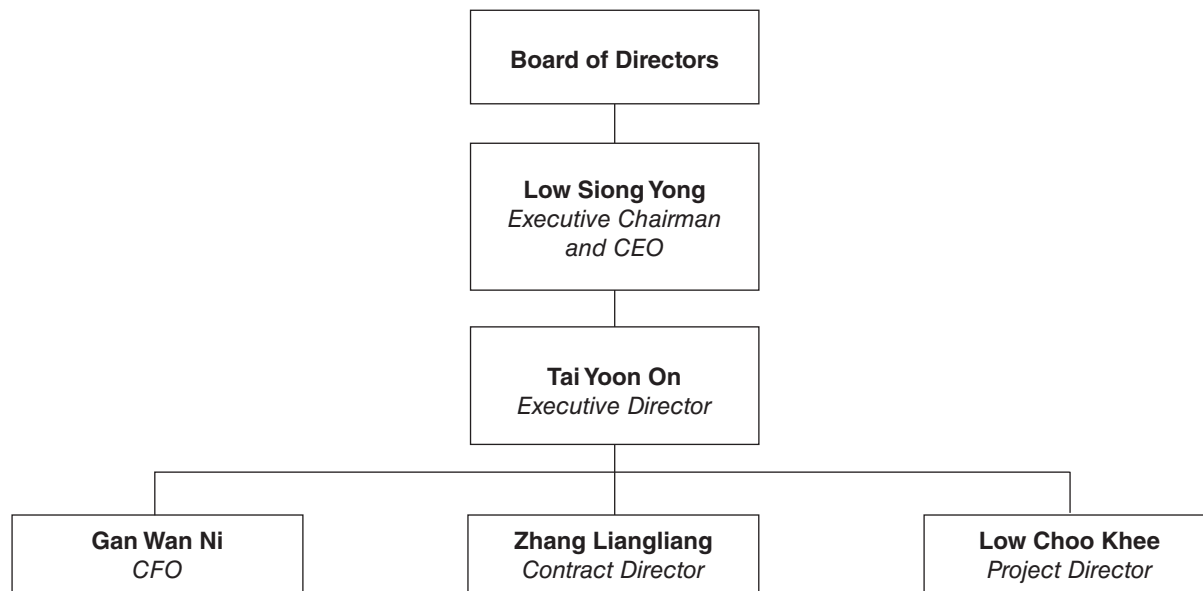
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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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### MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



### DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Address	Position
Mr. Low Siong Yong	48	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Executive Chairman and CEO
Mr. Tai Yoon On	45	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Executive Director
Mr. Ong Beng Chye	53	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Non-Executive, Lead Independent Director
Mr. Chan Jer Hiang	62	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Non-Executive, Independent Director
Mr. Marcus Woon	44	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Non-Executive, Independent Director

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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The business and working experience, education and professional qualifications and areas of responsibility of our Directors are set out below:

**Mr. Low Siong Yong** is our Executive Chairman and CEO, and was appointed to our Board on 8 November 2021. He is primarily responsible for the overall management and formulation of business strategies of our Group.

Mr. Low Siong Yong has over 25 years of experience in the building engineering and maintenance services industry in Singapore, specialising in providing IBS, M&E works and A&A works. From March 1993 to March 1997, Mr. Low Siong Yong worked as a project supervisor in Perfection Electrical Engineering Pte Ltd, where he was involved in coordination and supervision for electrical maintenance and installation projects. He subsequently took on the role of a director cum project manager from April 1997 to March 1999, at a sole proprietorship named Digo Electric & Trading, which engaged in electrical works, and where he was responsible for overseeing the company's business development and operation and managing electrical maintenance and installation projects.

From March 1999 to December 2003, Mr. Low Siong Yong served as a director of Digo Engineering Pte Ltd, a company engaged in electrical works and building construction works, where he was responsible for its overall business management and development. He has been involved in the management of Digo Corporation since its incorporation in December 2003 and was appointed as its managing director in May 2004. Mr. Low Siong Yong is also serving as the general manager of our other subsidiaries, namely, Kontourz, since February 2015 and Digo Building, since January 2018.

Mr. Low Siong Yong completed his secondary school education in Malaysia in 1991. In July 1995, Mr. Low Siong Yong obtained a module certificate in M3 industrial installation (National Technical Certificate Grade 3 in Electrical Installation and Servicing) from the Institute of Technical Education in Singapore. In October 1998, Mr. Low Siong Yong obtained a Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore, and he obtained a Building Construction Supervisors Safety Course Certificate from the Ministry of Manpower in 2004.

**Mr. Tai Yoon On** is our Executive Director, and was appointed to our Board on 8 November 2021. He is responsible for the management and supervision of our Group.

Mr. Tai Yoon On has over 25 years of experience in the building engineering and maintenance services industry in Singapore, specialising in providing IBS, M&E works and A&A works. From March 1993 to March 1997, Mr. Tai Yoon On worked as a project supervisor in Perfection Electrical Engineering Pte Ltd, where he was involved in coordination and supervision for electrical maintenance and installation projects. Subsequently, he worked at Circle Power Pte Ltd as a project manager from March 1997 to October 2003, where his role was to manage electrical maintenance and installation projects.

Mr. Tai Yoon On has been involved in the management of Digo Corporation since its incorporation in December 2003 and was appointed as its operations manager in April 2004. Since March 2006, he has been serving as the operations director of Digo Corporation and was appointed as the general manager of Kontourz in February 2015, overseeing the business development and operations and making strategic management decisions for Digo Corporation and Kontourz.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Mr. Tai Yoon On completed his secondary school education in Malaysia in 1994. In October 1998, Mr. Tai Yoon On obtained a Skills Evaluation Certificate in Electrical Wiring Installation from the Construction Industry Development Board in Singapore.

**Mr. Ong Beng Chye** is our Non-Executive Lead Independent Director, and was appointed to our Board on 30 December 2021.

Mr. Ong has more than twenty-seven (27) years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. Mr. Ong has been the executive director of Appleton Global Private Limited, a business management and consultancy services firm, since January 2007, and an executive director of Gem Corp Services Pte. Ltd. since January 2017. He is also currently an independent director of five (5) other companies listed on the SGX-ST, namely, ES Group (Holdings) Limited, IPS Securex Holdings Limited, Hafary Holdings Limited, Geo Energy Resources Limited and CapAllianz Holdings Ltd.

Mr. Ong started his career as a manager in Deloitte and Touche (London), managing audit and assurance engagements of clients in diverse industries from September 1990 to June 1995. In August 1995, he joined an asset management company, Seacorp-Schroders Capital Management Sdn. Bhd., working as an investment analyst and providing investment analysis for fund management. Mr. Ong became an investment manager in another asset management company, Jupiter Asset Management Sdn. Bhd., in July 1997, and was responsible for managing a portfolio of funds. From December 1998 to July 2004, he was a senior manager in Deloitte and Touche LLP, managing audit and assurance engagements of clients in various industries, and from August 2004 to December 2004, he took on the role as executive director and vice-president in SAC Capital Private Limited, providing merger and acquisition advisory and corporate advisory services. Thereafter, from January 2005, Mr. Ong held the position of executive director and chief financial officer of Time Watch Investments Limited, and was in charge of financial and accounting functions in the company. In January 2007, he was appointed as a director at Appleton Global Private Limited, responsible for its business development and execution of services. At the same time in January 2007, he joined Higson International Pte Ltd as its group financial controller, responsible for financial and accounting functions until October 2014.

Mr. Ong graduated in 1990 with a Bachelor of Science with Honours in Economics and Accountancy, from The City University London. In 1998, Mr. Ong obtained his Chartered Financial Analyst qualification from the Institute of Chartered Financial Analysts. Mr. Ong was admitted as a member in 2013, and subsequently a fellow in 2017, of the Institute of Singapore Chartered Accountants. He was an associate from 1993, and thereafter, a fellow in 2011, of the Institute of Chartered Accountants in England and Wales.

**Mr. Chan Jer Hiang** is our Non-Executive Independent Director, and was appointed to our Board on 30 December 2021.

Mr. Chan has been working in various law firms since 1985 and is currently the partner of a law firm, Chan Jer Hiang & Co, since 1989. Mr. Chan was employed as a legal assistant in the litigation department of Lim & Lim, Tang & Co, and Wong & Partners between 1985 to 1986, assisting with matters involving family, insolvency, personal injury, property damage and probate and succession planning. During his time as a salaried partner in Rayney Wong & Company from 1987 to June 1989, Mr. Chan handled conveyancing and corporate matters, on top of the type of matters he had previously assisted with as a legal assistant. Presently, in Chan Jer Hiang & Co, Mr. Chan acts as a legal advisor on the foregoing matters as well as building and construction issues.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Mr. Chan graduated from National University of Singapore in 1984 with a Bachelor of Laws (Honours) and has an existing practising certificate issued by the Supreme Court of Singapore. He currently has an active membership with the Law Society of Singapore and Singapore Academy of Law. In addition, Mr. Chan is currently appointed as a Commissioner for Oaths and Notary Public under the Singapore Academy of Law.

**Mr. Marcus Woon** is our Non-Executive Independent Director, and was appointed to our Board on 30 December 2021.

Since October 2011, Mr. Woon has been the financial controller and director of Eaton Industries Pte. Ltd., responsible for managing the company's financial matters, annual statutory accounts and compliances. Eaton Industries Pte. Ltd. is a wholly-owned subsidiary of a multi-national company in the United States of America and is in the business of manufacturing electrical machinery, apparatus, appliances and other supplies.

Mr. Woon commenced his career in December 1995 as a technical assistant at the Chartered Semiconductor Manufacturing Ltd and led a team of manufacturing operators in meeting the production volume targets. Thereafter, Mr. Woon took on various roles involving auditing, accounting and/or managing financial matters of companies. From July 1999 to May 2000, he was employed as an account executive in Teratai Auto Sdn Bhd, assisting with the accounting and bookkeeping of the company, including the preparation of accounting entries, reconciliation and carrying out routine financial preparation activities. In January 2001, he joined C.W. Thum & Co, an audit firm providing audit, tax and corporate secretarial services, as an audit assistant, performing audit and tax fieldwork for various engagements in compliance with local statutory filing deadlines. From December 2003 to August 2006, Mr. Woon joined PricewaterhouseCoopers (Malaysia) as a senior associate, leading and supporting various audit engagements and handling reporting deadlines. Subsequently, he joined PricewaterhouseCoopers LLP (Singapore) from October 2006 as a manager, and was in charge of managing audit and reporting deadlines, including SGX-ST and MAS requirements, and handling group reporting and board meetings.

In October 2009, Mr. Woon took on the role of financial controller in Dynamic Colours Limited, a company listed on the Main Board of the SGX-ST, where he remained until September 2011. During his employment at Dynamic Colours Limited, Mr. Woon was responsible for managing the group's SGX-ST reporting requirements, and managing the group's financial matters and annual statutory accounts.

Mr. Woon obtained a Third Level Group Diploma in Accounting from London Chamber of Commerce & Industry in 1999. He became a member in 2003, and a fellow in 2008, of the Association of Chartered Certified Accountants (ACCA).

### Board's view on Mr. Low Siong Yong's role as Executive Chairman and CEO of our Company

Provision 3.1 of the Code of Corporate Governance 2018 requires that "The Chairman and the Chief Executive Officer are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of our Board for independent decision making".

The principal duties of our Executive Chairman are to ensure the effective workings of our Board, including convening of Board meetings when necessary, preparing the meeting agenda and chairing the Board meetings whereas the principal duties of our CEO encompass managing the day-to-day business activities of our Group, developing and executing our Group's business strategies and providing guidance to our Group's employees.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Following the Listing, it is intended for Mr. Low Siong Yong to be appointed as the Executive Chairman and CEO of our Company.

Our Board is of the view that despite the Executive Chairman and the CEO being the same person, accountability and independence have not been compromised. There is a sufficient element of independence in our Board with majority of our Board comprising Independent Directors and our Audit Committee, Nominating Committee and Remuneration Committee being chaired by the Independent Directors. There is no concentration of power in one single person.

Our Company will appoint Mr. Ong Beng Chye as Lead Independent Director (“**Lead ID**”) to coordinate and lead our Independent Directors to provide non-executive perspective in certain matters and to provide leadership in situations where the Executive Chairman is conflicted. The Lead ID will lead meetings with Independent Directors and provide feedback to the Executive Chairman after such meetings. He will also be available to Shareholders where they have concerns and for which contact through the normal channels of the Executive Chairman and CEO or the CFO has failed to resolve or is inappropriate.

As such, our Board is of the view that it is in the best interests of our Group to adopt a single leadership structure, whereby our Executive Chairman and the CEO is the same person, as Mr. Low Siong Yong is knowledgeable in the business of our Group and can provide our Group with a strong and consistent leadership, to allow for more effective planning and execution of business strategies. All major proposals and decisions made by our Executive Chairman and CEO are discussed, reviewed and approved by our Board. In addition, our Executive Chairman and CEO’s performance and appointment to our Board will be reviewed periodically by our Nominating Committee, which will assess the need to separate the roles of Chairman and CEO from time to time and make its recommendations when necessary. The performance and effectiveness of Mr. Low Siong Yong as our Executive Chairman will also be reviewed by our Nominating Committee separately from his performance and effectiveness as our CEO.

The Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

### *Nominating Committee’s view on the independence of Mr. Chan Jer Hiang*

Our Group has, from time to time, engaged Chan Jer Hiang & Co (which Mr. Chan Jer Hiang is a partner of) to provide legal services to our Group. Our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On, had also from time to time, in their personal capacity, engaged Chan Jer Hiang & Co for legal services. Mr. Chan Jer Hiang was the engagement partner involved in the provision of professional services by Chan Jer Hiang & Co to our Group and our Executive Directors.

Notwithstanding the above, having reviewed and considered the credentials and independence of Mr. Chan Jer Hiang, our Nominating Committee and our Board (other than Mr. Chan Jer Hiang) have determined that Mr. Chan Jer Hiang be considered independent for the following reasons:

- (a) the aggregate fees paid by our Group and our Executive Directors to Mr. Chan Jer Hiang on behalf of Chan Jer Hiang & Co for such professional services in each of FY2020 and FY2021 was less than S\$10,000. Such fees charged by Chan Jer Hiang & Co to our Group were on an arm’s length basis and were based on normal commercial terms; and

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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- (b) Mr. Chan Jer Hiang has confirmed that neither he nor his immediate family has been employed by our Company or its related corporations in the current or any of the last three (3) financial years ended 31 December 2020. Following our Listing, our Group will cease to engage the legal services of Chan Jer Hiang & Co and Mr. Chan Jer Hiang.

Accordingly, our Nominating Committee and our Board (other than Mr. Chan Jer Hiang) are of the view that he should be considered an Independent Director on our Board in accordance with Rule 406(3)(d) of the Catalist Rules and Guideline 2.1 of the Code of Corporate Governance 2018.

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (*via* SGXNET or in the offer document) identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. In this regard, save for Mr. Ong Beng Chye, none of our Directors have current and/or prior experience as director of public listed companies in Singapore. However, they have been briefed by Dentons & Rodyk Davidson LLP, the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, on the roles and responsibilities of a director of a public listed company in Singapore. In addition, Mr. Low Siong Yong and Mr. Tai Yoon On have attended the prescribed mandatory training as specified under Schedule 1 of Practice Note 4D of the Catalist Rules and Mr. Chan Jer Hiang and Mr. Marcus Woon will attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 4D of the Catalist Rules by the end of the first anniversary of our Listing.

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document, excluding that held in our Company, are set out in “Appendix E – List of Present and Past Directorships of Directors and Executive Officers” to this Offer Document.

None of our Directors are related to each other, our Executive Officers or our Substantial Shareholders.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

None of our Independent Directors sits on the board of our subsidiaries.

None of our Directors has any arrangement or understanding with any of our customers or suppliers pursuant to which such person was appointed as our Director.



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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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### EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers (save for our Executive Directors) are set out below:

Name	Age	Address	Position
Ms. Gan Wan Ni	33	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	CFO
Mr. Low Choo Khee	41	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Project Director
Mr. Zhang Liangliang	34	54 Senoko Road Woodlands East Industrial Estate Singapore 758118	Contract Director

The business and working experience, education and professional qualifications and areas of responsibility of our Executive Officers (save for the Executive Directors) are set out below:

**Ms. Gan Wan Ni** is the CFO of our Group and is responsible for our Group's finance and management reporting, accounting and taxation matters, and oversees the operations of the finance team of our Group. From November 2011 to March 2013, Ms. Gan was an audit assistant at audit firm NSC & Associates PAC, before joining RT LLP (formerly known as LTC LLP). She subsequently moved to Baker Tilly Singapore as an audit senior in January 2015 and was promoted to assistant audit manager in September 2016.

From September 2018 to January 2021, Ms. Gan served as a financial controller overseeing financial and accounting functions in various companies including Sam Lain Equipment Services Pte Ltd, a construction company, and AM Aerospace Supplies Pte Ltd, a distributor in the civil aerospace industry. She joined Digo Corporation as its CFO in February 2021.

Ms. Gan obtained an Advanced Diploma in Commerce (Financial Accounting) and a Diploma in Business Studies (Accounting) from Tunku Abdul Rahman College in Malaysia in 2011, and graduated from Sheffield Hallam University in the United Kingdom with a Bachelor of Arts in accounting and finance in 2011.

Ms. Gan was admitted as a member, since March 2015, and as a fellow, since March 2020, of the Association of Chartered Certified Accountants. She is also registered an associate and admitted as a member, since August 2015, and qualified as a Chartered Accountant of Singapore, since June 2016, of the Institute of Singapore Chartered Accountants.

**Mr. Low Choo Khee** is the Project Director of our Group, and is in charge of the engineering department, leading a team of more than 200 staff. His scope of work includes performing cost planning, executing, managing and monitoring the capital and operation cash flows, and assisting with preparation of tender documents. Besides assisting with the talent acquisition department to ensure that the engineering staff undergo proper and continuous training and keep up-to-date with the current industrial requirements, Mr. Low also provides mentorship to potential staff talents.



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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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From June 2002 to August 2008, Mr. Low was employed by the Republic of Singapore Air Force (“**RSAF**”) as an aircraft maintenance engineer. From October 2008, he took on the position as a material coordinator at aerospace firm ST Aviation Services Co Pte Ltd, where his scope of work included purchasing parts and raw materials, coordinating with relevant parties on such materials requested.

From September 2009, Mr. Low worked in SP Group, a utilities services provider, as a technical officer and subsequently as a senior engineer, and was responsible for, among others, managing properties and facilities in the grid network, utility building services, and maintenance thereof. He was also involved in preparing various tender documents, reviewing M&E services designs, and project management including collaborating with company stakeholders, tenants, consultants, contractors and government authorities on various projects.

Thereafter, Mr. Low joined Digo Corporation as its Project Director in April 2019.

Mr. Low graduated from Nanyang Polytechnic in 2000 with a Diploma in Mechatronics Engineering, and graduated from Nanyang Technology University in Singapore in 2014 with a Bachelor of Engineering (Mechanical Engineering).

**Mr. Zhang Liangliang** is the Contract Director of our Group, and is responsible for tendering, contracts management and business development.

Mr. Zhang commenced his career as a tender executive in Xi’an XD Switchgear Electric Co., Ltd in the PRC, and was responsible for tendering for various overseas projects. In August 2012, Mr. Zhang joined Nanyang Language & Business School as an operations manager, and subsequently assumed the role of a sales executive in SVS Valves Pte Ltd in November 2012, where he was involved in preparing and tracking quotations, purchase orders and delivery orders. In February 2013, he worked as a quantity surveyor in a company which undertook civil construction projects, before joining our Group as a quantity surveyor in June 2013. In Digo Corporation, he was subsequently promoted to contract manager in March 2016 and further promoted to contract director in January 2019.

Mr. Zhang graduated with a Bachelor of Arts from the Xi’an University of Architecture & Technology in 2010. He obtained a Specialist Diploma in Building Cost Management from the BCA in 2015, and a Certificate in Contact Administration from the Singapore Institute of Surveyors and Valuers in 2016. In 2019, he obtained a Certificate in Electrical and Energy Management from the BCA.

The list of present and past directorships of each Executive Officer over the last five (5) years preceding the date of this Offer Document, excluding that held in our Company, are set out in “Appendix E – List of Present and Past Directorships of Directors and Executive Officers” to this Offer Document.

There is no familial relationship between any of our Directors and/or Executive Officers, or between any of our Directors, Executive Officers and Substantial Shareholders.

There is no arrangement or understanding with any of our Substantial Shareholders, clients, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was selected as our Director or Executive Officer.

## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

### DIRECTORS AND EXECUTIVE OFFICERS REMUNERATION

The remuneration (including salary, bonus, contributions to CPF, directors' fees, allowances and benefits-in-kind) paid in FY2019 and FY2020 and the estimated remuneration (excluding bonus and benefits-in-kind) to be paid in FY2021 to our Directors and Executive Officers for services rendered to our Group on an individual basis are set out in the following remuneration bands<sup>(1)</sup>:

	FY2019	FY2020	Estimated for FY2021
<b>Directors</b>			
Mr. Low Siong Yong	Band C	Band B	Band B
Mr. Tai Yoon On	Band B	Band B	Band B
Mr. Chan Jer Hiang	–	–	Band A
Mr. Ong Beng Chye	–	–	Band A
Mr. Marcus Woon	–	–	Band A
<b>Executive Officers (save for the Executive Directors)</b>			
Ms. Gan Wan Ni	–	–	Band A
Mr. Low Choo Khee	Band A	Band A	Band A
Mr. Zhang Liangliang	Band A	Band A	Band A

**Note:**

(1) Remuneration bands:

“Band A” means up to S\$250,000 per annum.

“Band B” means from S\$250,001 to S\$500,000 per annum.

“Band C” means from S\$500,001 to S\$750,000 per annum.

As at the Latest Practicable Date, we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our employees and Directors.

### SERVICE AGREEMENTS

Our Company entered into separate service agreements with our Executive Chairman and CEO, Mr. Low Siong Yong, and our Executive Director, Mr. Tai Yoon On (collectively, the “**Executives**” and individually, the “**Executive**”) on 30 December 2021 and side letters with the Executives on 21 January 2022 (collectively, the “**Service Agreements**” and individually, the “**Service Agreement**”).

Each of the Service Agreements is for an initial period of three (3) years (“**Initial Term**”) commencing with effect from the date of admission of our Company to the Catalist, subject to renewal at the end of the Initial Term on such terms as may be agreed between our Company and the Executive, and (if necessary) approved by our Board, our Remuneration Committee, our Nominating Committee and/or our Shareholders, unless otherwise agreed in writing between our Company and the Executive or terminated in accordance with the Service Agreement. The employment of each Executive may be terminated during such term either as provided under the

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Service Agreement or by either party to the Service Agreement giving to the other not less than six (6) months' written notice, provided that during the Initial Term, the Executive shall not be entitled to terminate the Service Agreement without prior consent of our Company. Our Company may terminate the Service Agreements with immediate effect if the Executive:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (b) is charged for any offence which involves moral turpitude or dishonesty;
- (c) is convicted of any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment or has any judgement, including findings, in relation to fraud, misrepresentation or dishonesty, given against him, whether or not, in connection with or referable to the employment;
- (d) is or may be suffering from a mental disorder;
- (e) becomes prohibited by law or any order from any regulatory body or governmental authority from being, or ceases to be, an employee or director of our Company for any reason whatsoever;
- (f) ceases to hold the office of director pursuant to our Company's constitution or is disqualified from holding the office of or acting as, a director of any company pursuant to any applicable law, for whatever reason, or our Company is required or requested by any authority (whether governmental or statutory) to terminate the services of the Executive;
- (g) commits any act of criminal breach of trust or dishonesty;
- (h) in the reasonable opinion of the Board, is guilty of any wilful misconduct in the discharge of his duties under the Service Agreement; or
- (i) in the reasonable opinion of our Board, breaches any material provision of the Service Agreement.

Upon termination of the Executives' employment under the Service Agreements, the Executives are not entitled to any benefits or severance payments.

Our Group will also extend to each of the Executives, among others, medical and dental benefits in line with our Group's prevailing policy. Any expenses, including travelling, hotel, entertainment and other out-of-pocket expenses, reasonably incurred by them in connection with our Group's business will also be borne by our Group in line with our Group's policy.

Under the terms of the Service Agreements, each of the Executive is subject to certain restrictive covenants as described below. Each of them shall, during the term of their Service Agreements and their expiry or termination thereof, keep confidential any trade secrets, business methods and other confidential information supplied to or received by the Executive arising from or in connection with his employment with our Company. For a term commencing on the start of his employment until 12 months after the termination of the employment of the Executive, the Executive shall:

- (a) not deal in similar products or services as our Group;

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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- (b) not be engaged or interested in any business similar to or competing with the Specified Business (as defined below);
- (c) not have any interest, directly or indirectly, in, and/or provide any assistance, financial technical or otherwise, to, any person or entity to carry on any business which is in competition with the Specified Business;
- (d) not be a director and/or hold an executive management position in any entity whose business competes with the Specified Business;
- (e) ensure that no company or business in which the Executive is in the position to control, dominate or influence decision making shall engage in any business similar to or which is in competition with the Specified Business;
- (f) not solicit any person or corporation who (i) is or has been at any time a customer, supplier, or agent of our Group; (ii) has any business dealings with our Group; or (iii) is in commercial negotiations with our Group with a view to placing business with our Group;
- (g) not solicit any employee of our Group Companies for the employment of the Executive, any other person or any other company, other than our Group Companies; and/or
- (h) disclose promptly to our Audit Committee the Executive's interest in respect of any contract, arrangement, proposal transaction or any other matter whatsoever in which the Executive has any personal material interest, directly or indirectly, or any actual or potential conflicts of interest that may involve him, during the Executive's Employment. Upon such disclosure, the Executive shall abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises; unless and until the Audit Committee has determined that no such conflict of interest exists.

For purposes hereof, the term "**Specified Business**" shall refer to the business activities and proposed business activities of our Group during the time of the employment of the Executive and as at the time of termination of the employment of the Executive.

None of the restrictions above shall prevent the Executive from holding an investment by way of shares or other securities of less than five per cent. (5%) of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange, or being engaged or concerned in any business concern after the termination of the employment of the Executive insofar as the Executive's duties or work shall relate solely to geographical areas where the business concern is not in competition with any Specified Business.

The Executive shall not at any time after the expiry or termination of the employment use the name or trading style of any Group Company or business of any Group Company, or use any name or trading style which is the same as or similar to any of the trade or service marks of our Group or any brand name or proposed brand name of any of our Group's products or services or proposed products or services, or represent himself or themselves as carrying on or continuing or being connected with any Group Company or its business for any proposal whatsoever unless otherwise agreed by our Company in writing.

