Hai Leck Holdings Limited

(Incorporated in the Republic of Singapore on 12 September 1998)
(Company Registration No.: 199804461D)

Invitation in respect of 85,000,000 New Shares as follows:-

(a) 4,500,000 Offer Shares at S$0.26 each by way of public offer;

(b) 80,500,000 Placement Shares by way of placement, comprising:-

(i) 73,700,000 Placement Shares at S$0.26 each; and

(ii) 6,800,000 Reserved Shares at S$0.26 each reserved for management, employees, Independent Directors, business associates and those who have contributed to our success,

payable in full on application.

Manager

UOB Asia 大華亞洲

Underwriter and Placement Agent

UOB 大華銀行

One of Singapore's Leading Integrated Service Providers to the Oil & Gas & Petrochemical Industries

PROSPECTUS DATED 14 AUGUST 2008
(Registered by the Monetary Authority of Singapore on 14 August 2008)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional advisor.

We have made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of Hai Leck Holdings Limited (the "Company") already issued and the new shares (the"New Shares") which are the subject of this Invitation (as defined herein). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. **The dealing and quotation of the Shares will be in Singapore dollars.**

Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all the existing issued Shares and the New Shares. If the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you at your own risk, subject to applicable laws, without interest or any share of revenue or other benefit arising therefrom and you will not have any claims against us, the Manager or the Underwriter and Placement Agent (as defined herein).

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or the New Shares.

A copy of this Prospectus has been lodged with, and registered by, the Monetary Authority of Singapore ("the Authority"). The Authority assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements have been complied with. The Authority has not, in any way, considered the merits of the Shares or the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.We have not lodged or registered this Prospectus in any other jurisdiction.

Investing in our Shares involves risks which are described in the section titled "RISK FACTORS" of this Prospectus.

No Shares will be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

Hai Leck . . .

An integrated service provider of scaffolding, corrosion prevention and insulation works mainly for the oil & gas and petrochemical industries

Business Overview

Established in the early 1970s, Hai Leck Holdings Limited is an integrated service provider of scaffolding, corrosion prevention and insulation works mainly for the oil & gas and petrochemical industries. With an established track record of approximately 30 years, the Group has a strong customer base comprising various oil and gas and petrochemical companies with activities primarily conducted on Jurong Island. It is also the resident authorised contractor for maintenance works for oil majors.

The Group's principal activities comprise:

PROJECT SERVICES

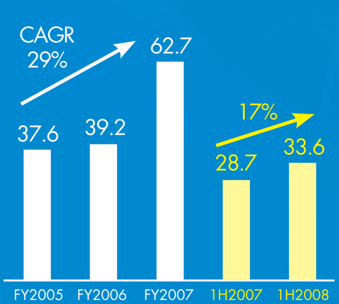
- o scaffolding and corrosion prevention services, complemented by general civil engineering services; and
- o insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

MAINTENANCE SERVICES

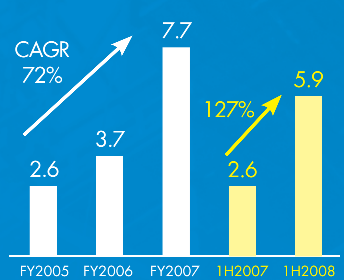
- o provided on a routine and turnaround basis; and
- o source of recurring income.

Financial Highlights

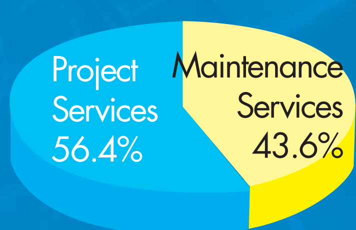
REVENUE (S$'mil)



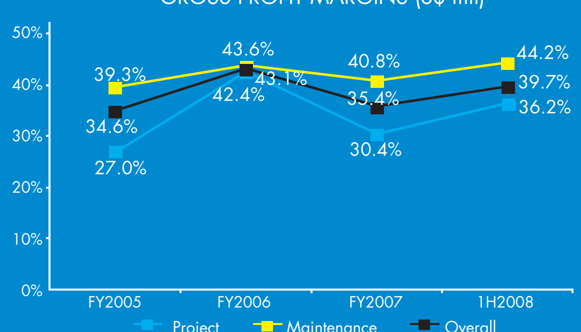
NET PROFIT (S$'mil)



REVENUE CONTRIBUTED BY SEGMENT (IH2008)



GROSS PROFIT MARGINS (S$'mil)



(FY: Financial year ended 30 June, 1H: six months ended 31 December)

Our Order Book

(As at 31 May 2008)

- o Secured S$58.4 million worth of contracts for project services, scheduled to be completed over FY2008 and FY2009
- o Maintenance contracts having a term of between two to four years each with an estimated aggregate annual value of approximately S$30.5 million

Resident authorised contractor for oil majors for maintenance wor
recurring income for our Group

Our
Competitive Strengths

ESTABLISHED TRACK RECORD AND BUSINESS
- Approximately 30-year track record for providing scaffolding, corrosion prevention and insulation works mainly for the oil & gas and petrochemical industries
- One of the leading integrated service providers in Singapore for the oil & gas and petrochemical industries

INTEGRATED SERVICE PROVIDER
- Equipped in-house to provide scaffolding, corrosion prevention and insulation services mainly for the oil & gas and petrochemical industries
- Customers enjoy convenience, cost-savings and efficiency

QUALITY SERVICES AND GOOD SAFETY RECORD
- ISO 9001:2000 certified
- Occupational Health and Safety Assessment Series 18001:1999 certification from AJA since 2003
- Awarded Annual Safety and Health Performance Awards by Ministry of Manpower since 2003
- Safety awards by customers

EXPERIENCED MANAGEMENT TEAM
- Executive Chairman, Mr Cheng Buck Poh, and CEO, Mr Lee See Kee, both have over 30 years of industry experience each and have established relationships with customers
- Supported by a dedicated management team

RESIDENT AUTHORISED CONTRACTOR
- Retained as resident authorised contractor by oil majors either directly or through their main contractors for regular maintenance works, which contributed 48.2% and 43.6% to FY2007 and 1H2008 revenue respectively

SIZEABLE STOCK OF SCAFFOLDING
- Meet customers' needs within a short lead time
- Take on large scale projects in the oil & gas and petrochemical industries
- Ability to complete single projects of 3.5 million m^3

ks which are a source of

Our Business Strategies and Future Plans

Our Prospects

RISING DEMAND FOR FUELS AND CHEMICALS IN ASIA, AND HIGH CRUDE OIL PRICES GENERATING DEMAND FOR SUPPORT INDUSTRIES SUCH AS OIL & GAS AND PETROCHEMICAL PROCESSING FACILITIES AND BUILDING OF OIL RIGS

SINGAPORE CONTINUES TO BE ONE OF THE MAJOR OIL REFINERIES AND PETROCHEMICAL CENTRES IN THE WORLD

- Government's development initiatives to develop Jurong Island into a world-class chemical hub
  - EDB targets to realise cumulative investment of S$40 billion by 2010
  - Large scale oil & gas and petrochemical projects in pipeline to drive demand for scaffolding, corrosion prevention and insulation services

MAJOR INDUSTRY PLAYERS LOOKING TO BUILD OWN COGENERATION PLANTS

- Drives demand for scaffolding, corrosion prevention and insulation services

Note: Information above is based on various public domain websites and press releases.

TO WIDEN CUSTOMER BASE & SECURE MORE PROJECTS

- Secure more projects in view of the increase in oil & gas and petrochemical activities in the region and to seek larger scale projects

ACQUISITION & DEVELOPMENT OF NEW AUTOMATED SHOT-BLASTING FACILITY, WORKSHOP, WAREHOUSE AND OFFICE

- Invest in automated shot-blasting facility and increase workshop and warehousing capacities to maintain competitive edge and to improve services to customers

EXPAND PRESENCE IN OVERSEAS MARKETS

- Grow presence in Thailand, Malaysia and Vietnam
- Enter new geographical markets, eg. India and the Middle East

EXPANSION OF CAPABILITIES WITHIN OIL & GAS AND PETROCHEMICAL INDUSTRIES

- Provide maintenance of process equipment including heat exchangers
- Acquisitions, strategic partnerships and/or joint ventures with other service providers which can add value to the business
- Enhancement of ability to service customers in the offshore marine industry

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APPENDIX C – UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS OF HAI LECK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007 AND THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2007 .... **C-1**

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Cheng Buck Poh @ Chng Bok Poh (Executive Chairman) Lee See Kee (Chief Executive Officer) Cheng Li Chen (Executive Director, Strategic Planning) Khaizar Abbas Nomanbhoy (Executive Director, Corporate Planning) Tan Sim Cheng (Independent Director) Low Seow Chay (Independent Director) Chee Teck Kwong Patrick (Independent Director)
KEY EXECUTIVES	:	Quek Chiau Beng (Group General Manager) Yow Hon Meng (Chief Financial Officer) Tay Choon Wah (Safety Manager) Cheng Yao Tong (Planning Manager) Mohamad Jufri Erethinavelan (Contracts Manager)
COMPANY SECRETARY	:	Sin Chee Mei, ACIS
REGISTERED OFFICE	:	9 Tuas Avenue 1 Singapore 639494
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01, Samsung Hub Singapore 049483
MANAGER	:	UOB Asia Limited 80 Raffles Place UOB Plaza Singapore 048624
UNDERWRITER AND PLACEMENT AGENT	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
SOLICITORS TO THE INVITATION	:	Shook Lin & Bok LLP 1 Robinson Road AIA Tower #18-00 Singapore 048542
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583 Partner-in-charge: Max Loh Khum Whai (Certified Public Accountant)
SOLICITORS TO THE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	Colin Ng & Partners LLP 36 Carpenter Street Singapore 059915
LEGAL ADVISORS TO OUR COMPANY ON MALAYSIAN LAW	:	Zaid Ibrahim & Co Suite 31.01 Level 31 Johor Bahru City Square 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim, Malaysia

CORPORATE INFORMATION

LEGAL ADVISORS TO OUR COMPANY ON VIETNAMESE LAW	:	DC Law Sun Wah Tower Suite 2003 115 Nguyen Hue Boulevard District 1, Ho Chi Minh City Vietnam
LEGAL ADVISORS TO OUR COMPANY ON THAI LAW	:	Siam International Legal Group Co., Ltd 45 Sukhumvit Road, SOI 24 Klongton, Klongtoey, Bangkok 10110 Thailand
PRINCIPAL BANKERS	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Standard Chartered Bank 6 Battery Road Singapore 049909 The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #08-01, HSBC Building Singapore 049320
RECEIVING BANKER	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

In this Prospectus and the accompanying Application Forms, the following definitions apply where the context so admits:-

Group Companies

"Company" or "Hai Leck"	:	Hai Leck Holdings Limited. The terms "we", "our", "our Company" or "us" have correlative meanings
"Group" or *"Continuing Operations"* as used in the financial statements	:	Our Company and our subsidiaries, HLE, Hai Leck (Malaysia), Hai Leck (Vietnam), Industrial Services and Logthai
"HLE"	:	Hai Leck Engineering (Private) Limited
"Hai Leck (Malaysia)"	:	Hai Leck Corporation Sdn Bhd (formerly known as Perusahaan Hailek Hiap Seng Sdn Bhd)
"Hai Leck (Vietnam)"	:	Hai Leck Vietnam Engineering Co Ltd
"Industrial Services"	:	Industrial Services Pte Ltd
"Logthai"	:	Logthai-Hai Leck Engineering Co Ltd

Other Companies and Agencies

"AJA"	:	Anglo Japanese American Registrars Ltd
"BASF ELLBA"	:	ELLBA Eastern Pte Ltd, a 50:50 manufacturing joint venture company established by BASF South East Asia Pte. Ltd. and Shell Seraya Pioneer (Pte) Ltd
"BCA"	:	Building and Construction Authority
"CDP"	:	The Central Depository (Pte) Limited
"Cheng Capital Holdings"	:	Cheng Capital Holdings Pte Ltd
"Chevron"	:	Chevron International Pte Ltd
"Denka"	:	Denka Singapore Private Limited
"DNV"	:	Den Norske Veritas
"EDB"	:	Economic Development Board
"ExxonMobil"	:	ExxonMobil Asia Pacific Pte Ltd
"FIC"	:	Foreign Investment Committee of Malaysia
"Hiap Seng"	:	Hiap Seng Engineering Ltd (formerly known as Hiap Seng Engineering & Construction Pte Ltd, following a name conversion pursuant to its initial public offering exercise)
"HL Development"	:	Hai Leck Development Pte Ltd
"Highlander Power"	:	Highlander Power Systems Pte Ltd
"Horizon"	:	Horizon Singapore Terminals Pte Ltd