Pursuant to the terms of the respective Service Agreements, Mr. Low Siong Yong and Mr. Tai Yoon On will each receive an annual salary of S\$720,000.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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In addition to their annual salaries, each of Mr. Low Siong Yong and Mr. Tai Yoon On are also entitled to receive an annual incentive bonus (“**Incentive Bonus**”) of a sum calculated based on the audited consolidated profit before tax of our Group (after deducting for the non-controlling interests) for the relevant financial year, before payment of the Incentive Bonus and excluding any gains or losses arising from extraordinary and exceptional items (“**PBT**”), as follows:

### Mr. Low Siong Yong

<b>PBT</b>	<b>Incentive Bonus</b>
(a) Where PBT is of any amount up to and including S\$5.0 million	2.2% of the PBT
(b) Where PBT exceeds S\$5.0 million	S\$110,000 plus 3.3% of the PBT in excess of S\$5.0 million

### Mr. Tai Yoon On

<b>PBT</b>	<b>Incentive Bonus</b>
(a) Where PBT is of any amount up to and including S\$5.0 million	1.8% of the PBT
(b) Where PBT exceeds S\$5.0 million	S\$90,000 plus 2.7% of the PBT in excess of S\$5.0 million

Mr. Low Siong Yong and Mr. Tai Yoon On are entitled to the Incentive Bonus in connection with their contribution to our Group in their roles as the Executive Chairman and CEO and the Executive Director of our Company respectively. The Incentive Bonus is subject to the discretion and periodic review by our Board and our Remuneration Committee at such interval(s) as our Board and our Remuneration Committee consider appropriate. The remuneration of our Executives is subject to annual review by our Board and our Remuneration Committee, in line with our Company’s annual year-end salary review exercise.

Had the Service Agreements for the Executives been effective on 1 January 2020, the total remuneration payable to the Executives for FY2020 would have been approximately S\$1.9 million instead of approximately S\$0.9 million and our profit after income tax in FY2020 would have been approximately S\$4.2 million instead of approximately S\$5.0 million.

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Group and any of our Directors, Executive Officers or employees.

Save as disclosed above, there are no other existing or proposed service agreements between our Company or our subsidiaries and any of our Directors. There are no existing or proposed service agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment without cause.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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### DIRECTORS AND AUDITORS OF OUR SUBSIDIARIES

The directors and auditors of our subsidiaries are set out below:

Subsidiary	Directors	Auditor
Digo Corporation	Mr. Low Siong Yong Mr. Tai Yoon On	Mazars LLP
Kontourz	Mrs. Low Mrs. Tai	Mazars LLP
Digo Building	Mrs. Low Mrs. Tai	Mazars LLP

### EMPLOYEES

As at 30 June 2021 and as at the Latest Practicable Date, our Group had a workforce of 527 and 458 full-time employees respectively. All of our employees during the Period Under Review and up to the Latest Practicable Date are located in Singapore.

The functional distribution of our Group's employees as at 31 December 2018, 2019 and 2020 and as at 30 June 2021 are as follows:

Functions	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
General management	2	2	2	2
Tender and contract	7	7	10	10
Procurement	3	3	4	3
Project supervision	57	61	63	65
Administration	26	29	27	28
Finance	7	5	5	6
Technicians	345	484	458	413
<b>Total</b>	<b>447</b>	<b>591</b>	<b>569</b>	<b>527</b>

The increase in the number of employees of our Group from 447 as at 31 December 2018 to 591 as at 31 December 2019 was mainly due to the hiring of additional technicians to cope with the increase in number of projects undertaken by our Group during that period. The decrease in the number of employees of our Group from 591 as at 31 December 2019 and 569 as at 31 December 2020 to 527 as at 30 June 2021 was mainly due to the decrease in number of our technicians as a result of the shortage of foreign labour due to the COVID-19 pandemic. The lower number of finance staff as at 31 December 2019 and 31 December 2020 was due to departure of certain finance staff during such period. Our Group had chosen not to hire any finance staff as replacements as the existing finance staff then remaining had shown to be able to adequately handle the existing finance workload during such period.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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As at the Latest Practicable Date, save as disclosed in the section entitled “Directors, Executive Officers and Employees – Related Employees” of this Offer Document, none of our full-time employees are related to our Directors and Substantial Shareholders.

Any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from the review.

We do not employ a significant number of temporary employees.

Our employees are not covered by any collective bargaining agreements and are not unionised. The relationship and co-operation between the management and staff have been good and are expected to continue and remain as such in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

### RELATED EMPLOYEES

As at the Latest Practicable Date, save as disclosed below, there are no family relationships between any of our full-time employees and our Directors, Executive Officers, and/or Substantial Shareholders or between any of our Directors, Executive Officers and Substantial Shareholders (“Related Employees”).

Name	Position Held	Relationship
Mrs. Low	Fire Safety Director of Digo Corporation  Director of Kontourz and Digo Building	Spouse of Mr. Low Siong Yong
Mrs. Tai	Admin Director of Digo Corporation  Director of Kontourz and Digo Building	Spouse of Mr. Tai Yoon On
Low Siew Lay	Secretary of Digo Corporation	Sibling of Mr. Low Siong Yong
Tai Voon Sing	Senior Project Manager of Digo Corporation and Kontourz	Sibling of Mr. Tai Yoon On
Tai Yoon Cheng	M&E Coordinator of Digo Corporation	Sibling of Mr. Tai Yoon On
Tai Yung Wei	Senior Project Manager of Digo Corporation and Kontourz	Sibling of Mr. Tai Yoon On



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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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Name	Position Held	Relationship
Thai Youn Fatt	Senior Project Manager of Digo Corporation, Kontourz and Digo Building	Sibling of Mr. Tai Yoon On

The remuneration (including salary, bonus, contributions to CPF, allowances and benefits-in-kind) paid in FY2019 and FY2020 to the Related Employees for services rendered to our Group on an individual basis are set out in the following remuneration bands<sup>(1)</sup>:

Name	FY2019	FY2020
Mrs. Low	Band D	Band D
Mrs. Tai	Band D	Band D
Low Siew Lay	Band B	Band B
Tai Voon Sing	Band B	Band B
Tai Yoon Cheng	Band A	Band A
Tai Yung Wei	Band B	Band B
Thai Youn Fatt	Band C	Band C

**Note:**

(1) Remuneration bands:

“Band A” means up to S\$50,000 per annum.

“Band B” means from S\$50,001 to S\$100,000 per annum.

“Band C” means from S\$100,001 to S\$150,000 per annum.

“Band D” means from S\$400,001 to S\$450,000 per annum.

Following our Listing, the remuneration of the Related Employees will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any remuneration, bonuses, pay increases and/or promotions for these Related Employees will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the Related Employee under review, he will abstain from the review.

In line with the Code of Corporate Governance 2018, we will disclose in our annual report details of the remuneration of employees who are Substantial Shareholders, or who are immediate family members of our Directors, our CEO or Substantial Shareholder, and whose remuneration exceeds S\$100,000 during the year, in bands of no wider than S\$100,000.

### STAFF TRAINING POLICY

We believe that continuous professional development is instrumental to the growth of our business and maintaining of our competitive position in the industry. We are committed to providing employees with opportunities to improve their skills and widen their knowledge.

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## DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

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We provide on-the-job trainings for all employees to equip them with the skills and knowledge pertinent to each type of work. We have organised sessions of industrial trainings for our technicians in respect of the different trade of works involved in our projects.

We also provide training and professional development opportunities for our employees through internal and external programmes, including:

- (i) conducting internal training programmes, including an in-house safety and health orientation on the first day at work, safety talks by our safety officer, training on safety and health management system and statutory requirements on safety; and
- (ii) sponsoring our staff to attend external training, events, seminars and conferences from time to time, including safety courses conducted by MOM – Occupational Safety & Health, Training and Promotion Department, Construction Industry Training Institute, Singapore Contractors Association Ltd and Ministry of Environment.

Our project manager and safety officer/supervisor will regularly review the training needs of all level of personnel working on site.

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## CORPORATE GOVERNANCE

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Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed, in order to enhance long-term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will comply with the principles of good corporate governance and provisions set forth in the Code of Corporate Governance 2018. Our Board has formed three (3) committees, namely, our Audit Committee, our Remuneration Committee and our Nominating Committee.

We have five (5) Directors on our Board, of which three (3) are Independent Directors. Our Independent Directors do not have any existing business or professional relationship of a material nature with our Company, our other Directors and/or Substantial Shareholders. Our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

### BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three (3) years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Appendix D – Selected Extracts of our Constitution” to this Offer Document.

### Audit Committee

The members of our Audit Committee are Mr. Marcus Woon, Mr. Chan Jer Hiang and Mr. Ong Beng Chye. The Chairman of our Audit Committee is Mr. Marcus Woon. Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management, our internal auditors and our external auditors on matters relating to audit.

Our Audit Committee will meet periodically and will, among others, carry out the following responsibilities:

- (a) assist our Board in the discharge of its responsibilities on financial reporting matters;
- (b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management’s response, and results of our audits compiled by our internal and external auditors, and will review at regular intervals with our management the implementation by our Group of the internal control recommendations made by the internal and external auditors;

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## CORPORATE GOVERNANCE

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- (c) review the half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements, concerns and issues arising from the audits, including any matters which the auditors may wish to discuss in the absence of our management, where necessary;
- (d) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors of the internal and external auditors and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- (e) commission and review the findings of internal investigation into, and discuss with the internal and external auditors, any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (f) review significant financial reporting issues and judgments with our CFO and the external auditors so as to ensure the integrity of the financial statements of our Group and any announcements relating to our Group's financial performance before their submission to our Board;
- (g) review and report to our Board, at least annually, the adequacy and effectiveness of our Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems and discuss issues and concerns, if any, arising from the internal audits;
- (h) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules, including the review of any interested person transactions under the sections "Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions" and "Interested Person Transactions – Guidelines and Procedures under the IPT General Mandate" of this Offer Document;
- (i) review any potential conflicts of interest and set out a framework to resolve or mitigate any potential conflict of interest;
- (j) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- (k) review and approve all hedging policies and instruments (if any) to be implemented by our Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (l) review our cash management processes;
- (m) monitor the implementation of a policy and procedures for sustainability reporting;

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## CORPORATE GOVERNANCE

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- (n) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (o) review our policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and ensure that our Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (p) generally to undertake such other functions and duties as may be required by statute or the Catalyst Rules or as recommended by the Code of Corporate Governance 2018, and by such amendments made thereto from time to time;
- (q) review the procedures and policies put in place to ensure compliance with various laws and regulations, including all laws and regulations under the Companies Act at least annually, to ensure that such procedures and policies are commensurate with our Group's operations and expansion plans from time to time and with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;
- (r) review our Group's key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced *via* SGXNet;
- (s) review the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by our Board;
- (t) meet with the internal and external auditors, and in each case without the presence of management, at least annually and review the co-operation given by the management to the internal and external auditors, where applicable;
- (u) where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including our Audit Committee, and has appropriate standing within our Group;
- (v) review the procedures by which employees of our Group may, in confidence, report to the chairman of our Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by our Group (including criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group), the independent investigation and follow-up actions thereto;
- (w) review the assurance from our CEO and CFO on the financial records and financial statements;
- (x) appraise the performance of our CFO on an annual basis;
- (y) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of our Company and any announcements relating to the financial performance; and
- (z) monitor the use of the proceeds from the issuance of the New Shares.

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## CORPORATE GOVERNANCE

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Each member of our Audit Committee shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he is or may be interested in.

In preparation for our Listing, our Audit Committee has held discussions with our CFO together with our Independent Auditor and Reporting Accountant in relation to our internal controls and risk management systems. During the course of discussions, our Audit Committee was briefed on our Group's current internal control procedures.

For the purposes of our Listing, our Company had also commissioned Baker Tilly Consultancy Singapore Pte. Ltd., as internal auditors, to conduct a review and assessment of pertinent business processes and operations of our Group, including:

- (a) control environment;
- (b) sales, accounts receivables and collection;
- (c) tenders;
- (d) project management;
- (e) procurement, accounts payables and payment;
- (f) inventory management;
- (g) fixed assets management;
- (h) human resources and payroll management;
- (i) health, safety and environmental management;
- (j) information technology general controls, and
- (k) cash, treasury and investment management.

Based on the internal controls and risk management framework established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management and various Board committees, our Board, with the concurrence of our Audit Committee, is of the opinion that the internal controls and risk management systems, including financial, operational, compliance and information technology controls of our Group, are adequate and effective as at the date of this Offer Document to address financial, operational, compliance and information technology risks. In addition, our Board believes that the existing policies and procedures under the internal controls and risk management framework established and maintained by our Group are sufficient to ensure compliance with applicable Companies Act requirements. This includes maintaining an adequately-staffed finance team headed by our CFO, Ms. Gan Wan Ni, who will be collectively responsible for ensuring compliance with such Companies Act requirements post-Listing.

In view of our Group's business expansion plans, and in accordance with Rule 719(1) of the Catalist Rules, our Audit Committee shall also commission an annual internal control audit that is adequately resourced and independent until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weakness (if any). Prior to the decommissioning of such annual audit, our Board is required to

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## CORPORATE GOVERNANCE

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report to the SGX-ST and the Sponsor and Issue Manager on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made *via* SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

After having interviewed our CFO, Ms. Gan Wan Ni, and having:

- (a) considered her qualifications and past working experiences (as described in the section entitled "Directors, Executive Officers and Employees" of this Offer Document);
- (b) observed her familiarity, diligence and competency in relation to the financial matters and information of our Group in connection with the preparation for the Listing; and
- (c) noted the absence of negative feedback from both Mazars LLP, our Independent Auditor and Reporting Accountant, and Baker Tilly Consultancy Singapore Pte. Ltd., our internal auditors,

our Audit Committee is of the view that Ms. Gan Wan Ni is suitable for the position of our CFO.

Further, after making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of our Audit Committee members to cause them to believe that our CFO, Ms. Gan Wan Ni, does not have the competence, character and integrity expected of a CFO of a listed issuer.

In addition, our CFO, Ms. Gan Wan Ni, shall be subject to a performance appraisal by our Audit Committee on an annual basis to ensure satisfactory performance.

### **Nominating Committee**

Our Nominating Committee comprises Mr. Chan Jer Hiang, Mr. Marcus Woon and Mr. Ong Beng Chye. The Chairman of our Nominating Committee is Mr. Ong Beng Chye. Our Nominating Committee will be responsible for the following functions:

- (a) establishing a formal and transparent process for the appointment and re-appointment of Directors to our Board, taking into account the need for progressive renewal of our Board, and assessing annually the effectiveness of our Board as a whole, and that of each of our Board committees and individual Directors;
- (b) making recommendations to our Board on relevant matters relating to:
  - (i) the review of succession plans for Directors and Executive Officers;
  - (ii) the development of a process for evaluation of the performance of our Board, Board committees and Directors;
  - (iii) the review of training and professional development programmes for our Board; and
  - (iv) the appointment and re-appointment of Directors;



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## CORPORATE GOVERNANCE

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- (c) reviewing and approving any new employment of persons related to our Directors, CEO or Substantial Shareholders and the proposed terms of their employment;
- (d) determining the composition of our Board, taking into account the future requirements of our Company, the need for diversity in regard to our Board composition and other considerations such as those set out in the Code of Corporate Governance 2018;
- (e) recommending to our Board on board appointments, including re-nominations of existing directors for re-election in accordance with our Constitution, taking into account the Director's contribution and performance;
- (f) determining on an annual basis whether or not a Director is independent, taking into account the circumstances set forth in the Code of Corporate Governance 2018 and any other salient factors;
- (g) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (h) deciding how our Board's performance may be evaluated and propose objective performance criteria, as approved by our Board that allows comparison with its industry peers, and address how our Board has enhanced long-term shareholders' value;
- (i) review other directorships held by each Director and deciding if the Director is able to and has been adequately carrying out his duties as a Director, taking into account the Director's number of directorships and other principal commitments and establish guidelines on what a reasonable and maximum number of such directorships and principal commitments for each director (or type of director) should be;
- (j) ensure that the Directors submit themselves for re-nomination and re-election at least once every three (3) years;
- (k) ensuring that our Board and Board committees comprise Directors who, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate; and
- (l) undertake a formal annual assessment of our Board's effectiveness as a whole and that of each of the Board committees and individual directors and recommend for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of the Board committee separately, as well as the contribution of each individual Director to our Board.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of our Company. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

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## CORPORATE GOVERNANCE

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### ***Nominating Committee's view of our Independent Directors***

Our Nominating Committee, after having considered the following:

- (a) the number of listed company directorships that each of our Independent Directors has;
- (b) the principal occupation and commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;
- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder, has no relationship with our Company, its related corporations, its Substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (e) the attendance to-date at board meetings of listed companies that each of our Independent Directors serves as independent directors;
- (f) the professional experience and expertise of our Independent Directors; and
- (g) the composition of our Board,

is of the opinion that (a) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company; and (b) our Independent Directors, as a whole, represent a strong and independent element on our Board which is able to exercise objective judgment on corporate affairs independently from the controlling shareholders.

In addition, our Nominating Committee (other than Mr. Ong Beng Chye) has conducted an assessment of the ability of Mr. Ong Beng Chye to diligently discharge his duties, in view of his other listed board representations and principal commitments and having noted that as at the Latest Practicable Date, Mr. Ong Beng Chye sits on the boards of three (3) companies listed on the SGX-ST with the same financial year end as our Group's. Notwithstanding the foregoing, our Nominating Committee (other than Mr. Ong Beng Chye), has considered the feedback and input of Mr. Ong Beng Chye and obtained a better understanding of his commitments towards his other listed board representations and principal commitments, and is satisfied that Mr. Ong Beng Chye is able to devote adequate time and attention to the affairs of our Company to fulfil his duties effectively as an Independent Director. Mr. Ong Beng Chye has also informed the nominating committee of other listed companies on which boards he sits on of his proposed appointment as an Independent Director. Our Nominating Committee will continue to monitor and determine annually whether Mr. Ong Beng Chye will be able to devote sufficient time and attention to the affairs of our Company and adequately carry out his duties as an Independent Director.

### **Remuneration Committee**

The members of our Remuneration Committee are Mr. Chan Jer Hiang, Mr. Marcus Woon and Mr. Ong Beng Chye. The Chairman of our Remuneration Committee is Mr. Chan Jer Hiang. Our Remuneration Committee shall recommend to our Board a framework of remuneration for the Directors and Executive Officers, as well as specific remuneration packages for each Executive Director and Executive Officers. The quantum of the bonus of our Executive Directors and CEO will be subject to the approval of our Remuneration Committee.

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## CORPORATE GOVERNANCE

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The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to our Directors' and Executive Officers' fees, salaries, allowances, bonuses, options and benefits-in-kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, if any. Other responsibilities of our Remuneration Committee include:

- (a) ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently administered and being adhered to within our Group;
- (b) in the case of service agreements, reviewing our obligations arising in the event of termination of our Executive Directors' service agreements or key management personnel's service contracts, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- (c) proposing, for adoption by our Board, measurable, appropriate and meaningful performance criteria to assist in the evaluation of the performance of our Executive Officers, our Directors and of our Board as a whole;
- (d) considering all aspects of remuneration (including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments) and termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of our Group, taking into account the strategic objectives;
- (e) reviewing the terms of performance-related remuneration scheme or incentive schemes (if any) and determining the eligibility criteria of the employees who can participate in such scheme; and
- (f) conducting an annual review of the remuneration, bonuses, pay increase and/or promotions of employees who are related to our Directors and/or Substantial Shareholders.

Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package and any matter being reviewed or considered by our Remuneration Committee in which he has an interest in.

Our Remuneration Committee shall also ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of our Group and should be appropriate, to attract, retain and motivate our (a) Directors to provide good stewardship of our Group and (b) Executive Officers to successfully manage our Group, as well as ensure accountability of our Group.

If necessary, our Remuneration Committee shall seek expert advice inside and/or outside our Company on remuneration matters. Our Remuneration Committee shall ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

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## DESCRIPTION OF OUR SHARES

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The following statements are brief summaries of the more important rights and privileges of our Shareholders. Please also refer to the section entitled “Appendix D – Selected Extracts of our Constitution” to this Offer Document for further details. A copy of our Constitution will be available for inspection at our offices during normal business hours for a period of six (6) months from the date of the registration of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority.

Our Company was converted from a private limited company into a public company limited by shares on 17 January 2022. The following are summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Constitution. These statements summarise material provisions of our Constitution but are qualified in entirety by reference to our Constitution and the laws of the Singapore. The summary below does not purport to be complete and is qualified in its entirety by reference to our Constitution.

### Shares

We have only one (1) class of shares, namely, our Shares, which have identical rights in all respects and rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, the terms and manner of redemption being determined by our Directors.

We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### New Shares

No Shares may be issued by our Directors without prior sanction of an ordinary resolution of our Company in a general meeting pursuant to the Companies Act.

### Shareholders

We maintain a register of Shareholders containing the particulars of our Shareholders. Only persons who are registered on our register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. Except as required by law, no person shall be recognised by our Company as holding any share upon any trust and we will not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as provided by our Constitution or by law) any other rights in respect of any Share except an absolute right to the entirety thereof in the person (other than CDP) entered in the register of Shareholders as the registered holder thereof or (where the person entered in the register of Shareholders is CDP) the person whose name is entered in the Depository Register in respect of that Share. If any Share stands jointly in the names of two (2) or more persons, the person whose name stands first in the Depository Register shall as regards service of notices and, subject to the provisions of the Constitution, all or any other matters connected with our Company except with respect to the transfer of Shares, be deemed the sole holder thereof.

We may close our register of Shareholders for any period of time or periods of time as our Directors may, from time to time determine. However, the register may not be closed for more than thirty (30) days in aggregate in any calendar year. We typically close the register of Shareholders to determine our Shareholders’ entitlement to receive dividends and other distributions.

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## DESCRIPTION OF OUR SHARES

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### Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or Catalist Rules or the rules or bye-laws of the SGX-ST, or our Constitution. Our Directors may decline to register any transfer of Shares which are not fully paid up to a transferee of whom they do not approve, or Shares on which we have a lien. Subject to our Constitution, Shares may be transferred by any Shareholder by a duly signed instrument of transfer in a form approved by the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence as they may require to show the right of the transferor to make the transfer.

We will replace lost or destroyed certificates for Shares if the applicant pays a fee which will not exceed S\$2.00. In the case of destruction, loss or theft, a Shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to our Company all expenses incidental to the investigations by our Company of the evidence of such destruction or loss.

### General Meetings of Shareholders

We are required to hold an annual general meeting every year. Under our Constitution, for so long as the Shares of our Company are listed on Catalist, our annual general meeting shall be held within a period of not more than four (4) months after the immediate preceding financial year. Our Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting.

An ordinary resolution suffices, for example, for the appointment of Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least twenty-one (21) days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least fourteen (14) days' notice in writing. For so long as the Shares are listed on the SGX-ST, at least fourteen (14) days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must specify the place, day and hour of the meeting and, in the case of special business, the general nature of that business.

### Voting Rights

A holder of our ordinary Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy or attorney. A proxy or attorney does not need to be a Shareholder. A Depositor will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the general meeting. Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Constitution, at any general meeting, every Shareholder present in person or by proxy shall have one (1) vote for each fully paid Share which he holds or represents. In the case of equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Shareholder or as proxy of a Shareholder, subject to the Companies Act and the requirements of the SGX-ST.

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## DESCRIPTION OF OUR SHARES

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### Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. Please refer to the section entitled "Bonus and Rights Issue" below.

All dividends are paid to our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, subject to any rights or restrictions attached to any Share or class of shares.

Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of Shareholders or (as the case may be) the Depository Register. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

### Bonus and Rights Issue

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms our Board shall think fit.

### Takeovers

Under the Take-over Code issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);



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## DESCRIPTION OF OUR SHARES

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- (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
- (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
- (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i);
  - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.



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## DESCRIPTION OF OUR SHARES

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Under the Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

### **Obligation to notify substantial shareholdings and changes thereto**

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one (1) or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the Authority of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two (2) business days after he becomes aware:

- (a) that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- (b) of any change in percentage level in his interest; or
- (c) that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“Percentage level”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

While the definition of an “**interest**” in our voting shares for the purposes of Substantial Shareholder disclosure requirements under the SFA is similar to that under the Companies Act, the SFA provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

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## DESCRIPTION OF OUR SHARES

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### Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### Indemnity

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against all costs, charges, losses, expenses and liabilities incurred in (a) the execution and discharge of their duty in their respective offices unless such costs, charges, losses, expenses or liabilities arises as a result of any negligence, default, breach of duty or breach of trust on their part in relation to us, and (b) defending any proceedings, whether civil or criminal, relating to the affairs of our Company, in which judgement is given in their favour or in which they are acquitted or in connection with any application under the Companies Act in which relief is granted by the court unless such proceedings arise through his own negligence, default, breach of duty or breach of trust.

### Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Take-overs and Substantial Shareholdings” in this section entitled “Description of our Shares”, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

### Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (i) direct or prohibit any act or cancel or vary any transaction or resolution;
- (ii) regulate the conduct of our affairs in the future;
- (iii) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;

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## DESCRIPTION OF OUR SHARES

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- (iv) provide for the purchase of a minority shareholder's shares by our other shareholders or by us and, in the case of a purchase of shares by us, a corresponding reduction of our share capital;
- (v) in the case of a purchase of shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (vi) provide that we be wound up.

### **Treasury Shares**

The Constitution expressly permits our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury Shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury Shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury Shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those Shares or stocks.

Our Company shall not exercise any right in respect of the treasury Shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury Shares. However, this would not prevent an allotment of Shares as fully paid bonus shares in respect of the treasury Shares or the subdivision or consolidation of any treasury Share into treasury Share of a smaller amount, if the total value of the treasury Shares after the subdivision or consolidation is the same as the total value of the treasury Shares before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury Shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

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## EXCHANGE CONTROLS

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There are no Singapore government laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

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## TAXATION

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### SINGAPORE TAXATION

*The following is a summary of certain Singapore income tax, stamp duty and GST consequences of purchasing, holding or disposing of our Shares. This summary is based on current tax laws in Singapore and regulations and decisions now in effect, all of which are subject to change (possibly with retroactive effect). This summary is not intended to be or to be regarded as advice on the tax position of any investor or of any person purchasing, holding or otherwise dealing with our Shares. The statements made herein do not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors.*

*Prospective investors should consult their own professional tax advisers regarding the Singapore and foreign income tax, stamp duty, estate duty and other tax consequences of purchasing, holding or disposing of our Shares. It is emphasised that neither we, our Directors, the Vendors nor any other persons involved in this Placement accept responsibility for any tax effects or liabilities resulting from purchasing, holding or disposing of our Shares.*

### Singapore Income Tax

#### Individual income tax

Individual taxpayers who are Singapore tax residents are subject to tax on income accrued or derived from Singapore. All foreign-sourced income (except for income received through a partnership in Singapore) received on or after 1 January 2004 in Singapore by tax resident individuals will be exempt from tax if the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the individual.

Currently, Singapore tax resident individuals are subject to tax at progressive rates, ranging from 0% to 22.0%. Non-resident individuals are subject to Singapore income tax on their employment income accruing in or derived from Singapore at a flat rate of 15.0% or the resident rate, whichever is higher. Other non-employment income accruing in or derived from Singapore by non-resident individuals are taxed at 22.0%.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment (“YA”), he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

#### Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced service income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income (“**specified foreign income**”) received or deemed received in Singapore by a Singapore tax resident corporate taxpayer on or after 1 June 2003 are exempted from Singapore tax subject to meeting the qualifying conditions.

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## TAXATION

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A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. In general, control and management of the company is vested in its board of directors and therefore if the board of directors meets and conducts the company's business in Singapore, the company will be regarded as tax resident in Singapore.