"ITE"	:	Institute of Technical Education
"JGC"	:	JGC Corporation
"JTC"	:	JTC Corporation, formerly the Jurong Town Corporation
"Logistics-Thailand"	:	Logistics-Thailand Co Ltd
"MOM"	:	Ministry of Manpower
"NACE"	:	National Association of Corrosion Engineers
"NEA"	:	National Environment Agency
"OSA"	:	OSA Valve Services Pte Ltd
"Participating Banks"	:	UOB and its subsidiary, Far Eastern Bank Limited (the "UOB Group"), DBS Bank Ltd (including POSB) ("DBS") and Oversea-Chinese Banking Corporation Limited ("OCBC")
"PCS"	:	Petrochemical Corporation of Singapore (Private) Limited
"Perusahaan HL"	:	Perusahaan Hai Leck Sdn Bhd
"PETRONAS"	:	Petroliam Nasional Berhad
"PetroVietnam"	:	Vietnam Oil and Gas Corporation
"Rotary"	:	Rotary Engineering Limited
"Seraya"	:	Shell Chemicals Seraya Pte Ltd
"Shell"	:	Shell Eastern Petroleum (Pte) Ltd
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SPC"	:	Singapore Petroleum Company Limited
"SPRING Singapore"	:	Standards, Productivity and Innovation Board (formerly known as Singapore Productivity and Standards Board)
"SRC"	:	Singapore Refinery Company Private Limited
"Star Petroleum Refinery"	:	Star Petroleum Refinery Company Limited
"Sumitomo Chemical"	:	Sumitomo Chemical Co Ltd
"Tele-centre"	:	Tele-centre Services Pte Ltd
"Thermal Limitec"	:	Thermal Limitec Pte Ltd
"United Holding"	:	United Holding (1975) Pte Ltd
"Universal"	:	Universal Terminal (S) Pte Ltd

"UOB" or "Underwriter" or "Placement Agent" or "Receiving Banker"	:	United Overseas Bank Limited
"UOB Asia" or "Manager"	:	UOB Asia Limited
"Vopak"	:	Vopak Terminals (S) Pte Ltd

General

"1H"	:	Six months period ended 31 December
"Application Forms"	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
"Application List"	:	The list of applications for subscription of the New Shares
"*Associate*"	:	(a) in relation to any director, chief executive officer or substantial 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; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. (b) in relation to a substantial shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow 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.
"ATM"	:	Automated teller machines of a Participating Bank
"Audit Committee"	:	The audit committee of our Company as at the date of this Prospectus, unless otherwise stated
"Authority"	:	The Monetary Authority of Singapore
"Board" or "Board of Directors"	:	The board of Directors of our Company as at the date of this Prospectus, unless otherwise stated
"bumiputra"	:	Ethnic Malays as well as other indigenous ethnic groups such as the Orang Asli in Peninsular Malaysia and the tribal peoples in Sabah and Sarawak
"Commencement Date"	:	The date of commencement of trading of the Shares on the SGX-ST

"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
"Controlling Shareholder"	:	A person who holds directly or indirectly 15% or more of the nominal amount of all voting shares in our Company (unless determined otherwise by the SGX-ST), or in fact exercises control over our Company
"CPF"	:	The Central Provident Fund
"Directors"	:	The Directors of our Company as at the date of this Prospectus, unless otherwise stated
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or through IB websites in accordance with the terms and conditions of this Prospectus
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of our Company as at the date of this Prospectus, unless otherwise stated
"Executive Officers"	:	The executive officers of our Company as at the date of this Prospectus, unless otherwise stated
"FY"	:	Financial year ended or, as the case may be, ending 30 June
"Guidelines"	:	Foreign Investment Committee guidelines issued by the Economic Planning Unit of Malaysia
"IB"	:	Internet Banking
"Independent Directors"	:	The independent Directors of our Company as at the date of this Prospectus, unless otherwise stated
"Invitation"	:	Our invitation to the public in Singapore to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Issue Price"	:	S$0.26 for each New Share
"Latest Practicable Date"	:	31 May 2008, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
"Listing Manual"	:	Listing Manual of SGX-ST, as amended, supplemented or modified from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"New Shares"	:	The 85,000,000 new Shares for which we invite applications to subscribe for pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
"Nominating Committee"	:	The nominating committee of our Company as at the date of this Prospectus, unless otherwise stated
"NTA"	:	Net tangible assets

"Offer"	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price subject to and on the terms and conditions of this Prospectus
"Offer Shares"	:	4,500,000 of the New Shares, which are the subject of the Offer
"Placement"	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Placement Shares"	:	80,500,000 of the New Shares (including the Reserved Shares), which are the subject of the Placement
"Prospectus"	:	This prospectus dated 14 August 2008 issued by our Company in respect of this Invitation
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Prospectus, unless otherwise stated
"Reserved Shares"	:	The 6,800,000 Placement Shares reserved for management, employees, Independent Directors, business associates and others who have contributed to the success of our Group
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken by us prior to the Invitation, as described in the section titled "Restructuring Exercise" of this Prospectus
"Securities Account"	:	The securities account maintained by a Depositor with CDP
"Securities and Futures Act" or "SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
"Securities and Futures Regulations" or "SFR"	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
"Service Agreements"	:	The service agreements entered into between our Company and certain Executive Directors, as described in the section "Service Agreements" of this Prospectus
"SESDAQ"	:	Stock Exchange of Singapore Dealing and Automated Quotation System
"Share(s)"	:	Ordinary share(s) in the capital of our Company
"Share Registrar"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"Shareholders"	:	The registered shareholders of our Company, except where the registered shareholder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Substantial Shareholders"	:	Persons who have an interest in the Shares, the nominal amount of which is not less than 5% of the aggregate of the nominal amount of all the voting shares of our Company

Currencies, Units and Others

"$" or "S$" and "cents"	:	Singapore dollars and cents respectively
"THB"	:	Thai Baht
"MYR"	:	Malaysian Ringgit
"p.a."	:	Per annum
"PRC" or "China"	:	People's Republic of China, but for the purposes of this Prospectus and for geographical reference only (unless otherwise indicated) excludes Taiwan and the Special Administrative Regions of Hong Kong and Macau
"sq ft"	:	Square feet
"sq m"	:	Square meter
"m"	:	Meter
"m^3"	:	Cubic meter
"USA"	:	The United States of America
"US$"	:	US dollars
"VND"	:	Vietnamese Dong
"°C"	:	Degree celsius
"%" or "per cent."	:	Per centum

References in this Prospectus to "the Group", "we", "our", and "us" refer to our Company, our Group or any member of our Group as the context requires.

The expressions "Associated Company", and "subsidiary" shall have the meanings ascribed to them respectively in the Fourth Schedule of the SFR and the Companies Act.

The expression "business trust" has the same meaning as in Section 2 of the Business Trusts Act (Chapter 31A) of Singapore.