The corporate tax rate in Singapore is 17.0% with effect from YA 2010 after allowing partial tax exemption on the first S\$300,000 of a company's chargeable income as follows:

- (a) 75.0% of up to the first S\$10,000 of a company's chargeable income (excluding Singapore franked dividends); and
- (b) 50.0% of up to the next S\$290,000 of a company's chargeable income (excluding Singapore franked dividends).

It is announced in the 2018 Budget that with effect from YA 2020, the partial tax exemption scheme will be limited to the first S\$200,000 (instead of S\$300,000) of the normal chargeable income – 75.0% of the first S\$10,000 and 50.0% of the next S\$190,000.

The prevailing corporate income tax rate in Singapore for both resident and non-resident companies is currently 17.0%. Under the Partial Tax Exemption (“**PTE**”) scheme, up to the YA 2019, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate income tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate income tax rate. With effect from YA 2020 onwards, the PTE scheme will be adjusted to allow for tax exemption on three-quarters of up to the first S\$10,000, and one-half of up to the next S\$190,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate income tax. Any chargeable income in excess of S\$200,000 will be fully taxable at the prevailing corporate income tax rate. All other conditions of the PTE scheme remain unchanged.

### **Dividend Distributions**

As our Company will be tax resident in Singapore, dividends paid by our Company would be considered as sourced from Singapore. Dividends received in respect of the Shares by either Singapore tax resident or non-Singapore tax resident taxpayers are not subject to Singapore withholding tax, even if paid to non-Singapore resident shareholders.

Currently, (subject to certain transitional rules), Singapore has adopted the “One-Tier” Corporate Tax System (“**One-Tier System**”). Under this One-Tier System, the tax collected from corporate profits is the final tax and our Company can pay tax exempt (1-tier) dividends which are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder.

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## TAXATION

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### Capital Gains Tax

Singapore does not impose a tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and therefore be subject to tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. Any profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal profits would be taxable as trading income.

### Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the agreement or instrument of transfer of our Shares at the rate of 0.2% of the consideration for, or market value of, our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

However, as our Shares will be listed on Catalist and their transfers will be “scripless” transfers *via* CDP, no stamp duty will be imposed on the transfers of our Shares *via* CDP.

### Goods and Services Tax (“GST”)

The sale of the Shares by an investor belonging to Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt sale will become an additional cost to the investor.

Where our Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business may, subject to the provisions of the Goods and Services Tax Act 1993 of Singapore, be offset against the investor’s GST liability and, in the event of an excess input tax credit, recovered from the Comptroller of GST of Singapore.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

### Estate duty

With effect from 15 February 2008, Singapore estate duty has been abolished.

**Individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding the Singapore tax and estate duty consequences of their ownership of the Shares.**



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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Constitution, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore GST at 7.0% (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:

- (a) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time he was a partner or at any within two (2) years after the date he ceased to be a partner;
- (b) has, at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or key executive at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgement against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) has, at any time during the last ten (10) years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified from acting as a director or equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

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## GENERAL AND STATUTORY INFORMATION

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- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
  - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere,
  - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
  - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and
- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

### Disclosure in relation to Mr. Chan Jer Hiang

Our Non-Executive Independent Director, Mr. Chan Jer Hiang, had been the subject of a fine by the Law Society of Singapore amounting to approximately S\$500 in the mid-1990s, for a lapse in client confidentiality controls due to an oversight by a staff member who was under his supervision at that time. The fine had been paid and the matter had been concluded. The Law Society of Singapore had confirmed in November 2021 that it had no records of any previous disciplinary proceedings against Mr. Chan Jer Hiang.

There is no shareholding qualification for Directors under our Constitution.

Save as disclosed in the section entitled “Restructuring Exercise” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to, our Company or our subsidiaries.

No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

Save as disclosed above and in the sections entitled “Restructuring Exercise”, “Interested Person Transactions” and “Potential Conflicts of Interest” of this Offer Document:

- (a) none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
- (b) none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;

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- (c) none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our client or supplier of goods and services; and
- (d) none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

### MATERIAL CONTRACTS

The following contracts, not being contracts entered into the ordinary course of business, have been entered into by us within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:

- (a) the Service Agreements, details of which are set out in the section entitled “Directors, Executive Officers – Service Agreements” of this Offer Document;
- (b) the sale and purchase agreement for the disposal of the 61 Woodlands Property dated 7 July 2021 entered into between Digo Corporation and Accentury; and
- (c) the option to purchase the 32 Woodlands Property issued by Digo Corporation to K & J Engineering Pte. Ltd. on 30 August 2021 and the exercise of the option to purchase by K & J Engineering Pte. Ltd. on 13 September 2021.

### LITIGATION

Save as disclosed below, as at the Latest Practicable Date, to the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on our Group’s financial position or profitability of our Company or our subsidiaries.

#### **Disclosure in relation to Digo Corporation’s claim against Hon Industries Pte. Ltd. (In liquidation)**

Digo Corporation was engaged by Hon Industries Pte. Ltd. (in liquidation) (“**Hon Industries**”) as a subcontractor in relation to certain projects undertaken by Hon Industries as the main contractor.

From October 2019 to April 2020, various invoices were issued by Digo Corporation to Hon Industries for work done in relation to the projects, sums in respect of which remain outstanding. In December 2020, Digo Corporation had issued a letter of statutory demand to Hon Industries for the sum of S\$3,656,195.29, which was the total outstanding amount due and owing to Digo Corporation by Hon Industries, following which Hon Industries had still failed to satisfy the outstanding sum in full or make any offer to secure or compound the same to the reasonable satisfaction of Digo Corporation. Accordingly, on 28 January 2021, Digo Corporation had applied to seek a winding up order against Hon Industries (“**Winding Up Application**”).

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Digo Corporation had discontinued the Winding Up Application on 18 October 2021, as another creditor of Hon Industries had succeeded in its winding up application against the latter, and Hon Industries had accordingly gone into liquidation. As at the Latest Practicable Date, S\$2,789,501.66, consisting of trade receivables, unbilled receivables and retention receivables, remained outstanding and payable by Hon Industries, and have been fully provided for. Our Group had recorded the outstanding sum from Hon Industries as expected credit loss on trade receivables and contract assets in respect of FY2019 and FY2020 accordingly. Please refer to the section entitled “General Information on our Group – Credit Management Policy” of this Offer Document for further details. There is no contract value remaining in the contracts entered into between our Group and Hon Industries.

### SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Sponsorship Agreement, our Company and the Vendors have appointed UOB as the Sponsor and Issue Manager to sponsor and manage the admission of our Company to the Official List of Catalist and the quotation of and dealing in all the issued Shares (including the Vendors Shares) and the New Shares on the Official List of Catalist. UOB will receive a sponsorship and management fee from our Company for such services rendered in connection therewith.

The Sponsor and Issue Manager, may in its absolute discretion, by notice in writing to our Company and the Vendors, rescind or terminate the Management and Sponsorship Agreement if prior to 12.00 noon on the date of closing of the Application List:

- (a) there shall come to the knowledge of the Sponsor and Issue Manager of any breach by our Company or the Vendors of any of the representations, warranties or undertakings in the Management and Sponsorship Agreement or that any of the warranties therein is untrue or incorrect;
- (b) any occurrence of a Specified Event (as defined in the Management and Sponsorship Agreement);
- (c) if there shall have been, since the date of the Management and Sponsorship Agreement:
  - (i) any Material Adverse Change (as defined in the Management and Sponsorship Agreement) in the condition (financial or otherwise), performance or general affairs of our Company or our Group as a whole;
  - (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by ACRA, the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authority) in Singapore or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere;
  - (iii) any change, material adverse fluctuation or any development involving a prospective change, in local, national, regional or international financial, political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including, without limitation, to the conditions in the stock market, foreign exchange market, inter-bank market or interest rates or money market in Singapore or any other jurisdiction, or the imposition of any moratorium, suspension or restriction on trading in

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securities generally on the SGX-ST due to exceptional financial circumstances or otherwise) or a combination of any such changes or development or crisis, or deterioration thereof;

- (iv) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict whether or not war has been declared (whether or not involving financial markets in any jurisdiction);
- (v) any regional or local outbreak of disease that may have a material adverse effect on the financial markets; or
- (vi) any other occurrence of any nature whatsoever,

which event or events shall in the reasonable opinion of the Sponsor and Issue Manager (1) result or be likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore; or (2) be likely to materially prejudice the success of the Placement (whether in the primary market or in respect of dealings in the secondary market); or (3) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or (4) result or be likely to result in the issue of a stop order by the Authority pursuant to the SFA; or (5) results or is reasonably likely to result in the issue of a notice of refusal to an admission of our Company to Catalist by the SGX-ST to the Sponsor and Issue Manager at any point prior to the listing of all the issued Shares;

- (d) the Placement Agreement is terminated for whatever reason;
- (e) the issue of a stop order by the Authority in accordance with Section 242 of the SFA (notwithstanding that a supplementary or replacement offer document is subsequently registered by the SGX-ST, acting as agent on behalf of the Authority, pursuant to Section 241 of the SFA); or
- (f) without limiting the generality of the foregoing, if it comes to the notice of the Sponsor and Issue Manager (1) any statement contained in this Offer Document or the Application Forms which in the sole and absolute opinion of the Sponsor and Issue Manager has become untrue, incorrect or misleading in any material respect, (2) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the sole and absolute opinion of the Sponsor and Issue Manager, a material omission of information or (3) a material omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA and/or the Fifth Schedule of the SFR, and our Company fails to lodge a supplementary or replacement offer document or document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as the Sponsor and Issue Manager may reasonably require to inform investors of the lodgement of such supplementary or replacement offer document or document. In such an event, the Sponsor and Issue Manager reserves the right, at its absolute discretion to inform the SGX-ST and the Authority and to cancel the Placement and any application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the Placement Shares by ordinary post or telegraphic transfer at the applicant's own risk within fourteen (14) days of the termination of the Placement.



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If the Management and Sponsorship Agreement is so rescinded, the parties thereto shall be released and discharged from their obligations thereunder and our Company and the Vendors shall reimburse the Sponsor and Issue Manager for all out-of-pocket expenses incurred by it in connection with the Management and Sponsorship Agreement up to and including the date on which such notice of termination is given.

Pursuant to the Management and Sponsorship Agreement, our Company and the Vendors shall severally (in accordance with the Agreed Proportion (as defined in the Management and Sponsorship Agreement)) hold the Sponsor and Issue Manager, or any of their respective directors, officers, employees or agents and each person who controls each of the Sponsor and Issue Manager (collectively “**Indemnified Parties**” or individually “**Indemnified Party**”) fully and effectively indemnified and harmless, on an after-tax basis, against all any claims, actions, investigations, judgements, awards, proceedings, demands, liabilities, damages, losses, costs for expenses, investigations, awards, proceedings or judgements, each of which an Indemnified Party may become subject to (collectively “**Claims**” or individually “**Claim**”) (whether or not such Claim is successful, compromised or settled, joint or several threatened, pending or actual) (including Losses (as defined in the Management and Sponsorship Agreement)) in relation to the offering of the Placement Shares and the listing and quotation on the Official List of Catalist of all the issued Shares, including the New Shares (whether or not such claim, action, investigation, proceeding or demand is successful, compromised or settled), for whatever reasons, including but not limited to:

- (a) the performance of the obligations of the Sponsor and Issue Manager under the Management and Sponsorship Agreement or any Claim which may be brought against it in relation to the Placement and/or the Listing;
- (b) any failure by our Company or any member of our Group to comply with any terms of the Management and Sponsorship Agreement and/or any requirements of any statute or statutory regulation, governmental or ministerial order or decree, judgment, or decision or circular of the SGX-ST (including the Catalist Rules) or any other authority (including without limitation to the foregoing, any directive or order by the MAS or the SGX-ST pursuant to the SFA and the Catalist Rules);
- (c) this Offer Document not containing all information required pursuant to Section 243 of the SFA or material in the context of the offering of the Placement Shares, or any statement contained therein or in any information which is otherwise supplied by our Company to the Sponsor and Issue Manager in connection with the Placement being untrue, incorrect or misleading;
- (d) any actual material misrepresentation or in connection with any actual material inaccuracies in, or actual material omission contained in this Offer Document;
- (e) any actual material breach of our Company of any of the representations, warranties and undertakings or any of its obligations contained in Management and Sponsorship Agreement or any such representations and warranties being untrue, incorrect or inaccurate;
- (f) any failure or delay by our Company in performing its obligations and undertakings in the Management and Sponsorship Agreement; and
- (g) any exercise by the Indemnified Parties of any of the rights and authorities granted to them under the terms of the Management and Sponsorship Agreement,



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including in any such case (but without prejudice to the generality of the foregoing) all costs, charges and expenses which the Indemnified Parties may properly or reasonably incur or bear in disputing any such claim, action or proceedings made against them or in establishing any claim on their part under the foregoing provisions, in each case except in relation to any claim arising out of the wilful default, fraud or gross negligence of any of the Indemnified Persons.

Pursuant to the Placement Agreement, our Company and the Vendors have requested UOB, as Placement Agent, and UOB has agreed, subject to the terms and conditions set forth in the Placement Agreement, to subscribe and/or purchase or procure subscriptions for and/or purchases of, the Placement Shares for a placement commission of approximately 3.50% of the Placement Price for each Placement Share (subject to prevailing GST) multiplied by the aggregate number of Placement Shares.

Notwithstanding anything contained in the Placement Agreement, the Placement Agent may, in its absolute discretion, by notice in writing to our Company and the Vendors, rescind or terminate the Placement Agreement if prior to the date of commencement of trading of the Shares on the Official List of Catalist:

- (a) there shall come to the knowledge of the Placement Agent any breach by our Company or the Vendors of any of the representations, warranties, covenants or undertakings contained in the Placement Agreement or that any of the representations, warranties, covenants or undertakings by our Company or the Vendors in the Placement Agreement is untrue or incorrect;
- (b) any Specified Event (as defined in the Placement Agreement) comes to the knowledge of the Placement Agent;
- (c) if there shall have been, since the date of the Placement Agreement:
  - (i) any Material Adverse Change (as defined in the Placement Agreement) in the condition (financial or otherwise), performance or general affairs of our Company and/or its subsidiaries or of our Group as a whole;
  - (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law) and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authority in Singapore or elsewhere that has or is expected to have a material adverse effect on the condition, performance, general affairs, prospects, future plans and trends, of any of the companies within our Group, financial or otherwise, other than as disclosed in the preliminary offer document and/or this Offer Document;
  - (iii) any change, material adverse fluctuations, or any development involving a prospective change or any crisis in local, national, regional or international financial (including, without limitation, to the conditions in the stock market, foreign exchange market, inter-bank market or interest rates or money market in Singapore or any other jurisdictions), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange

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- controls in Singapore and overseas or any combination of any such changes or developments or crisis or any deterioration of any such conditions);
- (iv) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict whether or not war has been declared or not, or any riot, uprising against constituted authority, civil commotion, disorder, rebellion, insurrection, military or usurped power or any natural catastrophe or other acts of God (whether or not involving financial markets in any jurisdiction);
  - (v) any regional or local outbreak of disease that may have a material adverse effect on the financial markets;
  - (vi) the issue of a stop order by the Authority (in accordance with Section 242 of the SFA), the SGX-ST (acting as agent on behalf of the Authority) (to the extent applicable), or any other competent authority, notwithstanding that a supplementary or replacement offer document is subsequently lodged with the SGX-ST (acting as agent on behalf of the Authority) pursuant to Section 241 of the SFA; or
  - (vii) any other occurrence of any nature whatsoever, which shall in the reasonable opinion of the Placement Agent:
    - (1) result or be likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore;
    - (2) be likely to materially prejudice the success of the Placement (whether in the primary market or in respect of dealings in the secondary market);
    - (3) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole;
    - (4) be such that no reasonable placement agent would have entered into the Placement Agreement;
    - (5) result or be likely to result in the issue of a stop order by the Authority (pursuant to the SFA), the SGX-ST (acting as agent on behalf of the Authority), or any other competent authority (notwithstanding that a supplementary prospectus or replacement prospectus is subsequently registered with the Authority pursuant to Section 241 of the SFA); or
- (d) if it comes to the notice of the Placement Agent that (a) any statement contained in this Offer Document or the Application Forms which, in the opinion of the Placement Agent has become untrue, incorrect or misleading in any material respect; or (b) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the opinion of the Placement Agent, an material omission of such information, and our Company fails to lodge a supplementary or replacement offer document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as the Placement Agent may reasonably require to inform investors of the lodgement of such supplementary or replacement offer document. In such an event, the Placement Agent reserves the right, at its absolute discretion, to inform the SGX-ST and the Authority (to the extent applicable) and to cancel the Placement and any application monies received will be refunded (without interest or any share of revenue or

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other benefit arising therefrom) to the applicants for the Placement Shares by ordinary post or telegraphic transfer at the applicant's own risk within fourteen (14) days of the termination of the Placement;

- (e) there shall come to the knowledge of the Placement Agent any information, matter or event which may result or be likely to result in the issue of a stop order by the Authority in accordance with Section 242 of the SFA, the SGX-ST (acting as agent on behalf of the Authority) (to the extent applicable), or any other competent authority, notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST (acting as agent on behalf of the Authority) pursuant to Section 241 of the SFA; or
- (f) the Management and Sponsorship Agreement is terminated for whatever reason.

If the Placement Agreement is so rescinded or terminated, the parties thereto shall be released and discharged from their obligations thereunder, and no party shall be under any liability to the other parties in respect of the Placement Agreement, save for antecedent breaches, and our Company shall (a) pay to the Placement Agent the placement commission, (b) reimburse the Placement Agent for all out-of-pocket expenses incurred by it, and (c) pay any goods and services tax.

Pursuant to the Placement Agreement, each of our Company and the Vendors shall severally (in accordance with the Agreed Proportion (as defined in the Placement Agreement) hold the Indemnified Parties fully and effectively indemnified against all reasonable losses, claims, liabilities, costs, charges, expenses, actions and demands which any of them incur or suffer or which may be made against any of them in relation to the placement of the Placement Shares and the Listing (whether or not such claim, action or demand is successful, compromised or settled) for whatever reasons, including but not limited to:

- (a) the performance of the obligations of the Placement Agent under the Placement Agreement or any claim which may be brought against it in relation to the Placement and/or the Listing;
- (b) any failure by our Company or any member of our Group to comply with any terms of the Placement Agreement and/or any requirements of any statute or statutory regulation, governmental or ministerial order or decree, or decision or circular of the SGX-ST (including the Catalist Rules) or any other authority (including without limitation to the foregoing, any directive or order by MAS or the SGX-ST pursuant to the SFA and the Catalist Rules);
- (c) the Preliminary Offer Document or, as the case may be, the Offer Document not containing all information required pursuant to Section 243 of the SFA or material in the context of the offering of the Placement Shares, or any statement contained therein or in any information which is otherwise supplied by our Company or the Vendors to the Placement Agent in connection with the placement of the Placement Shares being untrue, incorrect or misleading;
- (d) any actual material misrepresentation or in connection with any actual material inaccuracies in, or actual or alleged material omission contained in the Offer Document;
- (e) any actual breach of our Company of any of the representations, warranties and undertakings or any of its obligations contained in the Placement Agreement,
- (f) any failure or delay by our Company or the Vendors in performing its obligations and undertakings in the Placement Agreement; and

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- (g) any exercise by the Indemnified Parties of any of the rights and authorities granted to them under the terms of the Placement Agreement,

including in any such case (but without prejudice to the generality of the foregoing) all costs, charges and expenses which the Indemnified Parties may properly or reasonably incur or bear in disputing any such claim, action or proceedings made against them or in establishing any claim on their part under the foregoing provisions, in each case except in relation to any claim arising out of the wilful default, fraud or gross negligence of any of the Indemnified Persons.

### MISCELLANEOUS

No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

No amount of cash or securities or benefit has been paid or given to any promoter within the two (2) years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

Save as disclosed in the section entitled “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing and/or purchasing or agreeing to subscribe and/or purchase or procuring or agreeing to procure subscriptions for and/or purchases of any shares in, or debentures of, our Company or our subsidiaries.

Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the receiving banker. In the ordinary course of business, the receiving banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the receiving banker. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

Save as disclosed in this Offer Document, including the sections entitled “Risk Factors”, “General Information on our Group – Prospects” and “General Information on our Group – Trends” of this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.

Save as disclosed in this Offer Document, including the sections entitled “Risk Factors” “General Information on our Group – Prospects” and “General Information on our Group – Trends” of this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:

- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
- (b) material commitments for capital expenditure;

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## GENERAL AND STATUTORY INFORMATION

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- (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and
- (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

Save as disclosed in this Offer Document, including in respect of the Significant Events, and in the sections entitled “Risk Factors”, “General Information on our Group – Trends”, and “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document, our Directors are not aware of any event which has occurred since the end of FY2020 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are as follows:

<b>Name, professional qualification and address</b>	<b>Partner-in-charge/Professional qualification</b>
<b>Mazars LLP</b> 135 Cecil St #10-01 Singapore 069536	Partner-in-charge: Ooi Chee Keong (a member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing our auditors after the Listing.

### CONSENTS

Mazars LLP, the Independent Auditor and Reporting Accountant, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of “The Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020”, “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” and “The Report on the Compilation Of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2020 and the Six-Month Financial Period ended 30 June 2021” as set out in Appendix A, Appendix B and Appendix C to this Offer Document respectively and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

RHT Capital, the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of “Opinion of the Independent Financial Adviser” as set out in Appendix F to this Offer Document, its name and all references thereto and the statements attributed to it in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of this Offer Document, in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

Baker Tilly Consultancy (Singapore) Pte. Ltd., our internal auditors, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such capacity to this Offer Document.

UOB, the Sponsor and Issue Manager and Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and

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## GENERAL AND STATUTORY INFORMATION

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references thereto in the form and context in which they respectively appear in this Offer Document and to act in such capacity to this Offer Document.

UOBKH, the Sub-Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such capacity to this Offer Document.

Dentons Rodyk & Davidson LLP, the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law, has given, and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

Bird & Bird ATMD LLP, the Solicitors to the Sponsor and Issue Manager and Placement Agent on Singapore Law, has given, and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

Each of the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Solicitors to the Sponsor and Issue Manager and Placement Agent on Singapore Law, the Share Registrar and Share Transfer Office, the Principal Bankers, the Receiving Banker and the Sub-Placement Agent do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

### **RESPONSIBILITY STATEMENT BY OUR DIRECTORS**

Our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

### **RESPONSIBILITY STATEMENT BY THE VENDORS**

The Vendors collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and our subsidiaries, and the Vendors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.



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## GENERAL AND STATUTORY INFORMATION

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### DOCUMENTS FOR INSPECTION

The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority:

- (a) our Constitution;
- (b) “The Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020” as set out in Appendix A to this Offer Document;
- (c) “The Unaudited Interim Condensed Combined Financial Statements for the Six-Month Financial Period ended 30 June 2021” as set out in Appendix B to this Offer Document;
- (d) “The Report on the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2020 and the Six-Month Financial Period ended 30 June 2021” as set out in Appendix C to this Offer Document;
- (e) the Service Agreements referred to in the section entitled “Directors, Executive Officers and Employees – Service Agreements” of this Offer Document;
- (f) the material contracts referred to in the section entitled “General and Statutory Information – Material Contracts” of this Offer Document;
- (g) the audited financial statements (including all notes, reports or information relating thereto which are required to be prepared under Singapore laws) of our subsidiaries (being entities which have audited financial statements) for each of FY2018, FY2019 and FY2020;
- (h) the letters of consent referred to in the section entitled “General and Statutory Information – Consents” of this Offer Document; and
- (i) the “Opinion of the Independent Financial Adviser”, as set out in Appendix F to this Offer Document.



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**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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21 January 2022

The Board of Directors  
Alpina Holdings Limited  
54 Senoko Road,  
Woodlands East Industrial Estate,  
Singapore 758118

Dear Sirs,

**Report on the Audit of the Combined Financial Statements**

*Opinion*

We have audited the accompanying combined financial statements of Alpina Holdings Limited (the “Company”) and its subsidiaries (the “Group”). The combined financial statements comprise the combined statements of financial position as at 31 December 2018, 2019 and 2020 and the related combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statement of cash flows of the Group for the financial year ended 31 December 2018, 2019 and 2020, including a summary of significant accounting policies and other explanatory information, as set out on pages A4 to A59.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the combined financial position of the Group as at 31 December 2018, 2019 and 2020 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for the financial year ended 31 December 2018, 2019 and 2020.

*Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accounts and Accounting Entities (“ACRA Code”)* together with the ethical requirements that are relevant to our audit of the combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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**Report on the Audit of the Combined Financial Statements (Continued)**

*Responsibilities of Management and Directors for the Combined Financial Statements*

Management is responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair combined financial statements and to maintain accountability of assets.

In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

*Auditors' Responsibilities for the Audit of the Combined Financial Statements*

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
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**Report on the Audit of the Combined Financial Statements (Continued)**

*Auditors' Responsibilities for the Audit of the Combined Financial Statements (Continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on Distribution and Use**

This report has been prepared solely for inclusion in the offer document of the Company in connection with the Initial Public Offering of the shares of the Company on the Catalist of Singapore Exchange Securities Trading Limited and for no other purpose.

**Mazars LLP**

Public Accountants and  
Chartered Accountants

Singapore

**Ooi Chee Keong**

Partner-in-charge

A member of the Institute of Singapore Chartered Accountants

**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
		\$'000	\$'000	\$'000
<b>Revenue</b>	5	37,925	43,096	34,889
Cost of sales		<u>(27,019)</u>	<u>(33,474)</u>	<u>(25,028)</u>
Gross profits		10,906	9,622	9,861
Other income	6	397	212	331
Distribution costs		(82)	(119)	(187)
Administrative expenses		(4,755)	(6,515)	(4,573)
Finance costs	7	<u>(335)</u>	<u>(168)</u>	<u>(127)</u>
<b>Profit before income tax</b>	8	6,131	3,032	5,305
Income tax expense	9	<u>(1,086)</u>	<u>(350)</u>	<u>(1,356)</u>
<b>Profit for the financial year, representing total comprehensive income for the financial year, attributable to owners of the Company</b>		<u>5,045</u>	<u>2,682</u>	<u>3,949</u>
<b>Earnings per share attributable to owners of the Company (cents)</b>				
Basic and diluted	10	<u>3.31</u>	<u>1.76</u>	<u>2.59</u>

*The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.*

**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018, 2019 AND 2020**

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
		\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11	1,603	307	3,241
Trade and other receivables	12	7,607	10,817	7,412
Contract assets	13	13,223	6,651	3,534
Inventories	14	992	714	331
		<u>23,425</u>	<u>18,489</u>	<u>14,518</u>
<b>Non-current assets</b>				
Property, plant and equipment	15	9,781	7,667	6,110
Right-of-use assets	20	784	808	41
Investment property	16	737	770	803
Investment in a joint venture	17	*	*	*
		<u>11,302</u>	<u>9,245</u>	<u>6,954</u>
<b>Total assets</b>		<u><u>34,727</u></u>	<u><u>27,734</u></u>	<u><u>21,472</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	18	10,955	11,477	6,458
Contract liabilities	13	520	520	603
Borrowings	19	2,955	3,730	1,227
Lease liabilities	20	46	39	28
Income tax payable		388	528	1,264
		<u>14,864</u>	<u>16,294</u>	<u>9,580</u>
<b>Non-current liabilities</b>				
Borrowings	19	6,321	1,817	2,035
Lease liabilities	20	765	781	12
Deferred tax liabilities	21	82	92	67
		<u>7,168</u>	<u>2,690</u>	<u>2,114</u>
<b>Capital and reserves</b>				
Share capital	22	3,350	2,850	2,500
Accumulated profits		9,345	5,900	7,278
Total equity		<u>12,695</u>	<u>8,750</u>	<u>9,778</u>
<b>Total liabilities and equity</b>		<u><u>34,727</u></u>	<u><u>27,734</u></u>	<u><u>21,472</u></u>

\* Denotes amount less than \$1,000

*The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.*

**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**COMBINED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

	<u>Share capital</u>	<u>Accumulated profits</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000
<b>Balance at 1 January 2018</b>	1,700	3,329	5,029
Profit for the year, representing total comprehensive income for the year	–	3,949	3,949
Issue of shares (Note 22)	800	–	800
<b>Balance at 31 December 2018</b>	2,500	7,278	9,778
Profit for the year, representing total comprehensive income for the year	–	2,682	2,682
Issue of shares (Note 22)	350	–	350
Dividends paid (Note 23)	–	(4,060)	(4,060)
<b>Balance at 31 December 2019</b>	2,850	5,900	8,750
Profit for the year, representing total comprehensive income for the year	–	5,045	5,045
Issue of shares (Note 22)	500	–	500
Dividends paid (Note 23)	–	(1,600)	(1,600)
<b>Balance at 31 December 2020</b>	<u>3,350</u>	<u>9,345</u>	<u>12,695</u>

**Note:**

Share capital represents the aggregate amount of issued and paid-up share capital of the companies making up the Group less consideration paid to acquire the relevant interest (if any).

*The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.*



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**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

	Note	2020	2019	2018
		\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax		6,131	3,032	5,305
Adjustments for:				
– Depreciation of property, plant and equipment		1,126	1,452	1,355
– Depreciation of investment property		33	33	33
– Depreciation of right-of-use assets		55	64	73
– Interest expense		335	168	127
– Interest income		(4)	(5)	(9)
– Changes in allowance on trade receivables		978	955	4
– Changes in allowance on contract assets		(86)	1,725	–
– Gain on disposal of property, plant and equipment		(66)	(42)	(55)
Operating cash flows before movements in working capital		8,502	7,382	6,833
Changes in working capital:				
– Trade receivables		2,405	(3,525)	(2,859)
– Other receivables		(173)	(835)	64
– Inventories		(278)	(383)	159
– Trade payables		820	2,993	(1,840)
– Other payables		(520)	1,085	1,243
– Contract assets/(liabilities)		(6,486)	(4,925)	(137)
– Amount due (to)/from directors		(1,222)	941	(876)
Cash generated from operations		3,048	2,733	2,587
– Tax paid		(1,236)	(1,061)	(464)
Net cash generated from operating activities		1,812	1,672	2,123
<b>Investing activities</b>				
– Interest income		4	5	9
– Acquisition of property, plant and equipment		(2,674)	(1,736)	(1,227)
– Proceeds on disposal of property, plant and equipment	15	336	159	56
Net cash used in investing activities		(2,334)	(1,572)	(1,162)
<b>Financing activities</b>				
– Repayment of lease liabilities		(83)	(82)	(72)
– Repayments of borrowings		(8,101)	(3,092)	(2,005)
– Proceeds from borrowings		10,994	3,987	1,484
– Proceeds on issue of shares		500	350	800
– Dividends paid	23	(1,200)	(4,060)	–
– Interest paid		(292)	(137)	(125)
Net cash generated from/(used in) financing activities		1,818	(3,034)	82
Net increase/(decrease) in cash and cash equivalents		1,296	(2,934)	1,043
Cash and cash equivalents at beginning of year		307	3,241	2,198
Cash and cash equivalents at the end of the year	11	1,603	307	3,241

*The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.*

**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

**Reconciliation of liabilities arising from financing activities:**

	At beginning of financial year	Financing cashflows <sup>1</sup>	Non-cash movements		At end of financial year
			Acquisition of plant and equipment	Interest expense	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
<b>Liabilities</b>					
Bank borrowings	5,547	2,893	836	–	9,276
Lease liabilities	820	(83)	31	43	811
<b>2019</b>					
<b>Liabilities</b>					
Bank borrowings	3,262	895	1,390	–	5,547
Lease liabilities	40	(82)	831	31	820
<b>2018</b>					
<b>Liabilities</b>					
Bank borrowings	2,736	(521)	1,047	–	3,262
Lease liabilities	94	(72)	16	2	40

1 Net of proceeds of interest bearing borrowings, repayment of interest bearing borrowings, interest paid and repayment of finance leases.

*The accompanying notes from an integral part of and should be read in conjunction with these combined financial statements.*

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**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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**These notes form an integral part of and should be read in conjunction with the accompanying financial statements.**

**1 General**

Alpina Holdings Limited (the “Company”) (Registration Number 202138650H) was incorporated on 8 November 2021 and is domiciled in Singapore with its principal place of business and registered office address at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. The Company was incorporated for the purpose of acquiring the existing operating entities pursuant to the restructuring exercise as disclosed in Note 2 to form a group, comprising the Company and other companies making up the Group (the “Group”).

The principal activity of the Company is that of investment holding.

The detail of its operating entities are disclosed as follows:

<u>Company name</u>	<u>Registration number</u>	<u>Principal activities</u>
Digo Corporation Pte. Ltd.	200313006C	Provision of electrical works and general building engineering design and consultancy services
Kontourz Pte. Ltd.	200719021E	General building engineering design and consultancy services
Digo Building Construction Pte. Ltd.	201714612N	General contractors and building construction including major upgrading works

All other companies are incorporated and domiciled in Singapore with its principal place of business and registered office at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118.

The combined financial statements of the Group for the financial years ended 31 December 2018, 2019 and 2020 were authorised for issue by the board of director on the date of director’s statement.

**2 Restructuring exercise**

The Company was incorporated on 8 November 2021 under the name of Alpina Holdings Pte Ltd. On incorporation, the issued and paid-up share capital of the Company was \$100 comprising 100 ordinary shares.

To consolidate the business activities of the Group, a restructuring exercise was undertaken for the Company to acquire 100% of the equity interests of Digo Corporation Pte Ltd, Kontourz Pte Ltd and Digo Building Construction Pte Ltd. The detail of considerations is summarised in Note 2.1, which was determined based on the net asset value of the Group as recorded in its audited financial statements as at 31 December 2020.

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**APPENDIX A**  
**THE AUDITED COMBINED FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020**

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**2 Restructuring exercise (Continued)**

**2.1 Acquisition of Digo Building Construction Pte Ltd (“DB”)**

The Company acquired 100% of the share capital of DB which was incorporated on 26 May 2017 for a consideration of \$196,800 which was determined based on the net asset value of DB as at 31 December 2020. The consideration was satisfied by the issue of 196,800 ordinary shares in the capital of the Company to the then shareholders of DB as follows:

<u>Name</u>	<u>Number of Shares</u>
Tai Yoon On (Held in trust by spouse, Cheng Chew Hun)	382,545
Low Siong Yong (Held in trust by spouse, Pow Pei San)	467,555
	<u>850,100</u>

**2.2 Acquisition of Digo Corporation Pte Ltd (“DC”)**

The Company acquired 100% of the share capital of DC which was incorporated on 20 December 2003 for a consideration of \$11,688,800 which was determined based on the net asset value of DC as at 31 December 2020. The consideration was satisfied by the issue of 11,688,800 ordinary shares in the capital of the Company to the then shareholders of DC as follows:

<u>Name</u>	<u>Number of Shares</u>
Low Siong Yong	1,100,000
Tai Yoon On	900,000
	<u>2,000,000</u>

**2.3 Acquisition of Kontourz Pte Ltd (“KT”)**

The Company acquired 100% of the share capital of KT which was incorporated on 12 October 2007 for a consideration of \$809,300 which was determined based on the net asset value of KT as at 31 December 2020. The consideration was satisfied by the issue of 809,300 ordinary shares in the capital of the Company to the then shareholders of KT as follows:

<u>Name</u>	<u>Number of Shares</u>
Tai Yoon On (Held in trust by spouse, Cheng Chew Hun)	225,000
Low Siong Yong (Held in trust by spouse, Pow Pei San)	275,000
	<u>500,000</u>

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**2 Restructuring exercise (Continued)**

**2.3 Acquisition of Kontourz Pte Ltd (“KT”) (Continued)**

Pursuant to a deed of confirmation of trust executed by Pow Pei San dated 26 October 2021, Pow Pei San confirmed that all her interests in the shares of DB (since 28 December 2017) and KT (since 1 March 2013), were held on trust for and on behalf of her spouse, Low Siong Yong. This amounted to 467,555 shares in DB or approximately 55.0% of the total issued and paid-up share capital of DB, and 275,000 shares in KT or approximately 55.0% of the total issued and paid-up share capital of KT.

Pursuant to a deed of confirmation of trust executed by Cheng Chew Hun dated 26 October 2021, Cheng Chew Hun confirmed that all her interests in the shares of DB (since 28 December 2017) and KT (since 1 March 2013), were held on trust for and on behalf of her spouse, Tai Yoon On. This amounted to 382,545 shares in DB or approximately 45.0% of the total issued and paid-up share capital of DB, and 225,000 shares in KT or approximately 45.0% of the total issued and paid-up share capital of KT.

The above restructuring exercise is considered to be acquisitions of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the combined financial statements at their historical carrying amounts. Although the agreement was entered into subsequent to the year end, the combined financial statements present the financial condition, results of operations and cash flows as if the restructuring has occurred as of the beginning of the earliest period presented. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the restructuring exercise.

**2.4 Sub-division of Shares**

On 17 January 2022, the Shareholders approved the sub-division of 12,695,000 Shares in the issued and paid-up share capital of the Company into 152,340,000 Shares. Following this sub-division which was effected on 18 January 2022, the issued and paid-up share capital of the Company was \$12,695,000 comprising 152,340,000 Shares.

All intra-group transactions and balances have been eliminated on combination.

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**2 Restructuring exercise (Continued)**

**2.4 Sub-division of Shares (Continued)**

The details of the subsidiaries are as follows:

<u>Name of subsidiaries (Country of incorporation/ operation)</u>	<u>Principal activities</u>	<u>Effective equity interest held by the Company</u>		
		<u>2020</u>	<u>2019</u>	<u>2018</u>
		%	%	%
<u>Held directly by the Company</u>				
Digo Building Construction Pte Ltd <sup>(1)</sup> /Singapore	General contractors and building construction including major upgrading works	100	100	100
Digo Corporation Pte Ltd <sup>(1)</sup> /Singapore	Provision of electrical works and general building engineering design and consultancy services	100	100	100
Kontourz Pte Ltd <sup>(1)</sup> /Singapore	Provision of electrical works and general building engineering services	100	100	100

(1) Audited by Mazars LLP, Singapore for group combination purposes.

**3 Summary of significant accounting policies**

**3.1 Basis of preparation**

The financial statements of the Group have been drawn up in accordance with the provisions of the SiCompanies Act 1967 of Singapore, (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) including related Interpretations of SFRS(I) (“SFRS(I) INT”) and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group are presented in Singapore dollar (“\$”) which is also the functional currency of each subsidiaries within the Group, and all values presented are rounded to the nearest thousand (“\$’000”), unless otherwise indicated.

*Adoption of new and revised standards*

On 1 January 2018, the Group has early adopted SFRS(I) 16 *Leases* which its effective date is on 1 January 2019. The details of accounting policy is disclosed in Note 3.18.

During the financial years ended 31 December 2018, 2019 and 2020, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for the respective reporting periods. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group’s accounting policies, and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

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**3 Summary of significant accounting policies (Continued)**

**3.1 Basis of preparation (Continued)**

*SFRS(I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

<b>SFRS (I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 16	Amendment to SFRS(I) 16: <i>COVID-19-Related Rent Concessions</i>	1 June 2020
SFRS(I) 16	Amendment to SFRS(I) 16: <i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Various	Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group in the period of their initial adoption.



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**3 Summary of significant accounting policies (Continued)**

**3.2 Basis of combination**

Common Control Business Combination Outside the Scope of SFRS(I) 3 Business Combination

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of SFRS(I) 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Restructuring reserve represents the differences between the nominal amount of the share capital of the combining entities at the date on which it was acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The combined financial statements were prepared based on the audited financial statements of subsidiaries which were prepared in accordance with SFRS(I)s for the purpose of combination. The subsidiaries maintain their accounting records and prepare the relevant statutory financial statements in accordance with the Act and SFRS(I)s.

**3.3 Revenue recognition**

Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

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**3 Summary of significant accounting policies (Continued)**

**3.3 Revenue recognition (Continued)**

Revenue from construction contracts

Revenue from construction contracts is recognised over time, using the output method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the output method, the Group has used surveys of performance completed to date method. In view of the nature of the construction contract, management considers that this output method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contract with Customers* (“SFRS(I) 15”).

Revenue from construction contracts is disaggregated into integrated building services (“IBS”), mechanical and electrical (“M&E”) and alteration and addition (“A&A”).

*Integrated building services (“IBS”)*

Includes maintenance, repair and replacement of electrical systems, ACMV, fire prevention and protection systems, security and communication systems, sanitary and plumbing systems and other specialist systems in the buildings, as well as ancillary A&A works.

*Mechanical and electrical (“M&E”)*

Includes installation, replacement, removal of components of the mechanical and electrical systems, including LED lighting fixtures, switchboards, lightning protection system, lifts, telephone lines, heat and smoke detectors and fire alarm systems.

*Alteration and addition (“A&A”)*

Includes civil works and building works.

**3.4 Borrowing costs**

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.5 Retirement benefits costs**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**3.6 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 end of the financial year.

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**3 Summary of significant accounting policies (Continued)**

**3.7 Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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**3 Summary of significant accounting policies (Continued)**

**3.7 Income tax (Continued)**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

**3.8 Dividend**

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

**3.9 Foreign currency transactions and translation**

Foreign currency transactions in a currency other than \$ (the "functional currency") using the exchange rates prevailing on the dates of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

**3.10 Property, plant and equipment**

Leasehold properties and improvements held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

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**3 Summary of significant accounting policies (Continued)**

**3.10 Property, plant and equipment (Continued)**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	<u>Useful lives</u>
Leasehold properties and improvements	3.5 to 44.5 years
Renovation	3 years
Furniture and fittings	3 years
Motor vehicles	5 to 10 years
Computer	1 year
Office equipment	3 years
Plant and machinery	3 – 5 years
Tools and equipment	3 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 20.

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

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**3 Summary of significant accounting policies (Continued)**

**3.11 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 30 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Costs of major renovations and improvements to the investment property to the investment property are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss.

**3.12 Investment in a joint venture**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for under SFRS(I) 5, from the date on which the investees become a joint venture. Under the equity method, investments in joint ventures are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any accumulated losses of individual investments. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Group's share of losses in a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures.

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**3 Summary of significant accounting policies (Continued)**

**3.13 Impairment of non-financial assets**

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**3.14 Financial instruments**

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.



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**3 Summary of significant accounting policies (Continued)**

**3.14 Financial instruments (Continued)**

**Financial assets**

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 Revenue from Contracts with Customers in Note 3.3.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group’s business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

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**3 Summary of significant accounting policies (Continued)**

**3.14 Financial instruments (Continued)**

**Financial assets (Continued)**

Impairment of financial assets (Continued)

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 28.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

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**3 Summary of significant accounting policies (Continued)**

**3.14 Financial instruments (Continued)**

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

*Ordinary share capital*

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

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**3 Summary of significant accounting policies (Continued)**

**3.14 Financial instruments (Continued)**

**Financial liabilities and equity instruments (Continued)**

Other financial liabilities

*Trade and other payables*

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

*Borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**3.15 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis, comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**3.16 Contract assets and liabilities**

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of development properties. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

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**3 Summary of significant accounting policies (Continued)**

**3.16 Contract assets and liabilities (Continued)**

Contract liabilities primarily relate to:

- advance consideration received from certain customers; and
- progress billings issued in excess of the Group's rights to the consideration

**3.17 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and time deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**3.18 Leases**

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16 Leases. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

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**3 Summary of significant accounting policies (Continued)**

**3.18 Leases (Continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset has been reduced to zero.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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**3 Summary of significant accounting policies (Continued)**

**3.19 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise

**3.20 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

Non-monetary government grant is recognised at nominal amount.

**3.21 Contingencies**

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
  - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.



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**3 Summary of significant accounting policies (Continued)**

**3.21 Contingencies (Continued)**

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

**3.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

**4 Critical accounting judgements and key sources of estimation uncertainty**

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

**4.1 Critical judgements made in applying the Group's accounting policies**

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amounts recognised in the financial statements

**4.2 Key sources of estimation uncertainty**

Revenue from construction contracts

Revenue from construction contracts is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations. In making this judgement, the Company evaluates based on experience and by relying on the work of specialists. During the financial year, the Group recognised revenue from construction contracts amounting to approximately \$37,925,000 (2019 and 2018: \$43,096,000 and \$34,889,000).

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**4 Critical accounting judgements and key sources of estimation uncertainty (Continued)**

**4.2 Key sources of estimation uncertainty (Continued)**

Provision for onerous contracts

The Group assesses at every reporting date whether any provision for onerous contracts is required. The provision for onerous contracts is estimated after taking into account contract revenue and estimated total construction costs. The estimated total construction costs are based on future costs to complete the projects and development plans of the Group, taking into consideration available industry data, status of construction progress, deviation in design plans, cost overruns and current market factors.

Based on the assessment, the Group recognised provision for onerous contracts amounting to approximately \$nil (2019 and 2018: \$nil and \$126,000).

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 1 to 44.5 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 December 2020 were approximately \$9,781,000 (2019 and 2018: \$7,667,000 and \$6,110,000).

Measurement of ECL of trade receivables and contract assets

The Group uses an allowance matrix to measure ECL for trade receivables and contract assets. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the country (i.e. Singapore). The Group adjusts, as necessary, the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables and contract assets as at 31 December 2020 was approximately \$1,995,000 (2019 and 2018: \$1,017,000 and \$62,000) and \$1,639,000 (2019 and 2018: \$1,725,000 and \$nil) respectively.

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**4 Critical accounting judgements and key sources of estimation uncertainty (Continued)**

**4.2 Key sources of estimation uncertainty (Continued)**

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax as at 31 December 2020 was \$388,000 (2019: \$528,000; 2018: \$1,264,000).

**5 Revenue**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Recognised over time			
– Construction Revenue	37,925	43,096	34,889

Geographic market information in relation to revenue of the Group is not presented as the Group's revenue is substantially derived from Singapore.

Revenue from construction contracts is disaggregated into integrated building services ("IBS"), mechanical and electrical ("M&E") and alteration and addition ("A&A"). The disaggregation of revenue is disclosed in Note 27.

**Transaction price allocated to the remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Within one year	5,059	3,061	5,635
After one year within three years	96,490	65,819	41,623
	<u>101,549</u>	<u>68,880</u>	<u>47,258</u>

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**6 Other income**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest income	4	5	9
Rental income	–	48	159
Gain on disposal of property, plant and equipment	66	42	55
Government grants	285	70	34
Foreign exchange gain	13	13	27
Others	29	34	47
	<u>397</u>	<u>212</u>	<u>331</u>

**7 Finance costs**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Interest on leases liabilities	43	31	2
Interest on borrowings	292	137	125
	<u>335</u>	<u>168</u>	<u>127</u>

**8 Profit before income tax**

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statements, the following charges/(credits) were included in the determination of profit before income tax:–

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Audit fees paid to auditors:			
– Auditor of the Company	60	22	17
Cost of inventories recognised as an expense	8,843	9,939	8,605
Depreciation of property, plant and equipment	1,126	1,452	1,355
Depreciation of investment property	33	33	33
Depreciation of right-of-use assets	55	64	73

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**8 Profit before income tax (Continued)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Directors' remuneration other than fees:			
– Short-term benefits	881	956	1,344
– Defined contribution plan	45	45	45
Staff costs:			
– Wages and salaries	9,180	14,069	11,545
– Defined contribution plan	443	448	465
Loss allowance on trade receivables	978	955	4
Loss allowance on contract assets	(86)	1,725	–

Included in the staff cost are labour costs directly associated with the generation of revenue of respectively, approximately \$10,373,000, \$13,039,000 and \$7,919,000 for the financial years ended 31 December 2018, 2019 and 2020 respectively.

Included in depreciation of property, plant and equipment directly associated with the generation of revenue of respectively, approximately \$760,000, \$1,066,000 and \$1,015,000 for the financial years ended 31 December 2018, 2019 and 2020 respectively.

**9 Income tax**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Current income tax			
– Current financial year	1,096	375	1,331
– (Over)/Under provision in respect of prior years	–	(50)	34
Deferred tax			
– Current financial year (Note 21)	(10)	25	(9)
	<u>1,086</u>	<u>350</u>	<u>1,356</u>

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2019 and 2018: 17%).

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**9 Income tax (Continued)**

**Reconciliation of effective tax rate**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before income tax	6,131	3,032	5,305
Tax expense at tax rate of 17%	1,042	515	902
Income not subject to tax	(52)	(14)	(22)
Expenses not deductible for tax purpose	177	294	244
Tax rebates	(20)	(39)	(28)
Deferred tax assets not recognised	53	–	227
Utilisation of previously unrecognised deferred tax assets	–	(215)	–
(Over)/Under provision in respect of prior years	–	(50)	34
Others	(114)	(141)	(1)
	<u>1,086</u>	<u>350</u>	<u>1,356</u>

During the Year of Assessment (“YA”) 2021, the Group received a corporate tax rebate of 0% (YA 2020 and 2019: 25% and 20%) net of all other tax set-off, subject to a cap of \$Nil per YA 2021 (YA 2020 and 2019: \$15,000 and \$10,000).

Deferred tax assets of certain companies have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unrecognised deferred tax assets arise mainly from unutilised tax losses of \$883,000 (2019: \$570,000; 2018: \$1,833,000).

The tax losses are subjected to an agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

**10 Basic and diluted earnings per share**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit attributable to the owners of the Company	5,045	2,682	3,949
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in units)	152,340,000	152,340,000	152,340,000
Basic and diluted earnings per share (cents per share)	3.31	1.76	2.59

The basic earnings per share for the year ended 31 December 2018, 2019 and 2020 are the same as the respective diluted earnings per share, as there were no potential dilutive ordinary shares in existence during the year ended 31 December 2018, 2019 and 2020.

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**11 Cash and cash equivalents**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash at banks	1,593	259	753
Cash on hand	10	48	77
Time deposits	–	–	2,411
	<u>1,603</u>	<u>307</u>	<u>3,241</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Time deposits of the Group bear interest rates ranging from 0.20% to 1.50% per annum with average maturity period ranging from 1 to 3 months at the end of the financial year ended 31 December 2018.

Cash and cash equivalents are denominated in Singapore Dollars.

**12 Trade and other receivables**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables			
– third parties	8,149	10,532	7,029
– related parties	4	26	5
Loss allowance	(1,995)	(1,017)	(62)
	<u>6,158</u>	<u>9,541</u>	<u>6,972</u>
Advances to directors	–	–	128
Advance payment to suppliers			
– third parties	20	–	7
– related party	487	885	–
Other receivables	87	174	122
Grant receivable	368	–	–
Deposits	318	217	181
Prepayments	169	–	2
	<u>7,607</u>	<u>10,817</u>	<u>7,412</u>



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**12 Trade and other receivables (Continued)**

Trade receivables from third parties are non-interest bearing and generally ranges between 30 to 90 days (2019 and 2018: 30 to 90 days) credit terms. Trade receivables are denominated in Singapore Dollars.

Trade receivables from related parties are unsecured, non-interest bearing and repayable on the credit term of 30 to 90 days.

Advances to directors are pertaining to advance payment made to directors for operating purpose.

Advance payment to suppliers is pertaining to advance payment made to suppliers for purchase of inventories.

Other receivables are unsecured, non-interest bearing and repayable on demand. The details of the impairment of trade receivables and credit exposures are disclosed in Note 28.

Trade and other receivables are denominated in Singapore Dollars.

**13 Contract assets/(liabilities)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Contract assets	14,862	8,376	3,534
Loss allowance	<u>(1,639)</u>	<u>(1,725)</u>	<u>–</u>
	13,223	6,651	3,534
Contract liabilities	<u>(520)</u>	<u>(520)</u>	<u>(603)</u>
	<u>12,703</u>	<u>6,131</u>	<u>2,931</u>

Contract assets represent the unbilled amount for work completed to date. The amount is transferred to trade receivable when the right to bill becomes unconditional upon receipts of the architects' certification. This typically occurs when the construction milestones are achieved.

Contract liabilities represent the excess of progress billings over costs incurred plus recognised profits. The amount is recognised as revenue when the Group has satisfied the underlying performance obligations under the contract.

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**13 Contract assets/(liabilities) (Continued)**

The significant changes in the contract assets and contract liabilities during the year are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>Contract assets</u></b>			
At beginning of the year	6,651	3,534	2,794
Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the year	(6,952)	(3,386)	(2,249)
Increases due revenue recognised to date but has not been invoiced to the customer as at financial year end	13,610	8,228	2,989
Loss allowance recognised during the year	(86)	(1,725)	–
	<u>13,223</u>	<u>6,651</u>	<u>3,534</u>
<b><u>Contract liabilities</u></b>			
At beginning of the year	520	603	–
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	(83)	–
Increases due to cash received and billings issued, excluding amounts recognised as revenue during the year	–	–	603
	<u>520</u>	<u>520</u>	<u>603</u>

The exposure to credit risk and impairment losses related to contract assets is disclosed in Note 28.