The expression "entity" includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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 Prospectus, the Application Forms and Electronic Applications 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 or any statutory modification thereof and used in this Prospectus, the Application Forms and Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act or such statutory modification, as the case may be.

Any reference in this Prospectus and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that Applicant.

Any reference to a time of day in this Prospectus shall be a reference to Singapore time unless otherwise stated.

Mr Cheng Buck Poh is also known under his alias of Chng Bok Poh. Any reference in this Prospectus to Mr Cheng Buck Poh also refers to him as Chng Bok Poh.

Mdm Goo Guik Bing is also known under her alias of Goh Guik Bing. Any reference in this Prospectus to Mdm Goo Guik Bing also refers to her as Goh Guik Bing.

Any discrepancies in the tables included herein between the listed amounts 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.

GLOSSARY OF TECHNICAL TERMS

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 found in our industry:-

"ASHPA Award"	:	Annual Safety and Health Performance Award, an annual award presented by the MOM's Workplace Safety and Health Advisory Committee to give recognition to companies or organisations that have performed well in safety and health through the implementation of sound safety and health management systems
"auto-blast"	:	An automatic abrasive blasting process that is based on the principle of a paddle type wheel which propels abrasive off the wheel onto the work surface by centrifugal force in such a manner and at such an angle that the metal surface is completely cleaned for coating application and the abrasive is reclaimed, cleaned and returned to the wheel for reuse
"blasting pot"	:	A container that holds abrasive material until it is fed to the blast nozzle in abrasive blast cleaning systems
"burr"	:	A deformation of metal where a raised edge forms on a metal part which has been machined
"calcium silicate"	:	A white free-flowing powder derived from limestone and diatomaceous earth that is used as a fireproofing or insulation material
"Code of Practice"	:	A national standard developed by SPRING Singapore, the national standards authority, which provides the technical basis for achieving the productivity, quality, safety and reliability of a product, service or process. Compliance becomes mandatory when used by government bodies in regulations or administrative requirements for safety, environmental and health issues
"CP14"	:	1996 Code of Practice for scaffolds
"CP20"	:	1999 Code of Practice for suspended scaffolds
"cracker"	:	Equipment that breaks down complex organic molecules or heavy hydrocarbons into simpler molecules (e.g. light hydrocarbons)
"descaling"	:	A process of removing limescale, a hard, off-white, chalky deposit found on the inner surface of old pipes and other surfaces
"diatomaceous earth"	:	A naturally occurring, soft, chalk-like sedimentary rock that is easily crumbled into a fine white to off-white powder. As it is also heat resistant, it can be used as a material for thermal insulation
"epoxy"	:	A polymer that hardens to a stronger form when mixed with a "hardener" or a substance that kick-starts or quickens the hardening process
"fabrication"	:	The building of machines and structures by cutting, shaping and assembling components made from raw materials such as steel
"foam glass"	:	A type of glass with a high bubble content, produced by adding additional gases or gas forming substances to the glass when it is in its molten state. The resulting glass has a very low density but is able to withstand high degrees of temperature, moisture, pressure, or other stress, making it particularly suitable for thermally and acoustically insulating construction materials

"glass fibre lamination"	:	A type of protective coating consisting mostly of bunched strands of glass filaments embedded in a plastic resin
"grinding"	:	A process to produce very fine finishes or make very light cuts by using an abrasive wheel as the cutting device
"grit"	:	Abrasive particles used in the process of smoothing, shaping and cleaning surfaces
"ISO"	:	International Standards Organisation, a world-wide federation of national standards bodies
"ISO 9000"	:	Series of international standards on quality management and quality assurance developed by the ISO Technical Committee 176 in 1987, which has been adopted by more than 30 countries, including the United Kingdom and USA, as their national quality system standard
"ISO 9001:2000"	:	A constituent part of the ISO 9000 series which states the requirement for a quality management system and covers the following eight management principles: customer focus, leadership, involvement of people, process approach, system approach management, continual improvement, factual approach to decision making and mutually beneficial supplier relationship
"ISO 9002"	:	A constituent part of the ISO 9000 series which specifies requirements for the following 19 areas: management responsibility; quality system; contract review; document and data control; purchasing; control of customer-supplied product; product identification and traceability; process control; inspection and testing; control of inspection; measuring and test equipment; inspection and test status; control of non-conforming products; corrective and preventive action; handling, storage, packaging, preservation and delivery; control of quality records; internal quality audits; training; service and statistical techniques
"mineral wool"	:	Fibres made from minerals or metal oxides, be they synthetic or natural, used for insulation purposes
"monolithic"	:	The quality of being a continuous structure without separate sections
"OHS"	:	Occupational Health and Safety
"OHSAS"	:	OHS Assessment Series, a recognisable standard developed by an independent group of national standards organisations and certification bodies against which occupational health and safety management systems can be assessed and certified
"OHSAS 18000"	:	An international occupational health and safety management system specification comprising of OHSAS 18001 and OHSAS 18002
"OHSAS 18001"	:	An assessment specification for an OHS management system. It was developed to help organisations meet their health and safety obligations in an efficient and effective manner
"OHSAS 18002"	:	An explanation of the requirements of the OHSAS 18000 specification

GLOSSARY OF TECHNICAL TERMS

"OHSAS 18001:1999"	:	A constituent part of the OHSAS 18001 series which is designed to enable companies to control their OHS risks and demonstrate their commitment to provide a safe working environment, protect their employees and improve their performance
"perlite"	:	A naturally occurring volcanic glass that has a relatively high water content and expands greatly when heated sufficiently
"polyurethane"	:	A unique material with insulating properties which offers the elasticity of rubber combined with the toughness and durability of metal
"polymer"	:	A complex structure made up of many molecules that are strung together in a regular order
"sanding"	:	A process to make a surface more consistent, smoother or to remove machining marks
"SHE"	:	Safety, Health and Environment
"shot-blasting"	:	Cleaning metal surfaces by way of using metal pellets as an abrasive
"Singapore Standards"	:	A national standard developed by SPRING Singapore, the national standards authority, which provide the technical basis for achieving the productivity, quality, safety and reliability of a product, service or process and legislated under various regulations and acts by government agencies such as the MOM
"substrate"	:	The basic material being coated (such as steel, wood, concrete, etc.)
"thermally sprayed aluminum"	:	Deposits of aluminum which are melted immediately prior to projection onto steel surfaces requiring improvement to their corrosion or abrasion resistance properties
"wire brush"	:	A hand cleaning tool comprised of bundles of wires
"wire brushing"	:	A surface cleaning process with a wire brush

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us, our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute "forward-looking statements". You can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "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 strategy, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, prospects, future plans and other matters discussed in this Prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Some of these risk factors are discussed in more detail under the section titled "Risk Factors" of this Prospectus.

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 Prospectus, undue reliance must not be placed on these statements. Neither our Company, the Manager, the Underwriter and Placement Agent nor any person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Manager and the Underwriter 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. We are, however, subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the Prospectus is registered but before the close of the Invitation, our Company becomes aware of: (a) a false or misleading statement or matter in this Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, the Company may lodge a supplementary or replacement prospectus with the Authority.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New 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 regulatory requirements of any jurisdiction, except for the filing and/or registration of this Prospectus in Singapore in order to permit a public offering of the New Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by our Company, the Manager and the Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions.

We have applied to the SGX-ST for permission to deal in and for quotation of, all our Shares already issued and the New Shares which are the subject of the Invitation. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares and the New Shares on the Official List of the SGX-ST. Monies paid in respect of any application accepted will be returned to you subject to applicable laws without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted or for any other reasons (including where the Authority issues a Stop Order (defined below)) and you will not have any claims whatsoever against us, the Manager or the Underwriter and Placement Agent.

No Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority on 10 June 2008 and 14 August 2008 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our existing issued Shares or the New Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

We are subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, if after this Prospectus is registered but before the close of the Invitation, we become aware of:-

(a) a false or misleading statement or matter in the Prospectus;

(b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the SFA; or

(c) a new circumstance that has arisen since the Prospectus was lodged with the Authority which would have been required by Section 243 of the SFA to be included in the Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement prospectus is lodged with the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement prospectus.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the New Shares and:-

(a) where the New Shares have not been issued to the applicants, our Company shall either:-

   (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;

(ii) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants a copy of the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

(iii) deem the applications as withdrawn or cancelled, and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application (without interest or any share of revenue or other benefit arising therefrom); or

(b) where the New Shares have been issued or transferred to the applicants but trading has not commenced, our Company shall either:-

(i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement prospectus and provide the applicants with an option to return to our Company the New Shares which they do not wish to retain title in and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus to the applicants if they have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement prospectus;

(ii) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return the New Shares which they do not wish to retain title in; or

(iii) in the case of the New Shares, deem the issue as void and refund the applicants' payments for the New Shares (without interest or any share of revenue or other benefit arising therefrom) within seven days from the lodgement of the supplementary or replacement prospectus.

An applicant who wishes to exercise his option under paragraphs (a)(i) and (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those New Shares without interest or a share of revenue or benefit arising therefrom, at the applicant's risk.

An applicant who wishes to exercise his option under paragraphs (b)(i) and (b)(ii) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those New Shares, to our Company, whereupon our Company shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those New Shares and the issue of those New Shares shall be deemed to be void.

Pursuant to Section 242 of the SFA, 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 Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter which, in the opinion of the Authority, is false or misleading, (ii) omits any information that should be included in it under Section 243 of the SFA, (iii) does not, in the opinion of the Authority, comply with the requirements of the SFA or (iv) if the Authority is of the opinion that it is in the public interest to do so.

Where the Authority issues a Stop Order pursuant to Section 242 of the SFA, and applications to subscribe for the New Shares have been made prior to the Stop Order, then:-

(a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares (without interest or any share of revenue or other benefit arising therefrom); or

(b) in the case of the New Shares, if the New Shares have already been issued but trading has not commenced, the issue will be required by law to be deemed void and the Company will refund the applicants' payments for the New Shares (without interest or any share of revenue or other benefit arising therefrom) within 14 days from the date of the Stop Order.

Such monies paid in respect of your application will be returned to the applicants at their own risk, without interest or any share or revenue or other benefit arising therefrom, and they will not have any claims against us, the Manager or the Underwriter and Placement Agent.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that all expressions of opinion, intention and expectation contained herein are honestly held and made after due and careful consideration, and that this Prospectus constitutes a full and true disclosure of all material facts of this Invitation and our Company as at the date of this Prospectus and that there are no material facts the omission of which would make, any statements in the Prospectus misleading. The New Shares are offered for subscription solely on the basis of the Invitation contained and the representation made in this Prospectus.

Neither our Company, the Manager, the Underwriter and Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus 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 advisors 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 Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Manager or the Underwriter and Placement Agent.

Neither the delivery of this Prospectus and the Application Forms nor any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Prospectus since the date of this Prospectus.

Where such changes occur, we will promptly make an announcement of the same to the SGX-ST and/or the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. If required under the SFA, we will lodge a supplementary or replacement prospectus with the Authority and will make the same available to the public after lodgement. All applicants should take note of any such announcements or supplementary or replacement document and, upon the release of such announcement or supplementary or replacement document, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company and our subsidiaries. The New Shares are offered for subscription solely on the basis of the information contained and representations made in this Prospectus.

DETAILS OF THE INVITATION

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

This Prospectus does not constitute an offer, solicitation or invitation of the New 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.

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

UOB ASIA LIMITED
80 Raffles Place #03-03
UOB Plaza 1
Singapore 048624

and members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on:-

(a) the SGX-ST website at http://www.sgx.com ; and

(b) the Authority's OPERA website http://masnet.mas.gov.sg/opera/sdrprosp.nsf.

The Invitation will be open from 15 August 2008 to 26 August 2008.

Application List will open at 10.00 a.m. on 26 August 2008 and will remain open until 12 noon on the same day or for such further period or periods as our Directors may, in consultation with UOB Asia, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary prospectus or replacement prospectus is lodged with the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

Details for the procedure for application for the New Shares are set out in Appendix E of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Invitation and trading of our Shares is set out below:-

Indicative date/time	Event
26 August 2008, at 12.00 noon	Close of Application List
27 August 2008	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
28 August 2008, at 9.00 a.m.	Commence trading on a "ready" basis
2 September 2008	Settlement date for all trades done on a "ready" basis on 28 August 2008

The above timetable is only indicative as it assumes that the date of closing of the Application List is 26 August 2008, the date of admission of our Company to the Official List of the SGX-ST is 28 August 2008, the shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 28 August 2008. 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 as the SGX-ST may, in its absolute discretion, decide, including the commencement date 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 Invitation is open, we will publicly announce:-

(a) through an SGXNET announcement to be posted on the internet at the SGX-ST website http://www.sgx.com; and

(b) in a local newspaper(s).

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

Investors should consult the SGX-ST's announcement on "ready" trading date on the Internet (at SGX-ST website http://www.sgx.com), Teletext or the newspapers or check with their brokers on the date on which trading on a "ready" basis will commence.

The Invitation is for 85,000,000 New Shares offered in Singapore by way of public offer and placement comprising 4,500,000 Offer Shares and 80,500,000 Placement Shares (including up to 6,800,000 Reserved Shares) managed by UOB Asia and underwritten by UOB.