**14 Inventories**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Material and consumable tools	<u>992</u>	<u>714</u>	<u>331</u>

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**15 Property, plant and equipment**

	Computers and software	Furniture and office equipment	Machinery, tools and equipment	Motor Vehicle	Renovation	Property under construction	Leasehold properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>								
At 1 January 2018	167	244	841	3,862	138	–	4,162	9,414
Additions	12	1	643	664	–	954	–	2,274
Disposals	–	–	–	(286)	–	–	–	(286)
At 31 December 2018	179	245	1,484	4,240	138	954	4,162	11,402
Additions	145	–	79	1,519	–	1,383	–	3,126
Disposals	–	(38)	–	(465)	–	–	–	(503)
At 31 December 2019	324	207	1,563	5,294	138	2,337	4,162	14,025
Additions	25	–	18	898	–	2,569	–	3,510
Disposals	(94)	(94)	(127)	(520)	–	–	–	(835)
At 31 December 2020	255	113	1,454	5,672	138	4,906	4,162	16,700

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**15 Property, plant and equipment (Continued)**

	Computers and software	Furniture and office equipment	Machinery, tools and equipment	Motor Vehicle	Renovation	Property under construction	Leasehold properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Accumulated depreciation:</b>								
At 1 January 2018	154	177	189	2,124	138	–	1,440	4,222
Charge for the year	17	52	195	566	–	–	525	1,355
Disposals	–	–	–	(285)	–	–	–	(285)
At 31 December 2018	171	229	384	2,405	138	–	1,965	5,292
Charge for the year	115	15	272	808	–	–	242	1,452
Disposals	–	(38)	–	(348)	–	–	–	(386)
At 31 December 2019	286	206	656	2,865	138	–	2,207	6,358
Charge for the year	53	1	260	755	–	–	57	1,126
Disposals	(94)	(94)	(95)	(282)	–	–	–	(565)
At 31 December 2020	245	113	821	3,338	138	–	2,264	6,919
<b>Carrying amounts:</b>								
At 31 December 2018	8	16	1,100	1,835	–	954	2,197	6,110
At 31 December 2019	38	1	907	2,429	–	2,337	1,955	7,667
At 31 December 2020	10	–	633	2,334	–	4,906	1,898	9,781

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**15 Property, plant and equipment (Continued)**

During the financial year, the Group acquired property, plant and equipment for an aggregate of approximately \$3,510,000 (2019 and 2018: \$3,126,000 and \$2,274,000) of which approximately \$836,000 (2019 and 2018: \$1,390,000 and \$1,047,000) was acquired by means of a lease. The Group's plant and machinery, leasehold land and buildings with a carrying amount of approximately \$2,553,000 (2019 and 2018: \$2,489,000 and \$1,930,000) were pledged to secure bank borrowings (Note 19).

**16 Investment property**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
<b>Cost:</b>			
At beginning and end of year	903	903	903
<b>Accumulated depreciation:</b>			
At beginning of year	133	100	67
Charge for the year	33	33	33
At end of year	166	133	100
<b>Carrying amount:</b>			
At beginning of year	770	803	836
At end of year	737	770	803
<b>Fair value:</b>			
At end of year	900	900	900

The following amount are recognised in profit or loss:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Rental income	-	-	17
Direct operating expenses from investment property	-	-	16

The investment property was leased to tenant under operating leases.

The fair value of investment property are determined by internal assessment based on estimated open market values of the property transacted within the same vicinity (Level 3 fair value hierarchy).

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**16 Investment property (Continued)**

Details of the investment property is as follow:

<u>Location</u>	<u>Site area (Sq.m)</u>	<u>Tenure</u>
61 Woodlands Industrial Park E9 #05-13 E9 Premium Singapore 757047	228	Leasehold estate of 30 years commencing 28 October 2013

**17 Investment in a joint venture**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Investment in joint ventures	*	*	*
Share of post-acquisition results	*	*	*
	*	*	*

\* Denotes amount less than \$1,000

Details of the joint ventures are as follows:

<u>Name of joint venture</u>	<u>Place of establishment and business</u>	<u>Principal activities</u>	<u>Effective equity held by the</u>		
			<u>2020</u>	<u>2019</u>	<u>2018</u>
Cypark-Digo JV Solar Pte. Ltd. <sup>(1)</sup>	Singapore	Dormant	51%	51%	51%

<sup>(1)</sup> The unaudited account has been used for the purpose equity accounting as it is not material to the Group's combined financial statements. On 7 December 2021, the Group struck off this entity from the Register of Accounting and Corporate Regulatory Authority (ACRA) pursuant to Section 344 of the Companies Act 1967 of Singapore. The joint venture has no business activities since the date of incorporation.

**18 Trade and other payables**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade payables			
– third parties	6,307	5,765	1,780
– related parties	447	169	1,161
	6,754	5,934	2,941
Amount due to directors	119	941	–
Accruals	1,944	1,809	1,650
Deferred grant income	535	–	–
GST payables	–	320	297
Provision	–	–	126
Retention payables	72	14	23
Other payables – third parties	1,531	2,459	1,421
	10,955	11,477	6,458

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**18 Trade and other payables (Continued)**

The average credit period on purchases of goods generally ranges between 30 to 90 days (2020, 2019 and 2018: 30 to 90 days). No interest is charged on the trade payables. Trade payables from related parties are trade in nature, unsecured, interest-free and repayable on demand.

Accruals mainly consist of accrued operating expenses.

Amount due to directors and other payables are non-trade in nature, unsecured, interest-free, repayable on demand.

Other payables are mainly arising from the subcontractor costs for the property under construction. It is non-trade in nature, unsecured, interest-free, repayable on demand.

Trade and other payables are denominated in Singapore Dollars.

**19 Borrowings**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
<u>Secured</u>			
Term loans	7,278	1,559	1,659
Trust receipts	1,303	2,438	138
Finance lease	687	1,412	996
<u>Unsecured</u>			
Working capital facility	–	49	461
Others	8	89	8
	<u>9,276</u>	<u>5,547</u>	<u>3,262</u>
Less:			
Current	<u>(2,955)</u>	<u>(3,730)</u>	<u>(1,227)</u>
Non-current	<u>6,321</u>	<u>1,817</u>	<u>2,035</u>

During the financial year, the average effective interest rates per annum of the borrowings were as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	%	%	%
<u>Secured</u>			
Term loans	3.00–4.48	2.78–4.00	2.69–3.77
Trust receipts	2.57–5.75	4.48–5.75	5.75
Finance lease	5.56–7.33	5.56–7.33	5.56–7.33
<u>Unsecured</u>			
Working capital facility	<u>–</u>	<u>6.75–8.00</u>	<u>6.75–8.00</u>



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**19 Borrowings (Continued)**

As at 31 December 2018, 2019 and 2020, where applicable, unless otherwise stated in the financial statements, the secured term loans and trust receipts were supported by:

- (i) Legal mortgage on leasehold property, renovation, and plant and equipment (Note 15); and
- (ii) Guarantees by certain shareholders and directors.

Bank borrowings are denominated in the Singapore Dollars.

As at 31 December, the Group had credit facilities as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Facilities granted	22,324	15,372	8,408
Facilities utilised	<u>9,276</u>	<u>5,547</u>	<u>3,262</u>

**20 Leases**

The Group leases land under a 19-year lease arrangement, with no option to renew the lease after that date. Lease payments are made annually and are subjected to revision every year based on the prevailing market rate but any increase will not exceed 3% of the annual rent in the immediate preceding year. The Group is restricted from entering into any sublease arrangement for this lease.

The Group leases land and certain office equipment for two to five years and rentals are fixed for an average of two to five years.

The Group leases certain office equipment for seven to ten years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under such leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

Recognition exemptions

The Group has certain IT equipment, short-term rental of workers' dormitory and office equipment with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of use assets and lease liabilities.

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**20 Leases (Continued)**

Recognition exemptions (Continued)

The operating lease commitments for short term leases is disclosed in Note 24.

(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset are as follows:

	<b>Leasehold land</b>	<b>Office equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2018	92	6	98
Addition	–	16	16
Depreciation	(69)	(4)	(73)
At 31 December 2018	23	18	41
Addition	776	58	834
Disposal	–	(3)	(3)
Depreciation	(50)	(14)	(64)
At 31 December 2019	749	59	808
Addition	–	31	31
Depreciation	(40)	(15)	(55)
At 31 December 2020	709	75	784

The total cash outflow for leases during the financial year is approximately \$1,106,000 (2019 and 2018: \$926,000 and \$478,000).

(b) Lease liabilities

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current	46	39	28
Non-current	765	781	12
	811	820	40

(c) Amount recognised in profit or loss

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	43	31	2
Expenses relating to short term leases	1,023	844	406

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**21 Deferred tax liabilities**

The following are deferred tax liabilities recognised by the Group and movements thereon during the year.

	<b>Accelerated tax depreciation</b>
	<b>\$'000</b>
Balance at 1 January 2018	76
Charged to profit or loss for the year (Note 9)	(9)
Balance at 31 December 2018	67
Charged to profit or loss for the year (Note 9)	25
Balance at 31 December 2019	92
Charged to profit or loss for the year (Note 9)	(10)
Balance at 31 December 2020	82

**22 Share capital**

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	2,850	2,500	1,700
Issuance of shares	500	350	800
At end of year	3,350	2,850	2,500

For the purpose of the preparation of the combined statement of financial position, other reserve represents the aggregated amount of issued and paid-up share capital of all the companies making up the Group.

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company. Issuance of shares pertains to the increase in combines share capital to finance the Group's working capital requirements. For the purpose of the preparation of the combines statement of financial position, issued share capital as of 31 December 2018, 2019 and 2020 represent the aggregated number of issued share capital of all the subsidiaries within the Group.

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**23 Dividends**

During the years ended 31 December 2019 and 2020, Digo Corporation Pte Ltd declared approximately \$4,060,000 and \$1,600,000 respectively, dividends to its shareholders.

**24 Operating lease commitments**

**Lessee**

The Group leases dormitories under lease agreements that are non-cancellable. The leases have lease term ranging within 1 year and lease payments are usually revised at each renewal date to reflect the market rate.

Future minimum lease payments under these non-cancellable operating leases are as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Not later than one (1) year	<u>189</u>	<u>218</u>	<u>112</u>

**25 Capital commitments**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Capital expenditure contracted but not provided for			
– Commitments for the property under construction	<u>1,776</u>	<u>4,265</u>	<u>5,619</u>

**26 Significant related party transactions**

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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**26 Significant related party transactions (Continued)**

- (ii) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management during the financial year was as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	1,050	1,089	1,434
Post-employment benefits	63	54	71
	<u>1,113</u>	<u>1,143</u>	<u>1,505</u>

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**26 Significant related party transactions (Continued)**

***Compensation of directors and key management personnel (Continued)***

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial year:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Purchase of goods and services	2,501	1,553	2,922

**27 Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

Management considers that the entire Group's operations constitute a single segment which is in the business of property construction in Singapore. Management assesses the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the consolidated financial statements.

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under SFRS(I) 8.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

- (1) Integrated building services ("IBS")
- (2) Mechanical and electrical ("M&E")
- (3) Alteration and addition ("A&A")

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**27 Segment information (Continued)**

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Segment revenue</b>			
- IBS	29,447	30,117	24,052
- M&E	4,342	2,235	3,054
- A&A	4,136	10,744	7,783
Total	<u>37,925</u>	<u>43,096</u>	<u>34,889</u>
<b>Segment results</b>			
Profit from operations:			
- IBS	9,389	7,579	7,350
- M&E	629	414	930
- A&A	888	1,629	1,581
Total	<u>10,906</u>	<u>9,622</u>	<u>9,861</u>
Other income	397	212	331
Distribution expenses	(82)	(119)	(187)
Administrative expenses	(4,755)	(6,515)	(4,573)
Finance cost	(335)	(168)	(127)
Profit before income tax	6,131	3,032	5,305
Income tax expense	(1,086)	(350)	(1,356)
Profit for the year ended	<u><u>5,045</u></u>	<u><u>2,682</u></u>	<u><u>3,949</u></u>



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**28 Financial instruments and financial risks**

The Group's activities expose it to credit risk, market risks (including foreign currency risk, interest rate risk and equity price risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the Group's treasury department ("Group Treasury") in accordance with the policies set by the management. The Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The reporting team of Group Treasury measures actual exposures against the limits set and prepares daily reports for review by the Heads of Group Treasury and each operating unit. Regular reports are also submitted to the management and the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

***Credit risk***

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables, other debt instruments carried at amortised cost and FVOCI as well as contract assets. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets and contract assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

The Group has not rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

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**28 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

<b>Category</b>	<b>Description</b>	<b>Basis of recognising ECL</b>
1	Low credit risk <sup>Note 1</sup>	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition <sup>Note 2</sup> or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired <sup>Note 3</sup>	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount <sup>Note 4</sup>	Written off

**Note 1.** Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

**Note 2.** Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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**28 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

**Note 3.** Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

**Note 4.** Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 12) and contract assets (Note 13)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables and contract assets, where the loss allowance is equal to lifetime ECL.

The contract assets relate mainly to unbilled revenue and have substantially the same risk characteristics as trade receivables for the same type of contracts. Therefore, the Group concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the credit loss rates of the contract assets.

The ECL for trade receivables and contract assets are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (e.g.. Singapore) and the growth rates of the major industries which its customers operate in.

Trade receivables and contract assets are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

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**28 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

The loss allowance for trade receivables and contract assets are determined as follows:

	<b>Current</b>	<b>Past due more than 1 to 30 days</b>	<b>Past due more than 31 to 60 days</b>	<b>Past due more than 61 to 90 days</b>	<b>Past due more than 91 to 180 days</b>	<b>Past due more than 180 days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2020</b>							
Expected credit loss rates	0.13%	2.09%	3.41%	4.03%	4.61%	43.85%	17.00%
Trade receivables (gross) (\$'000)	1,649	910	498	248	499	4,349	8,153
Contract assets (gross) (\$'000)	13,223	—	—	—	—	—	13,223
Loss allowance (\$'000)	1,658	19	17	10	23	1,907	3,634
<b>31 December 2019</b>							
Expected credit loss rates	0.03%	0.05%	0.07%	—	78.73%	11.53%	15.93%
Trade receivables (gross) (\$'000)	2,512	2,084	1,410	653	837	3,062	10,558
Contract assets (gross) (\$'000)	6,651	—	—	—	—	—	6,651
Loss allowance (\$'000)	1,728	1	1	—	659	353	2,742
<b>31 December 2018</b>							
Expected credit loss rates	0%	0%	0%	0%	0.07%	8.30%	0.59%
Trade receivables (gross) (\$'000)	2,185	872	866	861	1,514	735	7,033
Contract assets (gross) (\$'000)	3,534	—	—	—	—	—	3,534
Loss allowance (\$'000)	—	—	—	—	1	61	62

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**28 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

Advance payment to suppliers, other receivables and deposits (Note 12)

As of 31 December 2020, the Company recorded advance payment to suppliers, other receivables and deposits of approximately \$507,000 (2019 and 2018: \$885,000 and \$7,000), \$87,000 (2019 and 2018: \$174,000 and \$122,000) and \$318,000 (2019 and 2018: \$217,000 and \$181,000) respectively. The Company assessed the loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the advance payment to suppliers, other receivables and deposits, the Group considered amongst other factors, the financial position of the these receivables as of 31 December 2020, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

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**28 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables and contracts assets is as follows:

Group	Trade receivables		Contract assets		Other receivables			
	Note (i) \$'000	Category 4 \$'000	Total \$'000	Note (i) \$'000	Category 4 \$'000	Total \$'000	Note (i) \$'000	Total \$'000
<b>Loss allowance</b>								
Balance at 1 January 2018	–	58	58	–	–	–	–	–
Impairment loss recognised	4	–	4	–	–	–	–	–
<b>Balance at 31 December 2018</b>	4	58	62	–	–	–	–	–
Impairment loss recognised	10	945	955	–	1,725	1,725	–	–
<b>Balance at 31 December 2019</b>	14	1,003	1,017	–	1,725	1,725	–	–
New financial assets recognised	–	–	–	–	(909)	(909)	–	–
Impairment loss recognised	121	857	978	–	823	823	–	–
<b>Balance at 31 December 2020</b>	135	1,860	1,995	–	1,639	1,639	–	–
<b>Gross carrying amount</b>								
At 31 December 2018	3,889	3,144	7,033	3,534	–	3,534	310	310
At 31 December 2019	3,576	6,982	10,558	6,651	1,725	8,376	1,276	1,276
At 31 December 2020	4,248	3,905	8,153	13,223	1,639	14,862	912	912
<b>Net carrying amount</b>								
At 31 December 2018	3,885	3,086	6,971	3,534	–	3,534	310	310
At 31 December 2019	3,562	5,967	9,529	6,651	–	6,651	1,276	1,276
At 31 December 2020	4,113	2,176	6,289	13,223	–	13,223	912	912

**Note**

- (i) For trade receivables and contract assets, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

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**28 Financial instruments and financial risks (Continued)**

***Credit risk (Continued)***

The Group's impaired trade receivables at 31 December 2020 had a gross carrying amount of \$3,905,000 (2019 and 2018: \$6,982,000 and \$3,144,000). The impairment losses of the Group related to several customers that the Group was not expecting to be able to collect the outstanding balances, mainly due to economic circumstances.

***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments:

	<b>Effective interest rate</b>	<b>Less than 1 year</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	%	\$'000	\$'000	\$'000	\$'000
<b><u>Undiscounted Financial Assets</u></b>					
Cash and bank balances		1,603	–	–	1,603
Trade and other receivables		6,931	–	–	6,931
<b>As at 31 December 2020</b>		<b>8,534</b>	<b>–</b>	<b>–</b>	<b>8,534</b>
Cash and bank balances		307	–	–	307
Trade and other receivables		9,932	–	–	9,932
<b>As at 31 December 2019</b>		<b>10,239</b>	<b>–</b>	<b>–</b>	<b>10,239</b>
Cash and bank balances		3,241	–	–	3,241
Trade and other receivables		7,403	–	–	7,403
<b>As at 31 December 2018</b>		<b>10,644</b>	<b>–</b>	<b>–</b>	<b>10,644</b>
<b><u>Undiscounted Financial Liabilities</u></b>					
Trade and other payables		10,955	–	–	10,955
Lease liabilities (Note 20)	5.41%	46	207	558	811
Bank borrowings (Note 19)	4.27%	2,955	5,319	1,002	9,276
<b>As at 31 December 2020</b>		<b>13,956</b>	<b>5,526</b>	<b>1,560</b>	<b>21,042</b>
Trade and other payables		11,157	–	–	11,157
Lease liabilities (Note 20)	5.41%	39	191	590	820
Bank borrowings (Note 19)	4.55%	3,730	714	1,103	5,547
<b>As at 31 December 2019</b>		<b>14,926</b>	<b>905</b>	<b>1,693</b>	<b>17,524</b>
Trade and other payables		6,035	–	–	6,035



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**28 Financial instruments and financial risks (Continued)**

*Liquidity risk (Continued)*

	Effective interest rate	Less than 1 year	2 to 5 years	Over 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000
Lease liabilities (Note 20)	4.08%	28	12	–	40
Bank borrowings (Note 19)	4.45%	1,227	826	1,209	3,262
<b>As at 31 December 2018</b>		7,290	838	1,209	9,337
<b>Net contractual undiscounted cash flows</b>					
- at 31 December 2020		(5,422)	(5,526)	(1,560)	(12,508)
- at 31 December 2019		(4,687)	(905)	(1,693)	(7,285)
- at 31 December 2018		3,354	(838)	(1,209)	1,307

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relate to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

The Group's interest rate risk arise primarily from the floating rate borrowings with financial institutions.

At the reporting date, the Group's floating rate borrowings are disclosed as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Term loan	7,278	1,559	1,659
Trust receipts	1,303	2,438	138
	<u>8,581</u>	<u>3,997</u>	<u>1,797</u>

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**28 Financial instruments and financial risks (Continued)**

***Market risk (Continued)***

*Interest rate sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for bank deposits and interest-bearing financial liabilities at the end of the financial year and the stipulated change taking place at the beginning of the year and held constant throughout the financial year in the case of instruments that have floating rates. A 100-basis point increase or decrease is used and represents management's assessment of the possible change in interest rates.

A change of 100 basis points (bps) in interest rates at the reporting date would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
100 bp decrease	71	33	15
100 bp increase	(71)	(33)	(15)

**29 Fair value of assets and liabilities**

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables are approximate their respective fair values due to the relative short term maturity of these financial instruments. The carrying amounts of the bank borrowings and finance lease payables approximate their fair values as they are subjected to floating interest rates and at prevailing market rate respectively.

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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**29 Fair value of assets and liabilities (Continued)**

**Level 3**

**Investment property**

The investment property were valued using the market comparable approach which estimates the properties' fair value based on comparable transactions and used in combination with term and reversion method.

The market comparable approach estimates the property's fair value based on comparable transactions. The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing lease with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates. The market comparable approach is often used in combination with the reversion method as many inputs to the method are based on market comparison.

*Summary of the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.*

<u>Description</u>	<u>Valuation technique(s)</u>	<u>Unobservable inputs</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
			\$	\$	\$
<b>Investment property:</b>					
Commercial	Market comparable approach	Price per sqm	3,947	3,947	3,947

**Valuation policies and procedures**

The management oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

It is the Group's policy that where assessed necessary by the local management, the Group would engage experts to perform significant financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS(I) 13 *Fair Value Measurement* guidance.

The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then presented to the Board of Directors for approval.

During the financial year, there is no change in the applicable valuation techniques.

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**30 Capital management policies and objectives**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings and lease liabilities disclosed in Note 19 and 20 and equity attributable to owners of the Company, comprising issued capital as disclosed in Note 22.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2018 and 2019.

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus lease liabilities less cash and cash equivalents.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$'000	\$'000	\$'000
Net debt/(cash)	8,484	6,060	61
Total equity	12,695	8,750	9,778
Gearing ratio	<u>67%</u>	<u>69%</u>	<u>&lt;1%</u>

**31 Events subsequent to reporting period**

- (a) On 7 July 2021, Digo Corporation Pte. Ltd. entered into a sale and purchase agreement with a related party in relation to the disposal of the investment property located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium Singapore 757047, for a consideration of \$0.75 million, and the disposal was completed on 30 July 2021.
- (b) On 30 August 2021, Digo Corporation Pte. Ltd. entered into an option to purchase agreement with an unrelated third party in relation to the disposal of the property located at 32 Woodlands Industrial Park E1, Singapore 737723, for a consideration of \$5.0 million, and the disposal was completed on 6 December 2021.
- (c) On 20 December 2021, Digo Corporation Pte. Ltd declared and paid an interim dividend of \$4.0 million in respect of FY2021 to its shareholders.

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**APPENDIX B**  
**THE UNAUDITED INTERIM CONDENSED COMBINED**  
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**ENDED 30 JUNE 2021**

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**ENDED 30 JUNE 2021**

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21 January 2022

The Board of Directors  
Alpina Holdings Limited  
54 Senoko Road,  
Woodlands East Industrial Estate,  
Singapore 758118

Dear Sirs,

**Report on the review of interim condensed combined financial statements**

*Introduction*

We have reviewed the accompanying unaudited interim condensed combined financial statements of Alpina Holdings Limited (the “Company”) and its subsidiary (the “Group”), which comprise the unaudited interim condensed combined statement of financial position of the Group as at 30 June 2021, and the related unaudited interim condensed combined statements of comprehensive income, changes in equity and cash flows of the Group for the financial period from 1 January 2021 to 30 June 2021, and selected explanatory notes, as set out on pages B3 to B26. Management is responsible for the preparation and fair presentation of the unaudited interim condensed combined financial statements in accordance with the Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

*Scope of review*

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International), 1-34 *Interim Financial Reporting*.

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THE UNAUDITED INTERIM CONDENSED COMBINED  
FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD  
ENDED 30 JUNE 2021**

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**Report on the review of interim condensed combined financial statements (Continued)**

**Restriction of Distribution and Use**

This report has been prepared solely for inclusion in the offer document to be issued in relation to the proposed offering of shares of the Company in connection with the proposed listing of the Company on the Catalist of Singapore Exchange Securities Trading Limited and for no other purpose.

**MAZARS LLP**

Public Accountants and  
Chartered Accountants

Singapore

Partner in charge: Ooi Chee Keong  
A member of the Institute of Singapore Chartered Accountants



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**THE UNAUDITED INTERIM CONDENSED COMBINED**  
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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENTS OF**  
**PROFIT OR LOSS AND PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

	<u>Note</u>	<u>1 January 2021 to 30 June 2021</u>	<u>1 January 2020 to 30 June 2020</u>
		<b>(Unaudited)</b> \$'000	<b>(Unaudited)</b> \$'000
<b>Revenue</b>	6	25,296	14,321
Cost of sales		(18,537)	(10,532)
Gross profits		6,759	3,789
Other income	7	162	102
Distribution costs		(23)	(35)
Administrative expenses		(1,823)	(2,521)
Finance costs	8	(190)	(131)
<b>Profit before income tax</b>	9	4,885	1,204
Income tax expense	10	(831)	(312)
<b>PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>4,054</u>	<u>892</u>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<u>4,054</u>	<u>892</u>
Basic and diluted earnings per share (cents)	11	<u><b>2.66</b></u>	<u><b>0.59</b></u>

*The accompanying notes form an integral part of and should be read in conjunction  
with these unaudited interim condensed combined financial statements.*

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	<u>Note</u>	<b>30 June 2021</b>	<b>31 December 2020</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	3,289	1,603
Trade and other receivables	13	6,593	7,607
Contract assets	14	12,239	13,223
Inventories	15	635	992
		22,756	23,425
<b>Non-current assets</b>			
Property, plant and equipment	16	11,499	9,781
Right-of-use assets	21	753	784
Investment property	17	720	737
Investment in a joint venture	18	*	*
		12,972	11,302
<b>Total assets</b>		35,728	34,727
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	19	7,539	10,955
Contract liabilities	14	520	520
Borrowings	20	3,496	2,955
Lease liabilities	21	48	46
Income tax payable		610	388
		12,213	14,864
<b>Non-current liabilities</b>			
Borrowings	20	5,912	6,321
Lease liabilities	21	741	765
Deferred tax liabilities	22	113	82
		6,766	7,168
<b>Capital and reserves</b>			
Share capital	23	3,350	3,350
Accumulated profits		13,399	9,345
Total equity		16,749	12,695
<b>Total liabilities and equity</b>		35,728	34,727

\* Denotes amount less than \$1,000

*The accompanying notes form an integral part of and should be read in conjunction  
with these unaudited interim condensed combined financial statements.*

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

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	<b>Share capital</b>	<b>Accumulated profits</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2020</b>	2,850	5,900	8,750
Profit for the year, representing total comprehensive income for the year	–	5,045	5,045
Issue of shares	500	–	500
Dividend paid (Note 25)	–	(1,600)	(1,600)
<b>Balance at 31 December 2020</b>	3,350	9,345	12,695
Profit for the period, representing total comprehensive income for the period	–	4,054	4,054
<b>Balance at 30 June 2021 (Unaudited)</b>	<u>3,350</u>	<u>13,399</u>	<u>16,749</u>

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

	1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020
	(Unaudited) \$'000	(Unaudited) \$'000
<b>Operating activities</b>		
Profit before income tax	4,885	1,204
Adjustments for:		
– Depreciation of property, plant and equipment	571	585
– Depreciation of investment property	17	17
– Depreciation of right-of-use assets	31	28
– Interest expense	190	131
– Interest income	(1)	(1)
– Changes in allowance on trade receivables	152	925
– (Gain)/loss on disposal/write-off of property, plant and equipment, net	(20)	15
Operating cash flows before movements in working capital	5,825	2,904
Changes in working capital:		
– Trade receivables	385	784
– Other receivables	477	411
– Inventories	357	(244)
– Trade payables	(1,812)	(2,875)
– Other payables	(1,517)	(602)
– Contract assets/(liabilities)	984	2,329
– Amount due to directors	(87)	(335)
Cash generated from operations	4,612	2,372
– Tax paid	(578)	(248)
Net cash generated from operating activities	4,034	2,124
<b>Investing activities</b>		
– Acquisition of property, plant and equipment	(1,680)	(66)
– Interest income	1	1
– Proceeds on disposal of property, plant and equipment	83	17
Net cash used in investing activities	(1,596)	(48)
<b>Financing activities</b>		
– Repayment of lease liabilities	(44)	(42)
– Repayments of borrowings	(4,044)	(5,207)
– Proceeds from borrowings	3,504	9,291
– Proceeds on issue of shares	–	500
– Dividends paid	–	(1,200)
– Interest paid	(168)	(109)
Net cash (used in)/generated from financing activities	(752)	3,233
Net increase in cash and cash equivalents	1,686	5,309
Cash and cash equivalents at beginning of period	1,603	307
Cash and cash equivalents at the end of the period	3,289	5,616

*The accompanying notes form an integral part of and should be read in conjunction with these unaudited interim condensed combined financial statements.*

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**Reconciliation of liabilities arising from financing activities:**

	At beginning of financial period	Financing cashflows <sup>1</sup>	Non-cash movements		At end of financial period
			Acquisition of plant and equipment	Interest expense	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2021</b>					
<b>Liabilities</b>					
Bank borrowings	9,276	(540)	672	–	9,408
Lease liabilities	811	(44)	–	22	789
<b>30 June 2020</b>					
<b>Liabilities</b>					
Bank borrowings	5,547	4,084	–	–	9,631
Lease liabilities	820	(42)	–	22	800

<sup>1</sup> Net of proceeds of amount due from/to related parties, from interest bearing borrowings, repayment of interest bearing borrowings, interest paid and repayment of finance leases.

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1 General**

Alpina Holdings Limited (the “Company”) (Registration Number 202138650H) was incorporated on 8 November 2021 and is domiciled in Singapore with its principal place of business and registered office address at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. The Company was incorporated for the purpose of acquiring the existing operating entities pursuant to the restructuring exercise as disclosed in Note 2 to the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

The principal activity of the Company is that of investment holding.

The detail of its operating entities are disclosed as follows:

<u>Company name</u>	<u>Registration number</u>	<u>Principal activities</u>
Digo Corporation Pte. Ltd.	200313006C	Provision of electrical works and general building engineering design and consultancy services
Kontourz Pte. Ltd.	200719021E	General building engineering design and consultancy services
Digo Building Construction Pte. Ltd.	201714612N	General contractors and building construction including major upgrading works

**2 Summary of significant accounting policies**

**2.1 Basis of preparation**

The unaudited interim condensed combined financial statements of the Group have been prepared in accordance with the provisions of the Singapore Financial Reporting Standards (International) Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* (“SFRS(I) 1-34”).

The unaudited interim condensed combined financial statements do not include the information and full disclosures normally included in a complete set of financial statements and should be read in conjunction with the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

The unaudited interim condensed combined financial statements of the Group is presented in Singapore dollar (the “\$’000”) which is also the functional currency of the Company.

The unaudited interim condensed combined financial statements have been prepared on the historical cost convention except as disclosed in the accounting policies in the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020, and are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

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**2 Summary of significant accounting policies (Continued)**

**2.1 Basis of preparation (Continued)**

The accounting policies and methods of computation used in the unaudited interim condensed combined financial statements are consistent with those applied in the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020. These accounting policies are set out in Note 3 to the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

In the current financial period, the Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) including related Interpretations of SFRS(I) (“SFRS(I) INT”) that are relevant to its operations and effective for financial periods beginning on or after 1 January 2021. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group’s accounting policies, and has no material effect on the amounts reported for the current or prior period’s unaudited interim condensed combined financial statements and is not expected to have material effect on future periods.

*SFRS(I) and SFRS(I) INT issued but not yet effective*

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

<b>SFRS (I)</b>	<b>Title</b>	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: <i>Definition of Accounting Estimates</i>	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023

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**2 Summary of significant accounting policies (Continued)**

**2.1 Basis of preparation (Continued)**

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group in the period of their initial adoption.

**3 Restructuring**

There has been no changes to the restructuring as disclosed in the Note 2 to the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

**4 Critical accounting judgements and key sources of estimation uncertainties**

The critical accounting judgements and key sources of estimation uncertainty made by management remains unchanged from the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

**5 Financial instruments and financial risks**

There has been no change in the financial risk management of the Group and the Group's overall capital risk management remains unchanged and has been disclosed in the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

**6 Revenue**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited) \$'000</b>	<b>(Unaudited) \$'000</b>
Recognised over time		
– Construction contracts	25,296	14,321

Geographic market information in relation to revenue of the Group is not presented as the Group's revenue is substantially derived from Singapore.



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**6 Revenue (Continued)**

**Transaction price allocated to the remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Aggregate amount of the transaction price allocated to revenue contracts for contracts that are partially unsatisfied as at the reporting date	103,689	101,549

**7 Other income**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange gain/(loss)	10	(1)
Interest income	1	1
Rental income	12	–
Gain/(loss) on disposal of property, plant, and equipment	20	(15)
Government grants	111	111
Others	8	6
	<u>162</u>	<u>102</u>

**8 Finance costs**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on leases liabilities	22	22
Interest on borrowings	168	109
	<u>190</u>	<u>131</u>

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**9 Profit before income tax**

The following charges were included in the determination of profit before income tax:

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees paid to auditors:		
– Auditor of the Company	16	16
Cost of inventories recognised as an expense	4,720	2,580
Depreciation of property, plant and equipment	571	585
Depreciation of investment property	17	17
Depreciation of right of uses	31	28
Directors' remuneration other than fees:		
– Short-term benefits	395	442
– Defined contribution plan	22	22
Staff costs:		
– Wages and salaries	7,733	5,130
– Defined contribution plan	272	226
Loss allowance on trade receivables	152	925
	<u>152</u>	<u>925</u>

**10 Income tax**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Current income tax	800	336
Deferred tax	31	(24)
	<u>831</u>	<u>312</u>

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2020: 17%).

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**10 Income tax (Continued)**

**Reconciliation of effective tax rate**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax	4,885	1,204
Tax expense at tax rate of 17%	830	204
Income not subject to tax	(13)	(73)
Expenses not deductible for tax purpose	45	54
Tax relief	(17)	(17)
Deferred tax assets not recognised	14	173
Utilisation of previously unrecognised deferred tax assets	(53)	(5)
Others	25	–
	<u>831</u>	<u>336</u>

**11 Basic and Diluted earnings per share**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit attributable to the owners of the Company	4,054	892
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in units)	152,340,000	152,340,000
Basic and diluted earnings per share (cents per share)	<u>2.66</u>	<u>0.59</u>

**12 Cash and cash equivalents**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at banks	3,276	1,593
Cash on hand	13	10
	<u>3,289</u>	<u>1,603</u>

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**13 Trade and other receivables**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables		
– third parties	7,680	8,149
– related parties	88	4
Loss allowance	(2,146)	(1,995)
	<u>5,622</u>	<u>6,158</u>
Advance payment to suppliers		
– third parties	–	20
– related party	183	487
Other receivables	185	87
Grant receivable	151	368
Deposits	301	318
Prepayments	151	169
	<u>6,593</u>	<u>7,607</u>

Trade receivables are unsecured, non-interest bearing and generally ranges between 30 to 90 days (2020: 30 to 90 days) credit terms. Trade receivables are denominated in Singapore Dollars.

Advance payment to suppliers is pertaining to advance payment made to suppliers for purchase of inventories.

Other receivables are unsecured, non-interest bearing and repayable on demand.

Trade and other receivables are denominated in Singapore Dollars.

**14 Contract assets/(liabilities)**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Contract assets	13,878	14,862
Loss allowance	(1,639)	(1,639)
	<u>12,239</u>	<u>13,223</u>
Contract liabilities	(520)	(520)
	<u>11,719</u>	<u>12,703</u>

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**14 Contract assets/(liabilities) (Continued)**

Contract assets represent the unbilled amount for work completed to date. The amount is transferred to trade receivable when the right to bill becomes unconditional upon receipts of the architects' certification. This typically occurs when the construction milestones are achieved.

Contract liabilities represent the progress billings exceed costs incurred plus recognised profits. The amount is recognised as revenue when the Group performs the underlying performance obligations under the contract.

The significant changes in the contract assets and contract liabilities during the period are as follows:

<u>Contract assets</u>	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of the period	13,223	6,651
Contract assets reclassified to trade receivables that was included in the contract asset balance at the beginning of the period	(9,149)	(6,952)
Increases due revenue recognised to date but has not been invoiced to the customer as at financial year end	8,165	13,610
Loss allowance recognised during the period	–	(86)
	12,239	13,223

<u>Contract liabilities</u>	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning and end of the period	520	520

**15 Inventories**

	<b>30 June 2021 (Unaudited)</b>	<b>31 December 2020 (Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Material and consumable tools	635	992

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**16 Property, plant and equipment**

	Computers and software	Furniture and office equipment	Machinery, tools and equipment	Motor Vehicle	Renovation	Property under construction	Leasehold properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>								
At 1 January 2020	324	207	1,563	5,294	138	2,337	4,162	14,025
Additions	25	—	18	898	—	2,569	—	3,510
Disposals	(94)	(94)	(127)	(520)	—	—	—	(835)
At 31 December 2020	255	113	1,454	5,672	138	4,906	4,162	16,700
Additions	16	—	—	672	—	1,664	—	2,352
Disposals	—	—	—	(336)	—	—	—	(336)
At 30 June 2021	271	113	1,454	6,008	138	6,570	4,162	18,716
<b>Accumulated depreciation:</b>								
At 1 January 2020	286	206	656	2,865	138	—	2,207	6,358
Charge for the year	53	1	260	755	—	—	57	1,126
Disposals	(94)	(94)	(95)	(282)	—	—	—	(565)
At 31 December 2020	245	113	821	3,338	138	—	2,264	6,919
Charge for the period	15	—	131	397	—	—	28	571
Disposals	—	—	—	(273)	—	—	—	(273)
At 30 June 2021	260	113	952	3,462	138	—	2,292	7,217
<b>Carrying amounts:</b>								
At 30 June 2021	11	—	502	2,546	—	6,570	1,870	11,499
At 31 December 2020	10	—	633	2,334	—	4,906	1,898	9,781

During the financial period, the Group acquired property, plant and equipment for an aggregate of approximately \$2,352,000 (2020: \$3,510,000) of which approximately \$672,000 (2020: \$836,000) was acquired by means of a lease. The Group's plant and machinery, leasehold land and buildings with a carrying amount of approximately \$2,635,000 (2020: \$2,553,000) were pledged to secure bank borrowings (Note 20).

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**17 Investment property**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost:</b>		
At beginning and end of period	903	903
<b>Accumulated depreciation:</b>		
At beginning of period	166	133
Addition	17	33
At end of period	183	166
<b>Carrying amount:</b>		
At beginning of period	737	770
At end of period	720	737
<b>Fair value:</b>		
At end of period	750	900

The fair value of investment property are determined by internal assessment based on estimated open market values of the property transacted within the same vicinity (Level 3 fair value hierarchy).

Details of the investment property is as follow:

<b>Location</b>	<b>Site area (Sq. m)</b>	<b>Tenure</b>
61 Woodlands Industrial Park E9, #05-13 E9 Premium Singapore 757047	228	Leasehold estate of 30 years commencing 28 October 2013

**18 Investment in a joint venture**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment in joint ventures	*	*
Share of post-acquisition results	*	*
	*	*

\* Denotes amount less than \$1,000

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**18 Investment in a joint venture (Continued)**

Details of the joint ventures are as follows:

<u>Name of joint venture</u>	<u>Place of establishment and business</u>	<u>Principal activities</u>	<u>Effective equity held by the</u>	
			<u>2021</u>	<u>2020</u>
Cypark-Digo JV Solar Pte. Ltd. <sup>(1)</sup>	Singapore	Dormant	51%	51%

<sup>(1)</sup> The unaudited account has been used for the purpose equity accounting as it is not material to the Group's combined financial statements. On 7 December 2021, the Group struck off this entity from the Register of Accounting and Corporate Regulatory Authority (ACRA) pursuant to Section 344 of the Companies Act 1967 of Singapore. The joint venture has no business activities since the date of incorporation.

**19 Trade and other payables**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables – third parties	4,756	6,307
Trade payables – related parties	186	447
	<u>4,942</u>	<u>6,754</u>
Amount due to directors	32	119
Accruals	1,779	1,944
Deferred grant income	449	535
GST payables	17	–
Retention payables	224	72
Other payables – third parties	96	1,531
	<u>7,539</u>	<u>10,955</u>

The average credit period on purchases of goods generally ranges between 30 to 90 days (2020: 30 to 90 days). No interest is charged on the trade payables.

Accruals mainly consist of accrued operating expenses.

Amount due to directors and other payables are non-trade in nature, unsecured, interest-free, repayable on demand

Other payables are mainly arising from the subcontractor costs for the property under construction. It is non-trade in nature, unsecured, interest-free, repayable on demand.

Trade and other payables are denominated in Singapore Dollars.



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**20 Borrowings**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Secured</u>		
Term loans	6,563	7,278
Trust receipts	1,146	1,303
Finance leases	1,219	687
<u>Unsecured</u>		
Others	480	8
	9,408	9,276
Less:		
Current	(3,496)	(2,955)
Non-current	5,912	6,321

During the financial period, the average effective interest rates per annum of the borrowings were as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>%</b>	<b>%</b>
<u>Secured</u>		
Term loans	1.49–4.00	3.00–4.48
Trust receipts	2.56–5.75	2.57–5.75

As at 31 December 2020 and 30 June 2021, where applicable, unless otherwise stated in the financial statements, the secured term loans and trust receipts were supported by:

- (i) Legal mortgage on leasehold property, renovation, and plant and equipment (Note 16); and
- (ii) Guarantees by certain shareholders and directors.

Bank borrowings are denominated in the Singapore Dollars.

As at 30 June 2021 and 31 December, the Group had credit facilities as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Facilities granted	25,054	22,324
Facilities utilised	9,408	9,276

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**21 Leases**

The Group leases land under a 19-year lease arrangement, with no option to renew the lease after that date. Lease payments are made annually and are subjected to revision every year based on the prevailing market rate but any increase will not exceed 3% of the annual rent in the immediate preceding year. The Group is restricted from entering into any sublease arrangement for this lease.

The Group leases land and certain office equipment for two to five years and rentals are fixed for an average of two to five years.

The Group leases certain office equipment for seven to ten years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under such leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

Recognition exemptions

The Group has certain IT equipment, short-term rental of workers' dormitory and office equipment with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset are as follows:

	<b>Leasehold Land</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January 2020	749	59	808
Addition	–	31	31
Depreciation	(40)	(15)	(55)
At 31 December 2020	709	75	784
Depreciation	(20)	(11)	(31)
At 30 June 2021	689	64	753

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**21 Leases (Continued)**

(b) Lease liabilities

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	48	46
Non-current	741	765
	<u>789</u>	<u>811</u>

(c) Amount recognised in profit or loss

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	22	43
Expenses relating to short term leases	530	1,023
	<u>530</u>	<u>1,023</u>

**22 Deferred tax liabilities**

	<b>Accelerated tax depreciation</b>
	<b>\$'000</b>
Balance at 1 January 2020	92
Charged to profit or loss for the period (Note 10)	(10)
Balance at 31 December 2020	<u>82</u>
Charged to profit or loss for the period (Note 10)	31
Balance at 30 June 2021	<u>113</u>

**23 Share Capital**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning and end of the period	<u>3,350</u>	<u>3,350</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

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**24 Significant related party transactions**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
  
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

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**24 Significant related party transactions (Continued)**

*Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the financial period was as follows:

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	396	527
Post-employment benefits	22	32
	<u>418</u>	<u>559</u>

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group with its related parties during the financial period:

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Purchase of goods and services	601	408

**25 Dividends**

During the year ended 31 December 2020, Digo Corporation Pte Ltd declared approximately \$1,600,000 dividends to its shareholders.

**26 Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

Management considers that the entire Group's operations constitute a single segment which is in the business of property construction in Singapore. Management assesses the performance of the Group's operations based on the profit before tax, total assets and total liabilities which are measured in a manner consistent with that of the combined financial statements.

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**26 Segment information (Continued)**

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under SFRS(I) 8.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under SFRS(I) 8 are therefore as follows:

- (1) Integrated building services ("IBS")
- (2) Mechanical and electrical ("M&E")
- (3) Alteration and addition ("A&A")

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating maker for the purpose of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited) \$'000</b>	<b>(Unaudited) \$'000</b>
<b>Segment revenue</b>		
– IBS	19,057	11,452
– M&E	4,798	1,072
– A&A	1,441	1,797
Total	25,296	14,321

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**26 Segment information (Continued)**

	<b>1 January 2021 to 30 June 2021</b>	<b>1 January 2020 to 30 June 2020</b>
	<b>(Unaudited) \$'000</b>	<b>(Unaudited) \$'000</b>
<b>Segment results</b>		
Profit from operations:		
– IBS	5,908	3,443
– M&E	561	59
– A&A	290	287
Total	6,759	3,789
Other income	162	102
Distribution expenses	(23)	(35)
Administrative expenses	(1,823)	(2,521)
Finance cost	(190)	(131)
Profit before income tax	4,885	1,204
Income tax expense	(831)	(312)
Profit for the period	4,054	892

**27 Fair value of assets and liabilities**

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

**28 Capital management policies and objectives**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings and lease liabilities disclosed in Note 20 and 21 and equity attributable to owners of the Company, comprising issued capital as disclosed in Note 23.

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**28 Capital management policies and objectives (Continued)**

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from 2020.

Management monitors capital based on a gearing ratio and the gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus lease liabilities less cash and cash equivalents.

	<b>30 June</b> <b>2021</b>	<b>31 December</b> <b>2020</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>\$'000</b>	<b>\$'000</b>
Net debt	6,908	8,484
Total equity	16,749	12,695
Gearing ratio	41%	67%



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21 January 2022

The Board of Directors  
Alpina Holdings Limited  
54 Senoko Road,  
Woodlands East Industrial Estate,  
Singapore 758118

**Report on the Compilation of Unaudited Pro Forma Combined Financial Information**

We have completed our assurance engagement to report on the compilation of unaudited pro forma combined financial information of Alpina Holdings Limited (the “Company”) and its subsidiaries (the “Group”). The unaudited pro forma combined financial information consists of the unaudited pro forma combined statement of financial position as at 31 December 2020 and 30 June 2021, the unaudited pro forma combined statement of profit or loss and other comprehensive income and the unaudited pro forma combined statement of cash flow for the financial year ended 31 December 2020 and the six-month period ended 30 June 2021, and related notes as set out in pages C9 to C21. The applicable criteria on the basis of which management has compiled the pro forma combined financial information are described in Note 3.

The unaudited pro forma combined financial information has been compiled by management to illustrate the impact of the significant events set out in Note 2 on:

- (i) the Group’s unaudited pro forma combined financial position as at 31 December 2020 and 30 June 2021 as if the significant events had taken place on 31 December 2020 and 30 June 2021 respectively; and
- (ii) the Group’s unaudited pro forma combined financial performance and unaudited pro forma combined statement of cash flow for the financial year ended 31 December 2020 and six-month period ended 30 June 2021 as if the significant events had taken place on 1 January 2020.

As part of this process, information about the Group’s combined financial position as at 31 December 2020 and 30 June 2021, combined financial performance and combined cash flows for the financial year ended 31 December 2020 and the six-month period ended 30 June 2021 have been extracted by management of the Group from the Group’s financial statements for the financial year ended 31 December 2020 and the six-month period ended 30 June 2021, on which an audit report and a review report have been published respectively.

**Management’s Responsibility for the Unaudited Pro Forma Combined Financial Information**

Management is responsible for compiling the unaudited pro forma combined financial information of the Group on the basis of the applicable criteria as described in Note 3.

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**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Singapore Standard on Quality Control (SSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditor's Responsibilities**

Our responsibility is to express an opinion about whether the unaudited pro forma combined financial information of the Group has been compiled, in all material respects, by management on the basis as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Combined Financial Information Included in a Prospectus* ("SSAE 3420") issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma combined financial information of the Group on the basis of the applicable criteria as described in Note 3.

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 combined financial information of the Group, 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 combined financial information of the Group.

The purpose of the unaudited pro forma combined financial information of the Group 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 event or transaction at the respective dates would have been as presented.

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**Auditor’s Responsibilities (Continued)**

A reasonable assurance engagement to report on whether the unaudited pro forma combined financial information of the Group has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by management in the compilation of the unaudited pro forma combined financial information of the Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- (ii) The unaudited pro forma combined financial information of the Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner’s judgement, having regard to the auditors’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information of the Group has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial information of the Group.

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 combined financial information of the Group has been compiled:
  - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”);
  - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma combined financial information of the Group; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information of the Group is appropriate for the purpose of preparing such unaudited pro forma combined financial information.

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**Restriction of Use and Distribution**

This report has been prepared solely for inclusion in the offer document to be issued in relation to the proposed offering of shares of the Company in connection with the proposed listing of the Company on the Catalist of Singapore Exchange Securities Trading Limited and for no other purpose.

**MAZARS LLP**

Public Accountants and  
Chartered Accountants

Singapore

Partner in charge: Ooi Chee Keong  
A member of the Institute of Singapore Chartered Accountants

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**UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020 AND 30 JUNE 2021**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,647	1,889
Trade and other receivables	6,593	7,607
Contract assets	12,239	13,223
Inventories	635	992
	23,114	23,711
<b>Non-current assets</b>		
Property, plant and equipment	9,629	7,883
Right-of-use assets	753	784
Investment in a joint venture	*	*
	10,382	8,667
<b>Total assets</b>	33,496	32,378
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables	7,539	10,955
Contract liabilities	520	520
Borrowings	3,034	2,869
Lease liabilities	48	46
Income tax payable	610	388
	11,751	14,778
<b>Non-current liabilities</b>		
Borrowings	4,957	4,943
Lease liabilities	741	765
Deferred tax liabilities	113	82
	5,811	5,790
<b>Capital and reserves</b>		
Share capital	3,350	3,350
Accumulated profits	12,584	8,460
<b>Total equity</b>	15,934	11,810
<b>Total liabilities and equity</b>	33,496	32,378

\* Denotes amount less than \$1,000

*The accompanying notes form an integral part of this unaudited pro forma financial information.*

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**UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 AND**  
**THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

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	<b>6 months ended</b> <b>30 June</b> <b>2021</b> <b>\$'000</b>	<b>Year ended</b> <b>31 December</b> <b>2020</b> <b>\$'000</b>
<b>Revenue</b>	25,296	37,925
Cost of sales	(18,537)	(27,019)
Gross profits	6,759	10,906
Other income	162	3,422
Distribution costs	(23)	(82)
Administrative expenses	(1,778)	(4,665)
Finance costs	(165)	(335)
<b>Profit before income tax</b>	4,955	9,246
Income tax expense	(831)	(1,086)
<b>Profit for the period/year, representing total</b> <b>comprehensive income for the period/year,</b> <b>attributable to owners of the Company</b>	<u>4,124</u>	<u>8,160</u>
<b>Earnings per share attributable to owners of</b> <b>the Company (cents)</b>		
Basic and diluted	<u>2.71</u>	<u>5.36</u>

*The accompanying notes form an integral part of this unaudited pro forma financial information.*



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**THE REPORT ON THE COMPILATION OF UNAUDITED**  
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**THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND**  
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**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR**  
**ENDED 31 DECEMBER 2020 AND THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

	6 months ended 30 June 2021	Year ended 31 December 2020
	\$'000	\$'000
<b>Operating activities</b>		
Profit before income tax	4,955	9,246
Adjustments for:		
– Depreciation of property, plant and equipment	543	1,069
– Depreciation of investment properties	–	–
– Depreciation of right-of-use assets	31	55
– Interest expense	165	335
– Interest income	(1)	(4)
– Changes in loss allowance on trade receivables	152	978
– Changes in loss allowance on contract assets	–	(86)
– Gain on disposal/write-off of property, plant and equipment, net	(20)	(3,111)
– Gain on disposal of investment property	–	20
Operating cash flows before movements in working capital	5,825	8,502
– Trade receivables	385	2,405
– Other receivables	477	(173)
– Inventories	357	(278)
– Trade payables	(1,812)	820
– Other payables	(1,517)	(520)
– Contract asset/(liabilities)	984	(6,486)
– Amount due from/(to) directors	(87)	(1,222)
Cash generated from operations	4,612	3,048
– Tax paid	(578)	(1,236)
<b>Net cash generated from operating activities</b>	4,034	1,812
<b>Investing activities</b>		
– Interest received	1	4
– Acquisition of property, plant and equipment	(1,680)	(2,674)
– Proceeds on disposal of plant and equipment	83	5,336
– Proceeds on disposal of investment property	–	750
<b>Net cash (used in)/generated from investing activities</b>	(1,596)	3,416
<b>Financing activities</b>		
– Repayment of lease liabilities	(44)	(83)
– Repayment of borrowings	(3,997)	(9,565)
– Proceeds from borrowings	3,504	10,994
– Proceeds on issue of shares	–	500
– Interest paid	(143)	(292)
– Dividends paid	–	(5,200)
<b>Net cash used in financing activities</b>	(680)	(3,646)
<b>Net increase in cash and cash equivalents</b>	1,758	1,582
Cash and cash equivalents at beginning of period/year	1,889	307
<b>Cash and cash equivalents at the end of the period/year</b>	3,647	1,889

*The accompanying notes form an integral part of this unaudited pro forma financial information.*

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**THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND**  
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**UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS FOR THE YEAR**  
**ENDED 31 DECEMBER 2020 AND THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

**Reconciliation of liabilities arising from financing activities:**

	At	<u>Non-cash movements</u>			
	beginning	Financing	Acquisition of		Interest
	of financial	cashflows <sup>1</sup>	plant and	expense	financial
	year	\$'000	equipment	\$'000	year
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2021</b>					
<b>Liabilities</b>					
Bank borrowings	7,812	(493)	672	–	7,991
Lease liabilities	811	(44)	–	22	789
	<u>7,812</u>	<u>(493)</u>	<u>672</u>	<u>22</u>	<u>7,991</u>
<b>31 December 2020</b>					
<b>Liabilities</b>					
Bank borrowings	5,547	1,429	836	–	7,812
Lease liabilities	820	(83)	31	43	811
	<u>5,547</u>	<u>1,429</u>	<u>836</u>	<u>43</u>	<u>7,812</u>

<sup>1</sup> Net of proceeds of repayment of interest bearing borrowings, interest paid and repayment of finance leases

*The accompanying notes form an integral part of this unaudited pro forma financial information.*

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**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**  
**YEAR ENDED 31 DECEMBER 2020 AND THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

**These notes form an integral part of and should be read in conjunction with the accompanying financial statements.**

**1. General**

Alpina Holdings Limited (the “Company”) (Registration Number 202138650H) was incorporated on 8 November 2021 and is domiciled in Singapore with its principal place of business and registered office address at 54 Senoko Road, Woodlands East Industrial Estate, Singapore 758118. The Company was incorporated for the purpose of acquiring the existing operating entities pursuant to the restructuring exercise as disclosed in Note 2 to the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

The principal activity of the Company is that of investment holding.