The Issue Price is determined by us in consultation with the Manager and the Underwriter and Placement Agent, based on market conditions and estimated market demand for our Shares determined through a book-building process. The Issue Price is the same for each New Share and is payable in full on application.

There are no arrangements whereby the number of Shares being offered pursuant to this Invitation may be increased by the exercise of an underwriter's over-allotment option.

OFFER SHARES

The Offer Shares are made available to the members of the public in Singapore for subscription at the Issue Price. Members of the public may apply for the Offer Shares by way of printed Application Forms or by Electronic Application as described under "Terms, Conditions and Procedures for Application and Acceptance" as set out in Appendix E of this Prospectus.

Pursuant to the management and underwriting agreement dated 14 August 2008 (the "Management and Underwriting Agreement") entered into between us, UOB Asia as the Manager and UOB as the Underwriter as set out in the section titled "Management, Underwriting and Placement Arrangements" of this Prospectus, we have appointed UOB Asia to manage the Invitation and UOB to underwrite the Offer Shares. UOB Asia will receive a management fee and UOB will receive an underwriting commission of 2.75 per cent. of the Issue Price for the Offer Shares payable by us for subscribing or procuring subscribers for any Offer Shares not subscribed for by the public and will pay or procure payment to us for such Offer Shares. UOB may, at is absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Company after consultation with the Manager and the Underwriter and Placement Agent and approved by the SGX-ST.

Brokerage will be paid by our Company at the rate of 0.25 per cent. of the Issue Price for each Offer Share to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or their IB websites.

PLACEMENT SHARES

The Placement Shares (excluding the Reserved Shares) are made available to members of the public and institutional investors who apply through their brokers or financial institutions by way of application forms. Applications for Placement Shares may only be made by way of printed Application Forms as described under "Terms, Conditions and Procedures for Application and Acceptance" as set out in Appendix E of this Prospectus.

Pursuant to the placement agreement dated 14 August 2008 (the "Placement Agreement") entered into between us and UOB as set out under the section titled "Management, Underwriting and Placement Arrangements" of this Prospectus, UOB agreed to subscribe or procure subscribers for the Placement Shares for a placement commission of 2.00 per cent. of the Issue Price for the Placement Shares payable by us. UOB may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Brokerage will be paid by our Company at the rate of 1.00 per cent. of the Issue Price for each Placement Share (including Reserved Shares) to the placement agents in accordance with the Placement Agreement.

Subscribers or purchasers of the Placement Shares (excluding Reserved Shares) may also be required to pay brokerage of up to 1.00 per cent. of the Issue Price to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent, as well as stamp duties and other similar charges.

For further details of the Management and Underwriting Agreement and the Placement Agreement, please refer to the section titled "Management, Underwriting and Placement Arrangements" of this Prospectus.

RESERVED SHARES

Up to 6,800,000 Placement Shares shall be reserved for management, employees, Independent Directors, business associates and those who have contributed to our Group's success. However, none of them will be offered more than 5% of the total Invitation size or 4,250,000 New Shares.

In the event that any of the Reserved Shares are not taken up as at the close of the Application List, they will be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List or, in the event of an under-subscription for the Placement Shares as at the close of the Application List, to satisfy excess applications made by members of the public for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

The terms, conditions and procedures for application for Reserved Shares are described under "Terms, Conditions and Procedures for Application and Acceptance" as set out in Appendix E of this Prospectus.

PERSONS INTENDING TO SUBSCRIBE FOR THE OFFERING

None of our Executive Directors or Substantial Shareholders intend to subscribe for the New Shares in the Invitation.

None of our Independent Directors, members of our management or employees intends to subscribe for more than 5% of the New Shares in the Invitation.

Through a book building process to assess market demand for our Shares, we are aware of three potential investors who have each indicated interest to subscribe for 5% or more of the New Shares.

To the best of our knowledge and belief, save as disclosed above, we are not aware of any person who intends to subscribe for more than 5% of the New Shares. For person(s) who were to make an application for Shares amounting to 5% or more of the New Shares and who are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 210 of the Listing Manual.

No Shares shall be issued and allotted on the basis of this Prospectus later than six months after the date of this Prospectus.

PROSPECTUS SUMMARY

The following summary highlights certain information found in greater detail elsewhere in this Prospectus. In addition to this summary, we urge you to read the entire Prospectus carefully, especially the section titled “Risk Factors”, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

We are an integrated service provider of scaffolding, corrosion prevention and insulation works mainly for the oil and gas and petrochemical industries.

The principal activities of our Group can be broadly classified into the provision of:-

(a) Project services, comprising:-

 (i) scaffolding and corrosion prevention services, complemented by general civil engineering services; and

 (ii) insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

(b) Maintenance services on a routine and turnaround basis for the abovementioned project services.

We provide project and maintenance services through our Group companies, leveraging on our principal competitive strengths, which include a track record of approximately 30 years, technical competency, competitive pricing, efficient project management, a good safety record, skilled manpower, quality workmanship and responsiveness to customers’ requests. Our Directors believe that we are one of the leading integrated service providers of scaffolding, corrosion prevention and insulation works mainly for the oil and gas and petrochemical industries in Singapore.

Based on our established track record, we are usually invited to tender for projects as well as term maintenance contracts. We are the resident authorised contractor for maintenance work for various oil and gas and petrochemical companies, such as Shell, ExxonMobil, SRC, PCS and Seraya, who have contracted us to carry out all forms of maintenance work covering the provision of scaffolding, corrosion prevention and/or insulation services as and when required. These maintenance contracts are a source of recurring income for our Group. Other customers include Rotary, Chiyoda Corporation and JGC.

Please refer to the section titled “History and Development of our Group” of this Prospectus for further details.

OUR COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:-

Established Track Record and Business

We are one of the leading integrated service providers of scaffolding, corrosion prevention and insulation works in Singapore, as evidenced by the projects we have completed for oil majors such as Shell, ExxonMobil and SRC, as well as Seraya and PCS, which are petrochemical companies, and our track record of approximately 30 years.

Integrated Service Provider

We are an integrated service provider of scaffolding, corrosion prevention and insulation services mainly for the oil and gas and petrochemical industries. We are equipped in-house to provide all of these services through our Group companies. With such integration, our customers enjoy the convenience, cost-savings and efficiency which come with the provision of a comprehensive range of services. We are also able to control and monitor the quality of our products and services and to respond on a timely basis should customers require any modification work.