The detail of its operating entities are disclosed as follows:

<u>Company name</u>	<u>Registration number</u>	<u>Principal activities</u>
Digo Corporation Pte. Ltd.	200313006C	Provision of electrical works and general building engineering design and consultancy services
Kontourz Pte. Ltd.	200719021E	General building engineering design and consultancy services
Digo Building Construction Pte. Ltd.	201714612N	General contractors and building construction including major upgrading works

**2 Significant events**

Save for the following significant events relating to the Group (the “Significant Events”) discussed below, the directors, as at the date of this report, are not aware of other significant acquisitions, disposal of assets and subsidiaries or significant changes made to the capital structure of the Group as at 31 December 2020.

**(a) Disposal of investment property**

On 7 July 2021, Digo Corporation Pte. Ltd. entered into a sale and purchase agreement with a related party in relation to the disposal of the investment property located at 61 Woodlands Industrial Park E9, #05-13 E9 Premium Singapore 757047, for a consideration of \$0.75 million, and the disposal was completed on 30 July 2021.

**(b) Disposal of property**

On 30 August 2021, Digo Corporation Pte. Ltd. entered into an option to purchase agreement with an unrelated third party in relation to the disposal of the property located at 32 Woodlands Industrial Park E1, Singapore 737723, for a consideration of \$5.0 million, and the disposal was completed on 6 December 2021.

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**2 Significant events (Continued)**

**(c) Declaration of dividends**

On 20 December 2021, Digo Corporation Pte. Ltd. declared and paid an interim dividend of \$4.0 million in respect of FY2021 to its then shareholders.

**3 Basis of preparation of the unaudited pro forma combined financial information of the group**

3.1 The unaudited pro forma combined financial information refers to the combined financial information of the Group which is presented in Singapore dollar (“\$”) which is also the functional currency of each subsidiaries within the Group, and all values presented are rounded to the nearest thousand (“\$’000”), unless otherwise indicated. The unaudited pro forma combined financial information has been prepared for illustrative purposes only. It has been prepared based on certain assumptions and after making certain adjustments to show what

(a) the unaudited pro forma combined statement of comprehensive income and unaudited pro forma combined statement of cash flows of the Group for the financial year ended 31 December 2020 and the six-month period ended 30 June 2021 would have been if the significant events as described in Note 2 had been in place since 1 January 2020; and

(b) the unaudited pro forma combined statement of financial position of the Group as at 31 December 2020 and 30 June 2021 would have been if the significant events as described in Note 2 had taken place on 31 December 2020 and 30 June 2021 respectively.

3.2 However, the unaudited pro forma combined financial information of the Group may not give a true picture of the Group’s actual financial position, financial performance and cash flows because of its nature and is not necessarily indicative of the results of the operations and cash flows or the related effects on the financial position that would have been attained had the Group.

3.3 The unaudited pro forma combined financial information of the Group has been compiled based on the following:

(a) the audited combined financial statements of the Group for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 which were prepared in accordance with SFRS(I) and audited by Mazars LLP, Public Accountants and Chartered Accountants Singapore, in accordance with Singapore Standards of Auditing;

(b) the unaudited interim combined financial statements of the Group for the six-month period ended 30 June 2021, which were prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

3.4 The independent auditors’ reports of the aforementioned audited financial statements were not subject to any qualification.

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**4 Statement of pro forma adjustments**

4.1 Unaudited pro forma combined statement of financial position of the Group as at 31 December 2020

	Audited Combined Statement of Financial Position 31.12.2020 \$'000	Unaudited Pro Forma Adjustments Event Note 2(a) \$'000	Unaudited Pro Forma Adjustments Event Note 2(b) \$'000	Unaudited Pro Forma Adjustments Event Note 2(c) \$'000	Unaudited Pro Forma Combined Statement of Financial Position 31.12.2020 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	1,603	333	3,953	(4,000)	1,889
Trade and other receivables	7,607	—	—	—	7,607
Contract assets	13,223	—	—	—	13,223
Inventories	992	—	—	—	992
	23,425	333	3,953	(4,000)	23,711
<b>Non-current assets</b>					
Property, plant and equipment	9,781	—	(1,898)	—	7,883
Right-of-use assets	784	—	—	—	784
Investment property	737	(737)	—	—	—
Investment in joint venture	*	—	—	—	*
	11,302	(737)	(1,898)	—	8,667
<b>Total assets</b>	34,727	(404)	2,055	(4,000)	32,378

\* Denotes amount less than \$1,000

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**4 Statement of pro forma adjustments (Continued)**

4.1 Unaudited pro forma combined statement of financial position of the Group as at 31 December 2020 (Continued)

	Audited Combined Statement of Financial Position 31.12.2020	Unaudited Pro Forma Adjustments Event Note 2(a)	Unaudited Pro Forma Adjustments Event Note 2(b)	Unaudited Pro Forma Adjustments Event Note 2(c)	Unaudited Pro Forma Combined Statement of Financial Position 31.12.2020
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	10,955	—	—	—	10,955
Contract liabilities	2,955	(28)	(58)	—	2,869
Borrowings	46	—	—	—	46
Lease liabilities	388	—	—	—	388
Income tax payable	14,864	(28)	(58)	—	14,778
<b>Non-current liabilities</b>					
Borrowings	6,321	(389)	(989)	—	4,943
Lease liabilities	765	—	—	—	765
Deferred tax liabilities	82	—	—	—	82
	7,168	(389)	(989)	—	5,790
<b>Capital and reserves</b>					
Share capital	3,350	—	—	—	3,350
Accumulated profits	9,345	13	3,102	(4,000)	8,460
Total equity	12,695	13	3,102	(4,000)	11,810
<b>Total liabilities and equity</b>	34,727	(404)	2,055	(4,000)	32,378

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**4 Statement of pro forma adjustments (Continued)**

4.2 Unaudited pro forma combined statement of financial position of the Group as at 30 June 2021

	Unaudited Combined Statement of Financial Position 30.6.2021 \$'000	Unaudited Pro Forma Adjustments Event Note 2(a) \$'000	Unaudited Pro Forma Adjustments Event Note 2(b) \$'000	Unaudited Pro Forma Adjustments Event Note 2(c) \$'000	Unaudited Pro Forma Combined Statement of Financial Position 30.6.2021 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	3,289	353	4,005	(4,000)	3,647
Trade and other receivables	6,593	—	—	—	6,593
Contract assets	12,239	—	—	—	12,239
Inventories	635	—	—	—	635
	22,756	353	4,005	(4,000)	23,114
<b>Non-current assets</b>					
Property, plant and equipment	11,499	—	(1,870)	—	9,629
Right-of-use assets	753	—	—	—	753
Investment property	720	(720)	—	—	—
Investment in joint venture	*	—	—	—	*
	12,972	(720)	(1,870)	—	10,382
<b>Total assets</b>	35,728	(367)	2,135	(4,000)	33,496

\* Denotes amount less than \$1,000

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**4 Statement of pro forma adjustments (Continued)**

4.2 Unaudited pro forma combined statement of financial position of the Group as at 30 June 2021 (Continued)

	Unaudited Combined Statement of Financial Position 30.6.2021 \$'000	Unaudited Pro Forma Adjustments Event Note 2(a) \$'000	Unaudited Pro Forma Adjustments Event Note 2(b) \$'000	Unaudited Pro Forma Adjustments Event Note 2(c) \$'000	Unaudited Pro Forma Combined Statement of Financial Position 30.6.2021 \$'000
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	7,539	—	—	—	7,539
Contract liabilities	3,496	(404)	(58)	—	3,034
Borrowings	48	—	—	—	48
Lease liabilities	610	—	—	—	610
Income tax payable	12,213	(404)	(58)	—	11,751
<b>Non-current liabilities</b>					
Borrowings	5,912	—	(955)	—	4,957
Lease liabilities	741	—	—	—	741
Deferred tax liabilities	113	—	—	—	113
	6,766	—	(955)	—	5,811
<b>Capital and reserves</b>					
Share capital	3,350	—	—	—	3,350
Accumulated profits	13,399	37	3,148	(4,000)	12,584
Total equity	16,749	37	3,148	(4,000)	15,934
<b>Total liabilities and equity</b>	35,728	(367)	2,135	(4,000)	33,496



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**4 Statement of pro forma adjustments (Continued)**

4.3 Unaudited pro forma combined statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2020

	Financial year ended 31 December 2020 of the Group			
	Audited Combined Statements of Profit or Loss and Other Comprehensive Income	Unaudited Pro Forma Adjustments Event Note 2(a)	Unaudited Pro Forma Adjustments Event Note 2(b)	Unaudited Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	37,925	–	–	37,925
Cost of sales	(27,019)	–	–	(27,019)
Gross profits	10,906	–	–	10,906
Other income	397	(20)	3,045	3,422
Distribution costs	(82)	–	–	(82)
Administrative expenses	(4,755)	33	57	(4,665)
Finance costs	(335)	–	–	(335)
<b>Profit before income tax</b>	6,131	13	3,102	9,246
Income tax expense	(1,086)	–	–	(1,086)
<b>Profit for the year representing total comprehensive income for the financial year, attributable to owners of the Company</b>	5,045	13	3,102	8,160

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**4 Statement of pro forma adjustments (Continued)**

4.4 Unaudited pro forma combined statement of profit or loss and other comprehensive income of the Group for the six-month ended 30 June 2021

	Six-month period ended 30 June 2021 of the Group			
	Unaudited Combined Statements of Profit or Loss and Other Comprehensive Income	Unaudited Pro Forma Adjustments Event Note 2(a)	Unaudited Pro Forma Adjustments Event Note 2(b)	Unaudited Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	25,296	–	–	25,296
Cost of sales	(18,537)	–	–	(18,537)
Gross profits	6,759	–	–	6,759
Other income	162	–	–	162
Distribution costs	(23)	–	–	(23)
Administrative expenses	(1,823)	17	28	(1,778)
Finance costs	(190)	7	18	(165)
<b>Profit before income tax</b>	4,885	24	46	4,955
Income tax expense	(831)	–	–	(831)
<b>Profit for the period representing total comprehensive income for the financial period, attributable to owners of the Company</b>	4,054	24	46	4,124

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**4 Statement of pro forma adjustments (Continued)**

4.5 Unaudited pro forma combined statement of cash flows of the Group for the year ended 31 December 2020

	Financial year ended 31 December 2020 of the Group			
	Audited Combined Statement of Cash Flows	Unaudited Pro Forma Statement of Cash Flows	Unaudited Pro Forma Statement of Cash Flows	Unaudited Pro Forma Statement of Cash Flows
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax	6,131	13	3,102	9,246
Adjustments for:				
Depreciation of property, plant and equipment	1,126	—	(57)	1,069
Depreciation of investment property	33	(33)	—	—
Depreciation of right-of-use assets	55	—	—	55
Interest expense	335	—	—	335
Changes in loss allowance on trade receivables	(4)	—	—	(4)
Changes in loss allowance on contract assets	978	—	—	978
Gain on disposal/write-off of property, plant and equipment, net	(86)	—	—	(86)
Gain on disposal of investment property	(66)	—	(3,045)	(3,111)
	—	20	—	20
Operating cash flows before movements in working capital	8,502	—	—	8,502
Trade receivables	2,405	—	—	2,405
Other receivables	(173)	—	—	(173)
Inventories	(278)	—	—	(278)
Trade payables	820	—	—	820
Other payables	(550)	—	—	(550)
Contract asset/(liabilities)	(6,486)	—	—	(6,486)
Amount due to directors	(1,222)	—	—	(1,222)
Cash generated from operations	3,048	—	—	3,048
Tax paid	(1,236)	—	—	(1,236)
<b>Net cash generated from operating activities</b>	<b>1,812</b>	<b>—</b>	<b>—</b>	<b>1,812</b>

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**4 Statement of pro forma adjustments (Continued)**

4.5 Unaudited pro forma combined statement of cash flows of the Group for the year ended 31 December 2020 (Continued)

	Financial year ended 31 December 2020 of the Group			
	Audited Combined Statement of Cash Flows	Unaudited Pro Forma Adjustments Event	Unaudited Pro Forma Adjustments Event	Unaudited Pro Forma Statement of Cash Flows
	\$'000	Note 2(a) \$'000	Note 2(b) \$'000	Note 2(c) \$'000
<b>Investing activities</b>				
Interest received	4	—	—	4
Acquisition of property, plant and equipment	(2,674)	—	—	(2,674)
Proceeds on disposal of property, plant and equipment	336	—	5,000	5,336
Proceeds on disposal of investment property	—	750	—	750
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,334)</b>	<b>750</b>	<b>5,000</b>	<b>3,416</b>
<b>Financing activities</b>				
Repayment of lease liabilities	(83)	—	—	(83)
Repayments of borrowings	(8,101)	(417)	—	(9,565)
Proceeds from borrowings	10,994	—	(1,047)	10,994
Proceeds on issue of shares	500	—	—	500
Interest paid	(292)	—	—	(292)
Dividends paid	(1,200)	—	—	(1,200)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,818</b>	<b>(417)</b>	<b>(1,047)</b>	<b>(3,646)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,296</b>	<b>333</b>	<b>3,953</b>	<b>1,582</b>
Cash and cash equivalents at beginning of year	307	—	—	307
<b>Cash and cash equivalents at the end of the year</b>	<b>1,603</b>	<b>333</b>	<b>3,953</b>	<b>1,889</b>

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**4 Statement of pro forma adjustments (Continued)**

4.6 Unaudited pro forma combined statement of cash flow of the Group for the six-month ended 30 June 2021

	Financial period ended 30 June 2021 of the Group					
	Unaudited Combined Statement of Cash Flows	Unaudited Pro Forma Adjustments Event		Unaudited Pro Forma Statement of Cash Flows		
	\$'000	Note 2(a)	Note 2(b)	Note 2(c)	\$'000	
<b>Operating activities</b>						
Profit before income tax	4,885	24	46	-	4,955	
Adjustments for:						
Depreciation of property, plant and equipment	571	-	(28)	-	543	
Depreciation of investment property	17	(17)	-	-	-	
Depreciation of right-of-use assets	31	-	-	-	31	
Interest expense	190	(7)	(18)	-	165	
Changes in loss allowance on trade receivables	(1)	-	-	-	(1)	
Loss on disposal/write-off of property, plant and equipment, net	152	-	-	-	152	
	(20)	-	-	-	(20)	
Operating cash flows before movements in working capital	5,825	-	-	-	5,825	
Trade receivables	385	-	-	-	385	
Other receivables	477	-	-	-	477	
Inventories	357	-	-	-	357	
Trade payables	(1,812)	-	-	-	(1,812)	
Other payables	(1,517)	-	-	-	(1,517)	
Contract assets/(liabilities)	984	-	-	-	984	
Amount due from/(to) directors	(87)	-	-	-	(87)	
Cash generated from operations	4,612	-	-	-	4,612	
Tax paid	(578)	-	-	-	(578)	
<b>Net cash generated from operating activities</b>	4,034	-	-	-	4,034	

**APPENDIX C**  
**THE REPORT ON THE COMPILATION OF UNAUDITED**  
**PRO FORMA COMBINED FINANCIAL INFORMATION FOR**  
**THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND**  
**THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**  
**YEAR ENDED 31 DECEMBER 2020 AND THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

**4 Statement of pro forma adjustments (Continued)**

4.6 Unaudited pro forma combined statement of cash flow of the Group for the six-month ended 30 June 2021 (Continued)

	Financial period ended 30 June 2021 of the Group				
	Unaudited Combined Statement of Cash Flows	Unaudited Pro Forma Adjustments Event		Unaudited Pro Forma Statement of Cash Flows	\$'000
	\$'000	Note 2(a)	Note 2(b)	Note 2(c)	
<b>Investing activities</b>					
Interest income	1	-	-	-	1
Acquisition of property, plant and equipment	(1,680)	-	-	-	(1,680)
Proceeds on disposal of property, plant and equipment	83	-	-	-	83
<b>Net cash used in investing activities</b>	(1,596)	-	-	-	(1,596)
<b>Financing activities</b>					
Repayment of lease liabilities	(44)	-	-	-	(44)
Repayments of borrowings	(4,044)	13	34	-	(3,997)
Proceeds from borrowings	3,504	-	-	-	3,504
Interest paid	(168)	7	18	-	(143)
<b>Net cash (used in)/generated from financing activities</b>	(752)	20	52	-	(680)
<b>Net increase in cash and cash equivalents</b>	1,686	20	52	-	1,758
Cash and cash equivalents at beginning of period	1,603	333	3,953	(4,000)	1,889
<b>Cash and cash equivalents at the end of the period</b>	3,289	353	4,005	(4,000)	3,647

**APPENDIX C**  
**THE REPORT ON THE COMPILATION OF UNAUDITED**  
**PRO FORMA COMBINED FINANCIAL INFORMATION FOR**  
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**NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**  
**YEAR ENDED 31 DECEMBER 2020 AND THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2021**

**4 Statement of pro forma adjustments (Continued)**

4.7 Our unaudited pro forma combined financial information as at 31 December 2020 and 30 June 2021 included in the unaudited pro forma Report has been prepared on an illustrative basis to show the impact of the Significant Events.

The unaudited pro forma combined financial information of the Group, because of its nature, is not necessarily indicative of the results of the operations, cash flows and financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in Note 2, the management, for the purpose of preparing this set of unaudited pro forma combined financial information of the Group, has not considered the effects of other events.

**5 Earnings per share**

The basic earnings per share is calculated based on the profits attributable to the owners of the Company for each relevant financial year/period and the weighted average number of ordinary shares outstanding as at 30 June 2021 and 31 December 2020 of 152,340,000 shares, for illustrative purposes.

The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<u>Group</u>	
	<b>6 months ended 30.06.2021</b>	<b>Year ended 31.12.2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the financial period/year (attributable to the owner of the Company)	4,124	8,160
Number of shares	152,340,000	152,340,000
Basic and diluted earning per share (Cents)	2.71	5.36

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## **APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION**

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The discussion below provides information about certain provisions of our Constitution and certain aspects of Singapore company law. This description is only a summary and is qualified by reference to the Companies Act and our Constitution.

### **REGISTRATION NUMBER**

We are registered in Singapore with ACRA. Our company registration number is 202138650H.

### **SUMMARY OF OUR CONSTITUTION**

#### **1. Directors**

##### **(a) Ability of interested directors to vote**

###### *Regulation 92(1) – Powers of Directors to contract with Company*

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange or the Act. No Director shall vote in regard to any contract, arrangement or transaction, or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted.

###### *Regulation 92(2) – Relaxation of restriction on voting*

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to this Constitution or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.



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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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### *Regulation 93(3) – Exercise of voting power*

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

### **(b) Remuneration**

#### *Regulation 88(1) – Fees*

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

#### *Regulation 88(2) – Extra remuneration*

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Regulation.

#### *Regulation 88(3) – Remuneration Of Director*

The fees (including any remuneration under Regulation 88(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

#### *Regulation 89 – Expenses*

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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### *Regulation 90 – Pensions to Directors and dependants*

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

### *Regulation 91 – Benefits for employees*

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

### *Regulation 96 – Remuneration Of Chief Executive Officer/Managing Director*

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

### *Regulation 105(1) – Alternate Directors*

Any Director of the Company may at any time appoint any person who is not a Director or Alternate Director and who is approved by a majority of his co-Directors to be his Alternate Director for such period as he thinks fit and may at any time remove any such Alternate Director from office. An Alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

There are no specific provisions in our Constitution relating to a Director's power to vote on remuneration (including pension or other benefits) for himself or herself or for any other Director, and whether the quorum at a meeting of the board of directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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### (c) Borrowing

#### *Regulation 120 – Directors' borrowing powers*

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

### (d) Retirement Age Limit

There is no retirement age limit for Directors under our Constitution.

### (e) Shareholding Qualification

#### *Regulation 87 – Qualifications*

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings.

## 2. Share rights, preferences and restrictions

#### *Regulation 4 – Issue of new shares*

Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Regulation 48, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (or, where permitted under the Act and the listing rules of the Exchange, for no consideration) and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and subject to the Act and the listing rules of the Exchange, any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors Provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of this Constitution.

#### *Regulation 5(1) – Rights attached to certain shares*

Preference shares may be issued subject to such limitations thereof as may be prescribed by the Exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in this Constitution. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

*Regulation 5(2) – Rights attached to certain shares*

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

*Regulation 7(2) – Rights of preference shareholders*

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

*Regulation 17(1) – Entitlement to certificate*

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed two Singapore dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the listing rules of the Exchange). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding two Singapore dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the listing rules of the Exchange) for each such new certificate as the Directors may determine. Where the Member is a Depositor, the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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### *Regulation 22(1) – Directors’ power to decline to register*

There shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, byelaws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.

### *Regulation 48 – Rights and privileges of new shares*

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of this Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

### *Regulation 72(1) – Voting rights of Members*

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 7, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

### *Regulation 72(2)*

Every Member who is present in person or by proxy, attorney or representative shall have one (1) vote for each share which he holds or represents.

### *Regulation 72(3)*

Notwithstanding anything contained in this Constitution, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours before the time of the relevant general meeting or such cut-off time as provided under the Securities and Futures Act (the “**Cut-Off Time**”), whichever is earlier, as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor’s Securities Account at the Cut-Off Time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the Cut-Off Time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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number of shares standing to the credit of that Depositor's Securities Account as at the Cut-Off Time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

### *Regulation 73 – Voting rights of joint holders*

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

### *Regulation 74 – Voting rights of Members of unsound mind*

A Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity, may vote, whether on a show of hands or on a poll, by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, but no person claiming to vote pursuant to this Regulation shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than seventy-two (72) hours before the time appointed for holding the meeting or such cut-off time as provided under the Act, whichever is earlier.

### *Regulation 75 – Right to vote*

Subject to the provisions of this Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a Member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum. Save as expressly provided herein or in the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy at any general meeting.

## **3. Change in capital**

### *Regulation 49(1) – Issue of new shares to Members*

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

### *Regulation 49(2)*

Notwithstanding Regulation 49(1) above but subject to the Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (b) make or grant Instruments; and/or
- (c) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (i) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits and complies with the manner of calculation prescribed by the Exchange;
- (ii) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Constitution; and
- (iii) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

### *Regulation 51(1) – Power to consolidate, cancel and subdivide shares*

The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:–

- (a) consolidate and divide all or any of its shares;



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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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- (b) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
- (c) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one (1) or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (d) subject to the provisions of this Constitution and the Act, convert any class of shares into any other class of shares.

### *Regulation 51(2) – Repurchase of Company’s shares*

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

### *Regulation 52 – Power to reduce capital*

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

## **4. Variation of rights of existing shares or classes of shares**

### *Regulation 7(1) – Variation of rights*

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply, provided always



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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

### *Regulation 8 – Creation or issue of further shares with special rights*

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

## **5. Any time limit after which dividend entitlement will lapse**

### *Regulation 132(1) – Unclaimed dividends*

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

### *Regulation 132(2)*

The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one (1) or more of such ways, and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

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## APPENDIX D SELECTED EXTRACTS OF OUR CONSTITUTION

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### 6. Any limitations on right to own shares

#### *Regulation 12 – No trust recognised*

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

#### *Regulation 21 – Person under disability*

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

#### *Regulation 49(1) – Issue of new shares to Members*

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

There are no limitations imposed by Singapore law or by our Constitution on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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**APPENDIX E**  
**LIST OF PRESENT AND PAST DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS**

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The list of present and past directorships (or equivalent appointments) of each Director over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

<b>Name</b>	<b>Present Directorships</b>	<b>Past Directorships</b>
Mr. Low Siong Yong	<u>Group Companies</u> Digo Corporation	<u>Group Companies</u> Kontourz Digo Building
	<u>Other Companies</u> Skky Investments Vomica HK Star Gain Development Limited Avant Grade Investments Limited Skyhigh Pervade International Limited K-kay Holdings Limited	<u>Other Companies</u> Cypark-Digo JV Solar Pte. Ltd. <sup>(1)</sup> Ji Tian Investments & Trading (S) Pte. Ltd. <sup>(2)</sup> Mercury Environmental Technology (S) Pte. Ltd. Digo Enterprise Sdn Bhd <sup>(3)</sup>
Mr. Tai Yoon On	<u>Group Companies</u> Digo Corporation	<u>Group Companies</u> Nil
	<u>Other Companies</u> Lezo Holdings Star Gain Development Limited Avant Grade Investments Limited Skyhigh Pervade International Limited K-kay Holdings Limited	<u>Other Companies</u> Nil
Mr. Ong Beng Chye	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> ES Group (Holdings) Limited IPS Securex Holdings Limited Hafary Holdings Limited Geo Energy Resources Limited CapAllianz Holdings Limited Appleton Global Private Limited Gem Corp Services Pte. Ltd.	<u>Other Companies</u> Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd. Gem Accounting Pte. Ltd. <sup>(4)</sup> Shin-Omi International Pte. Ltd. <sup>(5)</sup>
Mr. Chan Jer Hiang	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Chan Jer Hiang & Co <sup>(6)</sup>	<u>Other Companies</u> Han Sin Trading Company <sup>(7)</sup>

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**APPENDIX E**  
**LIST OF PRESENT AND PAST DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS**

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Name	Present Directorships	Past Directorships
Mr. Marcus Woon	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Eaton Industries Pte. Ltd.	<u>Other Companies</u> Nil

**Notes:**

- (1) Struck off with effect from 7 December 2021.
- (2) Struck off with effect from 9 July 2018.
- (3) In the process of being struck off.
- (4) Struck off with effect from 4 January 2021.
- (5) Struck off with effect from 7 May 2018.
- (6) Partnership. Mr. Chan Jer Hiang is the partner.
- (7) Sole proprietorship, cancelled with effect from 30 March 2018.

The list of present and past directorships of each Executive Officer (save for the Executive Directors) over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Ms. Gan Wan Ni	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil
Mr. Low Choo Khee	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Nil
Mr. Zhang Liangliang	<u>Group Companies</u> Nil	<u>Group Companies</u> Nil
	<u>Other Companies</u> Nil	<u>Other Companies</u> Altech Integrated Pte. Ltd.

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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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**RHT CAPITAL PTE. LTD.**  
(Company Registration Number: 201109968H)  
(Incorporated in the Republic of Singapore)  
6 Raffles Quay, #24-02  
Singapore 048580

21 January 2022

**Attention: The Audit Committee**

Dear Sirs,

### **INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE IPT GENERAL MANDATE (AS DEFINED HEREIN)**

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*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the offer document of Alpina Holdings Limited dated 21 January 2022 (“Offer Document”).*

#### **1. INTRODUCTION**

This letter has been prepared in relation to the proposed initial public offering and the listing and quotation of the ordinary shares (“**Shares**”) in the capital of Alpina Holdings Limited (“**Company**” together with its subsidiaries, “**Group**”) on the Official List of Catalist (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

It is anticipated that the Group would, on and after the date of admission of the Company to the Catalist, in the ordinary course of business, continue to enter into certain transactions (“**Interested Person Transactions**”) with persons which are considered “interested persons” as defined in Chapter 9 of the Catalist Rules Section B: Rules of the Catalist (“**Catalist Rules**”) of the SGX-ST.

Chapter 9 of the Catalist Rules, however, permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses), that may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.

In view of the above, the Company plans to seek a general mandate for these recurrent Interested Person Transactions (“**IPT General Mandate**”). The IPT General Mandate, if passed, will eliminate, amongst others, the need for the Company to convene separate general meetings on each occasion to seek Shareholders’ approval as and when Interested Person Transactions arise. This will reduce substantially the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the Company’s corporate objectives and adversely affecting the Group’s business opportunities.

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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat the IPT General Mandate as having been given, for the Group to enter into the Interested Person Transactions with the Interested Person, as long as the information required under Rule 920(1)(b) of the Catalist Rules is included in the Offer Document in connection with the proposed listing of the Company on the Catalist of the SGX-ST. By subscribing for the Placement Shares, new Shareholders are deemed to have approved the IPT General Mandate.

Pursuant to Rule 920(1)(b)(v) of the Catalist Rules, in relation to the IPT General Mandate, an independent financial adviser (“**IFA**”) is to be appointed to opine on whether the methods and review procedures for determining transaction prices are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the IFA pursuant to Chapter 9 of the Catalist Rules as well as to advise the Audit Committee to render the following opinions on whether the methods and review procedures for determining the transaction prices of the Mandated Interested Person Transactions (as defined in paragraph 3.1 of this Letter) with the Mandated Interested Person (as defined in paragraph 3.1 of this Letter) under the IPT General Mandate, if adhered to strictly, are sufficient to ensure that all Mandated Interested Person Transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter has been prepared for the use of the Audit committee of the Company in connection with its consideration of the IPT General Mandate to be incorporated into the Offer Document. The statements made by the Audit Committee shall remain the responsibility of the Audit Committee.

### 2. TERMS OF REFERENCE

The purpose of this Letter is to provide an independent opinion, pursuant to Chapter 9 of the Catalist Rules, on whether the methods and review procedures for determining the transaction prices of the Mandated Interested Person Transactions with the Mandated Interested Person under the IPT General Mandate, if adhered to strictly, are sufficient to ensure that all Mandated Interested Person Transactions pursuant to the IPT General Mandate will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the IPT General Mandate or the Mandated Interested Person Transactions contemplated under the IPT General Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to undertake the IPT General Mandate. We do not, by this Letter, warrant the merits of the IPT General Mandate other than to form an opinion on whether the methods and review procedures for determining the transaction prices of the Mandated Interested Person Transactions with the Mandated Interested Person, if adhered to strictly, are sufficient to ensure that all Mandated Interested Person Transactions under the IPT General Mandate will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

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## **APPENDIX F**

### **OPINION OF THE INDEPENDENT FINANCIAL ADVISER**

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In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made by the Directors, the management of the Company and the Company's advisers. We have not independently verified such information, or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness and adequacy of such information. We have nevertheless made such reasonable enquiries and exercised our judgement on the reasonable use of such information as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Offer Document) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Offer Document (which relate to the IPT General Mandate) and the Company are fair and accurate and that there are no material facts or omissions of which would make any statement in the Offer Document (which relate to the IPT General Mandate) misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the methods and review procedures of the IPT General Mandate and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our opinions as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the IPT General Mandate which may be released by the Company after the Latest Practicable Date.

The Company has been separately advised by its own advisers in the preparation of the Offer Document (other than this Letter set out in the Offer Document). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Offer Document (other than this Letter set out in the Offer Document).



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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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This Letter sets out, *inter alia*, our opinions on whether the methods and review procedures for determining the transaction prices of the Mandated Interested Person Transactions with the Mandated Interested Person under the IPT General Mandate, if adhered to strictly, are sufficient to ensure that all Mandated Interested Person Transactions will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders and should be considered in the context of the entirety of this Letter and the Offer Document.

### 3. THE IPT GENERAL MANDATE

The background information on the IPT General Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document. It is envisaged that in the ordinary course of business, transactions between the Mandated Interested Person and the EAR Group may likely to occur from time to time. Such transactions would include, but are not limited to, the obtaining of goods and services from the Mandated Interested Person in the ordinary course of business of the EAR Group.

#### 3.1 Background

The Group is an established Singapore-based contractor specialising in providing IBS, M&E engineering services and A&A works with a long operating history of over seventeen (17) years. The Group has obtained the grading of L6 for its registration under the ME15 (Integrated Building Services) Workhead, which is the highest grading under this Workhead and allows them to participate in tendering and executing IBS projects in the public sector with no tendering limits and project value limits under this Workhead. Further information on the Group’s business is set out in the section entitled “General Information on Our Group – Business Overview” of the Offer Document.

We note that the Group has been purchasing electrical components, lighting equipment and related spare parts from Accentury Pte. Ltd. (“**Accentury**”). The shareholders of Accentury are Ms. Pow Pei San (Ms. Bao Peishan) and Ms. Cheng Chew Hun, who are the spouses of Mr. Low Siong Yong and Mr. Tai Yoon On, and who hold 55.0% and 45.0% of the issued and paid up shares of Accentury, on trust for Mr. Low Siong Yong and Mr. Tai Yoon On respectively. Mr. Low Siong Yong and Mr. Tai Yoon On are directors and controlling shareholders of the Company, and Accentury is deemed to be “interested person” under Chapter 9 of the Catalist Rules. Accordingly, transactions entered into by the EAR Group with Accentury (“**Mandated Interested Person**”) will constitute an interested person transaction under Chapter 9 of the Catalist Rules.

Following the admission of the Company to the Catalist, the Group envisages that in the ordinary course of business, to purchase electrical components, lighting equipment and related spare parts from Accentury to occur from time to time (“**Mandated Interested Person Transactions**”).

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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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### 3.2 Rationale and benefits of the adoption of the IPT General Mandate

It is not within our terms of reference to comment or express an opinion on the merits of the IPT General Mandate or the future prospects of the Group after adoption of the IPT General Mandate. Nevertheless, we have reviewed the rationale for and benefits of the IPT General Mandate, of which the full text of the rationale for and the benefits of the IPT General Mandate can be found in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Rationale for and Benefits of the IPT General Mandate” of the Offer Document, and which are reproduced in italics below:

#### ***“Rationale for and Benefits of the IPT General Mandate***

*Given the nature of our business, we envisage that the Mandated Interested Person Transactions are likely to occur from time to time, in the ordinary course of our business. In view of the time-sensitive and recurrent nature of the Mandated Interested Person Transactions, it would be advantageous for us to obtain the IPT General Mandate to enable the EAR Group to enter into the Mandated Interested Person Transactions, provided that the Mandated Interested Person Transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders. The IPT General Mandate will allow our Group to purchase electrical components, lighting equipment and related spare parts that meet our requirements and specifications from a trusted and established supplier, thereby ensuring the sustainability of our operations.*

*The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek independent Shareholders’ approval, thereby easing administrative and financial costs, without compromising the EAR Group’s business activities.*

*The IPT General Mandate is intended to facilitate transactions in the ordinary course of business of the EAR Group which are transacted from time to time with the Mandated Interested Person, provided that they are carried out on arm’s length basis and are on normal commercial terms, and are not prejudicial to the interests of our Company and our minority Shareholders.*

*In accordance with the requirements of Chapter 9 of the Catalist Rules, we will (a) disclose in our Company’s annual report the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with the Mandated Interested Person pursuant to the IPT General Mandate for the relevant financial periods that we are required to report on pursuant to Rule 705 of the Catalist Rules.”*

### 3.3 Interested person to be covered

The Interested Person to be covered under the IPT General Mandate is Accentury. Accentury is principally engaged in the trading of electric components and lighting equipment. The IPT General Mandate will apply to, including but not limited to the EAR Group’s purchase of electrical components, lighting equipment and related spare parts from Accentury.

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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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### 3.4 Nature and scope of the IPT General Mandate

The IPT General Mandate will cover only such recurrent transactions of a revenue or trading nature or those necessary for the EAR Group's day-to-day operations, which are entered into in the ordinary course of business, specifically, including but not limited to the EAR Group's purchase of electrical components, lighting equipment and related spare parts from Accentury.

For the avoidance of doubt, the IPT General Mandate does not extend to the purchase or sale of assets, undertakings or businesses between the EAR Group and the Mandated Interested Person.

Transactions with Accentury that do not fall within the ambit of the IPT General Mandate will be subject to the requirements of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

### 3.5 Methods and review procedures for Mandated Interested Person Transactions with Mandated Interested Person

To ensure that all Mandated Interested Person Transactions are carried out at an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has established the following procedures for the review and approval of any Mandated Interested Person Transactions under the IPT General Mandate.

The full text of the review procedures for all Mandated Interested Person Transactions going forward are set out in the sections entitled "Interested Person Transactions – General Mandate for Interested Person Transactions – Guidelines and Procedures under the IPT General Mandate", "Interested Person Transactions – General Mandate for Interested Person Transactions – Approval Threshold(s) for Mandated Interested Person Transactions" and "Interested Person Transactions – General Mandate for Interested Person Transactions – Additional Procedures for Interested Person Transactions" of the Offer Document, and which are reproduced in italics below:

#### ***"Guidelines and Procedures under the IPT General Mandate***

*To ensure that the Mandated Interested Person Transactions are carried out on arm's length basis, on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, our Company will implement the following procedures under the IPT General Mandate:*

- (a) All Mandated Interested Person Transactions shall be conducted in accordance with our Group's usual business practices and policies, at the prevailing market rates or prices, and on terms which are no less favourable to our Group as compared to the terms extended by unrelated third-parties (including, where applicable, preferential rates, prices, commissions or discounts accorded to customers or purchasers who have a long-term contract with our Group) or otherwise in accordance with applicable industry norms.*

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**APPENDIX F**  
**OPINION OF THE INDEPENDENT FINANCIAL ADVISER**

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- (b) *For each transaction with the Mandated Interested Person for purchase of electrical components, lighting equipment and related spare parts, the purchasing department will obtain at least two (2) quotations from unrelated third-party suppliers for comparison. We will only purchase from the Mandated Interested Person if the terms offered by the Mandated Interested Person are the same or more favourable than the terms offered by such unrelated third-party suppliers and taking into account other pertinent factors such as the discount offered by the Mandated Interested Person compared to the unrelated third-party suppliers, the size of the order, the quality of the electrical components, lighting equipment and related spare parts, credit terms, track record and reliability of the counterparty and delivery logistics.*
- (c) *Where it is impracticable or not possible for quotations to be obtained from unrelated third party vendors, the price and commercial terms offered by the Mandated Interested Person will be compared to those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Mandated Interested Person to its customers for such products and be based on the commercial merits of the transaction.*

*In the event that it is impractical or impossible to compare the price and commercial terms with those for the same or substantially the same types of transactions entered into between the Mandated Interested Person and third parties, our CFO and our Independent Directors, if each of them has no interest in the transaction, or failing which, our Audit Committee, in accordance with our usual business practices and policies will, subject to the approval thresholds set out below, determine whether the price and terms offered as the case may be, are fair and reasonable. In determining the transaction price payable to the Interested Person for such products and/or services, factors such as, but not limited to, quality, quantity, requirements and specifications will be taken into account.*

*We will obtain a fresh mandate from our Shareholders if the foregoing guidelines and procedures determine transaction prices become inappropriate.*

**Approval Threshold(s) for the Mandated Interested Person Transactions**

*The approval thresholds for each Mandated Interested Person Transaction are as follows:*

<b>Value of Mandated Interested Person Transactions</b>	<b>Approval Authority</b>
<i>Below 3.0% of the latest audited NTA of our Group</i>	<i>CFO</i>
<i>Equal or exceeds 3.0% of the latest audited NTA of our Group</i>	<i>CFO and Audit Committee</i>

*In the review of the Mandated Interested Person Transactions, our Independent Director may at his/her discretion obtain independent advice. If any of the approval authority has an interest in a Mandated Interested Person Transaction, he/she will abstain from any review, deliberation or decision making in respect of that Mandated Interested Person Transaction.*

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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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### ***Additional Procedures for Interested Person Transactions***

*We will also implement the following procedures for the identification of Interested Persons and the record keeping of all Interested Person Transactions:*

- (a) our finance team will maintain a list of Interested Persons and their Associates (which is to be updated immediately if there are any changes) to enable identification of the Interested Persons. The list shall be reviewed on a quarterly basis by our CFO and subject to such verifications or declarations as required by our Audit Committee for such period as determined by them. This list shall be disseminated to all relevant staff for identification of Interested Person Transaction on a timely basis;*
- (b) we will maintain a register of Interested Person Transactions, including the Mandated Interested Person Transactions (the “IPT Register”). The IPT Register will also record any Interested Person Transaction that are below S\$100,000 in value, although such transactions are not required to be aggregated under Chapter 9 of the Catalist Rules. Our CFO shall review the IPT Register on a quarterly basis;*
- (c) all documents related to the Mandated Interested Person Transactions will be filed in a separate file (“IPT Mandate File”) for ease of tracking and monitoring. The IPT Mandate File will contain all forms and checklists in relation to the Mandated Interested Person Transactions. The IPT Mandate File will also contain invoices and payment vouchers in relation to the Mandated Interested Person Transactions. Our CFO will review the IPT Mandate File on a monthly basis;*
- (d) our Audit Committee shall review the IPT Register and the IPT Mandate File on a half-yearly basis (or on such other frequency as our Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the Mandated Interested Person Transactions have been complied with. Such review includes the examination of the transactions and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for additional information pertaining to the transactions under review from independent sources, advisers or valuers as it deems fit;*
- (e) our internal auditors will, on an annual basis, review the IPT Mandate File to ascertain that the guidelines and procedures established for the Mandated Interested Person Transactions have been adhered to. Any discrepancies or significant variances from our Group’s usual business practices and pricing policies will be highlighted to our Audit Committee;*
- (f) if pursuant to the relevant reviews, our Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of our Company are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary (such as, where relevant, to seek a fresh Shareholders’ general mandate for the Mandated Interested Person Transactions) to ensure that the Mandated Interested Person Transactions will be conducted on arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders; and*

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## APPENDIX F OPINION OF THE INDEPENDENT FINANCIAL ADVISER

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(g) *disclosure will be made in the interim announcements and the annual report of our Company in respect of the Mandated Interested Person Transactions in accordance with Chapter 9 of the Catalist Rules.”*

### 3.6 Validity period of the IPT General Mandate

Pursuant to Catalist Rule 920(2), the IPT General Mandate will be effective until the earlier of the following: (a) the conclusion of the first annual general meeting following the Company’s admission to Catalist, or the date by which the next annual general meeting of the Company is required by law to be held; or (b) the first anniversary of the date of the Company’s admission to Catalist.

Approval from the Shareholders will be sought for the renewal of the IPT General Mandate at each subsequent annual general meeting (“**Subsequent AGM**”) of the Company. The renewal of such general mandate shall be subject to the satisfactory review by the Audit Committee of its continued application to the transactions with the Mandated Interested Person.

The Company will obtain a fresh mandate from the Shareholders if the guidelines and procedures under the IPT General Mandate become inappropriate.

### 3.7 Role of Audit Committee

The role of audit committee is set out in the sections entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Guidelines and Procedures under the IPT General Mandate”, “Interested Person Transactions – General Mandate for Interested Person Transactions – Additional Procedures for Interested Person Transactions” and “Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions” of the Offer Document.

## 4. OUR OPINION

In arriving at our recommendations in respect of the IPT General Mandate, we have taken into consideration, *inter alia*, the following factors summarised below and elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (i) Background;
- (ii) Rationale and benefits of the adoption of the IPT General Mandate;
- (iii) Interested person to be covered;
- (iv) Nature and scope of the IPT General Mandate;
- (v) Methods and review procedures for Mandated Interested Person Transactions with Mandated Interested Person;
- (vi) Validity period of the IPT General Mandate; and
- (vii) Role of Audit Committee.



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**APPENDIX F**  
**OPINION OF THE INDEPENDENT FINANCIAL ADVISER**

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Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the methods and review procedures for determining the transaction prices of the Mandated Interested Person Transactions with the Mandated Interested Person, if adhered to strictly, are sufficient to ensure that all Mandated Interested Person Transactions under the IPT General Mandate will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the IPT General Mandate, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the IPT General Mandate, and we do not warrant the merits of the IPT General Mandate.

We have prepared this Letter pursuant to Rule 920(1)(b)(v) of the Catalist Rules as well as for the use of the Audit Committee in connection with and for the purposes of their consideration of the IPT General Mandate. Whilst a copy of this IFA Letter may be reproduced in the Offer Document, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of any matter relating to the IPT General Mandate at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely  
For and on behalf of  
**RHT CAPITAL PTE. LTD.**

Khong Choun Mun  
Chief Executive Officer

Chong Huan Xin  
Senior Manager

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You are invited to apply to subscribe for and/or purchase the Placement Shares at the Placement Price for each Placement Share subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 100 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF SUBJECT TO A MINIMUM OF 1,000 PLACEMENT SHARES. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for Placement Shares may be made by way of the Application Forms or such manner as the Sponsor and Issue Manager and Placement Agent may in their absolute discretion deem fit.

**YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

3. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Placement Shares. Any separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, the Vendors and the Sponsor and Issue Manager and Placement Agent, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary.**

**If you, not being an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, the Vendors and the Sponsor and Issue Manager and Placement Agent.**

**Joint or multiple applications for the Placement Shares shall be rejected at the discretion of our Company, the Vendors and the Sponsor and Issue Manager and Placement Agent. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code 1871 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies where such applications are made on behalf of a different beneficiary, shall be rejected at the discretion of our Company, the Vendors and the Sponsor and Issue Manager and Placement Agent. By submitting an application for the Placement Shares, you declare that you do not possess more than one individual direct Securities Account with CDP.**

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.



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5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** “Approved nominee companies” are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, CDP Securities Account, nationality and permanent residence status provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from CDP will be sent to your address last registered with CDP.
9. Our Company and the Vendors, in consultation with the Sponsor and Issue Manager and Placement Agent, reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or which is not honoured upon its first presentation.

Our Company and the Vendors, in consultation with the Sponsor and Issue Manager and Placement Agent further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of our Company and the Vendors, the Sponsor and Issue Manager and Placement Agent, as agent of our Company and the Vendors, has been authorised to accept, for and on behalf of our Company and the Vendors such other forms of application as the Sponsor and Issue Manager and Placement Agent deem appropriate.

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10. Our Company and the Vendors, in consultation with the Sponsor and Issue Manager and Placement Agent reserve the right to reject or to accept, in whole or in part, any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company and the Vendors will be entertained. In deciding the basis of allotment and/or allocation, which shall be at the discretion of our Company and the Vendors, due consideration will be given to the desirability of allotting and/or allocating the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Subject to your provision of a valid and correct CDP Securities Account number, share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted and/or allocated to you if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Vendors. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue and/or transfer of the Placement Shares allotted and/or allocated to you.
12. In the event that our Company lodges a supplementary or replacement offer document ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been issued and/or transferred, we will (as required by law and subject to the SFA), at our Company's and the Vendors' sole and absolute discretion, either:
  - (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
  - (b) within seven (7) days from the date of lodgement of the Relevant Document give you a copy of Relevant Document and provide you with an option to withdraw your application; or
  - (c) deem your application as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven (7) days from the date of lodgement of the Relevant Document, pay all monies you have paid in respect of any application for the Placement Shares, without interest or any share of revenue or benefit arising therefrom and at your own risk.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 12(a) or (b) above to withdraw your application, we shall pay to you all monies paid by you on account of your application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification and you will not have any claim against our Company, the Vendors, or the Sponsor and Issue Manager and Placement Agent.

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In the event that at the time of the lodgement of the Relevant Document, the Placement Shares have already been issued and/or transferred but trading has not commenced, we will (as required by law and subject to the SFA), at our Company's and Vendors' sole and absolute discretion, either:

- (d) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to our Company and the Vendors the Placement Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (e) within seven (7) days from the date of lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the Placement Shares which you do not wish to retain title in; or
- (f) deem the issue and/or transfer of the Placement Shares as void, in which case the issue and/or transfer shall be deemed void and pay all monies you have paid in respect of any application for the Placement Shares (without interest or any share of revenue or other benefits arising therefrom and at your own risk) within seven (7) days from the date of lodgement of the Relevant Document.

If you wish to exercise your option under paragraph 12(d) or (e) above to return the Placement Shares issued and/or transferred to you, you shall, within 14 days from the date of lodgement of the Relevant Document, notify our Company of this and return all documents, if any, purporting to be evidence of title of those Placement Shares to us, whereupon we shall, subject to compliance with applicable laws and the Constitution of our Company, within seven (7) days from the receipt of such notification and documents, pay to you all monies paid by you for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, and the Placement Shares issued and/or transferred to you shall be void. You shall not have any claim whatsoever against our Company, the Vendors, or the Sponsor and Issue Manager and Placement Agent.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw your application or return the Placement Shares allotted and/or allocated to you, may be found in such Relevant Document.

- 13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted and/or allocated to you pursuant to your application, to our Company, the Vendors, the Sponsor and Issue Manager and Placement Agent and any other parties so authorised by the foregoing person.
- 14. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Placement Shares through the Placement Agent by way of an Application Form or such other forms of application as the Sponsor and Issue Manager and Placement Agent may, in consultation with our Company and the Vendors, deem appropriate.

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15. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;
  - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company and the Vendors upon application;
  - (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Vendors in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you;
  - (d) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application amount and details, the outcome of your application (including the number of Placement Shares allotted and/or allocated to you pursuant to your application) and other personal data (the “**Personal Data**”) by the Share Registrar and Share Transfer Agent, CDP, SCCS, the SGX-ST, our Company, the Vendors, the Sponsor and Issue Manager and Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of facilitating and processing your application for the Placement Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct; (ii) consent that the Relevant Parties may disclose or share the Personal Data with third parties who provide necessary services to the Relevant Parties, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (iii) consent that the Relevant Parties may transfer Personal Data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the Placement Shares; (iv) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties for the Purposes, you have obtained the consent of the beneficial owner(s) to paragraphs (d)(i), (d)(ii) and (d)(iii) and that any disclosure of the Personal Data to the Relevant Parties is in compliance with all applicable laws; (v) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if our Company, the Vendors or the Sponsor and Issue Manager and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body; and (vi) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and

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- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and neither our Company, the Vendors nor the Sponsor and Issue Manager and Placement Agent will infringe any such laws as a result of the acceptance of your application.
16. Our acceptance of applications will be conditional upon, *inter alia*, our Company, the Vendors, the Sponsor and Issue Manager and Placement Agent being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the listing of and quotation for all our existing Shares (including the Vendors Shares) and the New Shares on Catalist;
  - (b) the Management and Sponsorship Agreement and the Placement Agreement referred to in the section entitled “General and Statutory Information – Sponsorship, Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company and the Vendors may determine; and
  - (c) the Authority, the SGX-ST or other competent authority has not issued a stop order (“**Stop Order**”) to our Company which directs that no or no further shares to which this Offer Document relates be allotted and/or allocated, issued or sold.
17. In the event that a Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST or other competent authority, and applications to subscribe for and/or purchase the Placement Shares have been made prior to the Stop Order, then to the extent permissible under applicable laws:
- (a) in the case where the Placement Shares have not been issued and/or transferred, we will deem all applications withdrawn and cancelled and our Company and the Vendors shall pay all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days from the date of the Stop Order and you shall not have any claim whatsoever against our Company, the Vendors or the Sponsor and Issue Manager and Placement Agent; or
  - (b) in the case where the Placement Shares have already been issued and/or transferred the issue and/or transfer of the Placement Shares shall be deemed to be void and our Company and the Vendors shall:
    - (i) if documents purposing to evidence title to the Placement Shares have been issued and/or transferred to the applicants, within seven (7) days from the date of the Stop Order, inform you to return such documents to us within 14 days from that date; and within seven (7) days from the date of the receipt of those documents or the date of the Stop Order, whichever is later, pay you all monies paid by you for the Placement Shares; or
    - (ii) if no such documents have been issued to you, within seven (7) days from the date of the Stop Order, pay to the applicants all monies paid by you for the Placement Shares.

This shall not apply where only an interim Stop Order has been served.

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18. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST or other competent authority, no Placement Shares shall be issued and/or transferred to you during the time when the interim Stop Order is in force.
19. The Authority, the SGX-ST or other competent authority may not serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and/or transferred and listed on the SGX-ST and trading in the Placement Shares has commenced.
20. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through an announcement on the SGX-ST's website at <http://www.sgx.com> and through an advertisement in a local English newspaper.
21. We will not hold any application in reserve.
22. Our Company and the Vendors will not allot and/or allocate Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
23. Additional terms and conditions for applications by way of Application Forms are set out in "Additional Terms and Conditions for Applications using Application Forms" below.
24. All payments in respect of any application for the Placement Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Placement does not proceed for any reason, shall be made in Singapore dollars.

**ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS**

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in this Appendix G, as well as our Constitution.

1. Your application for the Placement Shares must be made using the Application Forms, accompanying and forming part of this Offer Document or such other forms of application as the Sponsor and Issue Manager and Placement Agent deem appropriate without prejudice to the rights of our Company and the Vendors.

We draw your attention to the detailed instructions contained in the Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company and the Vendors, in consultation with the Sponsor and Issue Manager and Placement Agent, reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.



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3. All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar. Our Company and the Vendors reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
  - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER’S DRAFT** or **CASHIER’S ORDER** drawn on a bank in Singapore, made out in favour of “**ALPINA HOLDINGS SHARE ISSUE ACCOUNT**” crossed “**A/C PAYEE ONLY**”, and with your name, address and CDP Securities Account number written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** No combined Banker’s Draft or Cashier’s Order for different CDP Securities Accounts shall be accepted. We will reject remittances bearing “**NOT TRANSFERABLE**” or “**NON TRANSFERABLE**” crossings. No acknowledgement of receipt will be issued by our Company, the Vendors, or the Sponsor and Issue Manager and Placement Agent for applications and application monies received.

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8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority or the SGX-ST, or other competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Vendors, the Sponsor and Issue Manager and Placement Agent and/or any other party involved in the Placement, and if, in any such event, our Company, the Vendors and/or the Sponsor and Issue Manager and Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company, our Directors, the Vendors, the Sponsor and Issue Manager and Placement Agent and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
  - (a) in consideration of our Company (and on behalf of the Vendors) having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 26 January 2022** or such other time or date as our Company and the Vendors may, in consultation with the Sponsor and Issue Manager and Placement Agent in their absolute discretion decide, subject to any limitation under all applicable laws and regulations and the rules of the SGX-ST and by completing and delivering the Application Form:
    - (i) your application is irrevocable; and
    - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;



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- (b) neither our Company, the Vendors, the Sponsor and Issue Manager and Placement Agent nor any other party involved in the Placement shall be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
- (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendors, the Sponsor and Issue Manager and Placement Agent or any other person involved in the Placement shall have any liability for any information not so contained;
- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (h) you consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Vendors, the Sponsor and Issue Manager and Placement Agent or other authorised operators; and
- (i) you irrevocably agree and undertake to subscribe for and/or purchase the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company and the Vendors decide to allot and/or allocate a smaller number of Placement Shares or not to allot and/or allocate any Placement Shares to you, you agree to accept such decision as final.

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**Applications for Placement Shares**

1. Your application for Placement Shares **MUST** be made using the Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name, address and CDP Securities Account number written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Alpina Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 26 January 2022 or such other date and time as our Company and the Vendors may, in consultation with the Sponsor and Issue Manager and Placement Agent, in their absolute discretion decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

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**ALPINA HOLDINGS LIMITED**  
**(高峰控股有限公司)**

54 Senoko Road  
Woodlands East Industrial Estate  
Singapore 758118