Quality Services and Good Safety Record

We are dedicated to providing quality services and products to our customers. To ensure that our customers are satisfied with our services and products, we have implemented strict control procedures to maintain the quality of our workmanship and the timely completion of our projects. Our Group places strong emphasis on the need to maintain high safety standards, in particular, to satisfy the safety requirements of the oil majors who are our customers, most of whom have consistently awarded us safety awards.

Experienced Management Team

Our management team is led by our Executive Chairman, Mr Cheng Buck Poh @ Chng Bok Poh, and our Chief Executive Officer, Mr Lee See Kee, both of whom have over 30-years of experience in the oil and gas and petrochemical industries. Their reputation and established relationships with customers in these industries have been instrumental to our success in securing many projects over the years.

Resident Authorised Contractor

As a result of our track record, quality service and good safety record, the oil majors have retained us, either directly or through their main contractors, as their resident authorised contractor for regular maintenance works, which contributed approximately 62.1%, 60.8%, 48.2% and 43.6% of our revenue for FY2005, FY2006, FY2007 and 1H2008 respectively.

Sizable Stock of Scaffolding

We have a sizable stock of scaffolding, which allows us to meet the needs of our customers within a short lead time and allows us to take up large scale projects in the oil and gas and petrochemical industries.

Please refer to the section titled "Competitive Strengths" of this Prospectus for further details on our competitive strengths.

OUR PROSPECTS

The oil and gas value chain can be broadly categorized into three categories, namely, upstream which encompasses exploration and production activities; midstream which includes the transportation of oil and gas; and downstream which comprises the refining, supply, marketing and distribution of petroleum and petrochemical products.

To-date, we have serviced clients in the downstream category which we have termed the oil and gas and petrochemical industries. We have secured a contract to service a customer in the upstream category, commonly known as the offshore marine industry, to provide corrosion prevention services in connection with the construction of an oil-rig.

Our Directors believe that business from the oil and gas and petrochemical industries will continue to be our key revenue contributor. Our Directors are of the opinion that through our efforts to integrate more related services and expand our range of services, we will continue to maintain our competitive edge in our businesses.

Rising demand for fuels and chemicals in Asia and persistently high crude oil prices have generated demand for support industries, such as, shipbuilding, building of oil rigs, as well as building of oil and gas and petrochemical processing facilities. [(1)] This will create demand for our scaffolding, corrosion prevention and insulation services. For the last three financial years ended 30 June 2007 and the six-month period ended 31 December 2007, our revenue from our project services has increased primarily due to the surge in petroleum and petrochemical demand resulting in more oil and gas and petrochemical facilities and plants being built in Singapore. In addition, as Singapore continues to be one of the major oil refineries and petrochemical centres in the world,[(2)] demand for our services in Singapore is expected to continue to increase.

Oil refineries and petrochemical centres in Singapore are located mainly in Jurong Island and Pulau Bukom. The Singapore government has invested an estimated S$7 billion to construct Jurong Island to fulfill its aim to develop it into a world-class chemical hub. More than 90 leading petroleum, petrochemicals, specialty chemicals, manufacturing and service companies from all over the world operate on Jurong Island. [(3)] Industry giants including ExxonMobil, Shell, SRC, Chevron, Sumitomo Corporation (Singapore) Pte Ltd, Denka, Horizon, Vopak, Universal and BASF ELLBA are among the major tenants on the island. EDB targets to realize cumulative investment of S$40 billion by 2010 on Jurong Island. [(4)] Banking on strong initiatives for developing the oil and gas and petrochemical industries, Singapore continues to successfully attract major industry players such as ExxonMobil, Shell, Denka and Sumitomo Chemical to set up their new plants or expand existing facilities.

Since our incorporation, we have expanded our business scope from merely providing corrosion prevention services to the marine industry to the integrated service provision of scaffolding, corrosion prevention and insulation services mainly for the oil and gas and petrochemical industries. We expect the demand for the supply of our services from our customers to continue.

We expect our operating expenses to increase in FY2008, in line with our expected increase in business activities, future plans and also the incurrence of higher labour and material costs. However, in most instances, we will build in a buffer for cost increases in our pricing.

Please refer to the sections titled "Prospects" and "Trend" of this Prospectus for further details.

Notes:-

(1) Adapted extract from the "Singapore Marine Industry Annual Report 2006", which appears on the Association of Singapore Marine Industries website (http://www.asmi.com), accessed on 4 June 2008.

(2) Adapted extract from the EDB website (http://www.edb.gov.sg), accessed on 4 June 2008.

(3) Adapted extract from the JTC and Singapore Chemical Industry Council websites (http://www.jtc.gov.sg; http://www.chemindustry.org.sg), accessed on 4 June 2008.

(4) Adapted extract from the "Singapore Economic Development Board Annual Report 2005/2006", which appears on the EDB website (http://www.sedb.com), accessed on 4 June 2008.

We have not sought the consent of the Association of Singapore Marine Industries, EDB, JTC and Singapore Chemical Industries and the Association of Singapore Marine Industries, EDB, JTC and Singapore Chemical Industry Council have not consented to the inclusion of the above information for the purposes of section 249 of the SFA and are, therefore, not liable under sections 253 and 254 of the SFA. Our Company, the Manager and the Underwriter and Placement Agent have included the above information in its proper form and context in this Prospectus and have not verified the accuracy of the contents of the above information.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are:-

To widen customer base and secure more projects

We intend to secure more projects in view of the increase in oil and gas and petrochemical activities in the region and to seek larger scale projects. We hope to continue to leverage on our good track record and relationships with our customers. In addition, we will continue to manage our operating expenses in order to continue to be price competitive to increase our market share.

Acquisition and development of a new automated shot-blasting facility, workshop, warehouse and office

To maintain our competitive edge and to better service our customers, we intend to invest in an automated shot-blasting facility for our corrosion prevention services as well as to increase our workshop and warehousing capacities. In May 2008, we commenced construction of an automated shot-blasting facility, workshop, warehouse and office premises, with an estimated aggregate built-in area of 17,000 sq m, in phases. Priority will be given to constructing the automated shot-blasting facility, workshop and warehouse, which is expected to be completed in FY2009. Construction of the office premises is expected to be completed by FY2010.

To expand presence in overseas markets

We are actively seeking opportunities to expand our market share in Thailand, Malaysia and Vietnam by penetrating further into these existing overseas markets. We also intend to enter into new geographical markets, such as India and Middle East.

To penetrate these overseas markets, we will market our services to existing customers who have operations there to leverage on their existing customer base as well as through our own network.

Expansion of capabilities within the oil and gas and petrochemical industries

Where opportunities arise, we will expand our capabilities and business in the oil and gas and petrochemical industries, in areas such as the maintenance of process equipment including heat exchangers. We may also expand through acquisitions, strategic alliances and/or joint ventures with other service providers which can add value to our business by allowing us to have greater involvement in businesses on which our present business is reliant. We also intend to continue to tap into the prospects of the offshore marine industry, which includes oil-rig building and offshore engineering and other marine supporting services.

Please refer to the section titled "Business Strategies and Future Plans" of this Prospectus for further details.

Where you can find us

Our principal and registered office is located at 9 Tuas Avenue 1, Singapore 639494. Our telephone number is (65) 6862 2211. Our internet address is www.haileck.com.

Information contained in our website does not constitute part of this Prospectus.

Issue Size	:	85,000,000 New Shares offered in Singapore by way of public offer and placement managed by UOB Asia and underwritten by UOB comprising 4,500,000 Offer Shares and 80,500,000 Placement Shares (including 6,800,000 Reserved Shares). The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.
Issue Price	:	S$0.26 for each New Share
Purpose of the Invitation	:	Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-ST will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public, our management, employees, Independent Directors and business associates as well as those who have contributed to our success with an opportunity to participate in the equity of our Company.
Use of proceeds	:	The net proceeds from the issue of the New Shares (after deducting estimated issue expenses) is approximately S$19.8 million, which we intend to utilise for (i) the partial financing of the acquisition and development of an automated shot-blasting facility, workshop and warehouse, as well as office premises in Tuas; (ii) the purchase of scaffolding; and (iii) working capital. Details of the above are set out under the sections titled "Use of Proceeds and Expenses of the Invitation", "Prospects" and "Business Strategies and Future Plans" of this Prospectus. Pending the deployment of the net proceeds from the issue of the New Shares as aforesaid, the funds will be placed in short-term deposits or money market instruments and/or used as working capital as our Directors may deem fit.
Reserved Shares	:	Out of the 80,500,000 Placement Shares, 6,800,000 Placement Shares will be reserved for our management, employees, Independent Directors, business associates and those who have contributed to our success. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares, or in the event of any under-subscription for the Placement Shares, to satisfy excess applications made by members of the public in Singapore for the Offer Shares. The number of Reserved Shares that have been reserved for subscription by our Independent Directors are as follows:-

Name	Number of Reserved Shares
Tan Sim Cheng	100,000
Low Seow Chay	500,000
Chee Teck Kwong Patrick	100,000

Listing status	:	Prior to the Invitation, there had been no public market for our Shares. Our Shares will be quoted on the SGX-ST, subject to admission of our Company to the SGX-ST and permission for dealing in and for quotation of our Shares being granted by the SGX-ST.
Dividend policy	:	Save for historic declarations of dividends by our Company and our subsidiaries, as well as the intended recommendation to distribute dividends of not less than 25% of our FY2008 net profits distributable to Shareholders, as disclosed in the section titled "Dividend Policy" of this Prospectus, we have not historically paid annual dividends on our ordinary shares. Our decision to declare or pay dividends and the amount of any dividends will depend on a number of factors, including:- (a) our earnings; (b) cashflow; (c) financial condition; (d) projected levels of capital expenditure; and (e) investment plans.
Risk factors	:	Investing in our Shares involves risks which are described in the section titled "Risk Factors" of this Prospectus.

You should read the following summary financial data in conjunction with the full text of this Prospectus, including the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007", set out in Appendix A, Appendix B and Appendix C respectively of this Prospectus. Please refer to the section titled "Risk Factors" of this Prospectus for more information on other factors which may affect our business operations, revenue and overall financial performance.

The information below is selected from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" with respect to our Continuing Operations only, adjusted for the non-inclusion of (a) gain on disposal of shares and (b) share of results of an associated company, Hiap Seng, for the relevant financial years (collectively the "Hiap Seng adjustments"). Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details.

	Audited			Unaudited	
	FY2005 $'000	**FY2006 $'000**	**FY2007 $'000**	**1H2007 $'000**	**1H2008 $'000**
CONTINUING OPERATIONS					
Revenue	37,621	39,158	62,663	28,672	33,643
Cost of sales	(24,586)	(22,273)	(40,462)	(18,228)	(20,293)
Gross profit	13,035	16,885	22,201	10,444	13,350
Other income [(1)]	1,100	1,132	19,677	641	27,553
Distribution and selling expenses	(488)	(339)	(400)	(187)	(287)
Administrative expenses	(8,652)	(10,453)	(11,158)	(5,321)	(6,371)
Other operating expenses	(898)	(1,353)	(2,258)	(957)	(1,099)
Interest expense	(6)	(6)	(6)	(4)	(8)
Share of results of associated companies [(2)]	427	2,701	3,657	2,338	978
Profit before taxation from continuing operations	4,518	8,567	31,713	6,954	34,116
Less : Hiap Seng adjustments	(355)	(2,513)	(21,957)	(2,338)	(26,926)
Profit before taxation from continuing operations (after the Hiap Seng adjustments)	4,163	6,054	9,756	4,616	7,190
Taxation	(1,070)	(1,852)	(1,483)	(824)	(1,162)
Profit for the year/period from continuing operations (after the Hiap Seng adjustments)	3,093	4,202	8,273	3,792	6,028

SUMMARY FINANCIAL DATA

	Audited			Unaudited	
	FY2005 $'000	FY2006 $'000	FY2007 $'000	1H2007 $'000	1H2008 $'000
Attributable to:					
Equity holders of the Company	2,586	3,669	7,703	2,600	5,917
Minority interests	507	533	570	1,192	111
	3,093	4,202	8,273	3,792	6,028
Earnings per share					
Basic – continuing operations (after the Hiap Seng adjustments) (cents) [(3)]	1.1	1.5	3.2	1.1	2.5
Diluted – continuing operations (after the Hiap Seng adjustments) (cents) [(4)]	0.8	1.1	2.4	0.8	1.8

Notes:-

(1) For FY2007 and 1H2008, "Other income" includes gain on disposal of shares in our associated company, Hiap Seng, during the year ended 30 June 2007 and the six months period ended 31 December 2007 of approximately $18.3 million and $25.9 million respectively.

(2) Includes our share of profits from our associated company, Hiap Seng, amounting to approximately $0.4 million, $2.5 million, $3.7 million, $2.3 million and $1.0 million for FY2005, FY2006, FY2007, 1H2007 and 1H2008 respectively.

(3) For comparative purposes, basic EPS for the relevant years/periods under review is computed based on net profit attributable to shareholders and the pre-Invitation share capital of 240,000,000 Shares.

(4) For comparative purposes, fully diluted EPS for the relevant years/periods under review is computed based on net profit attributable to shareholders and the post-Invitation share capital of 325,000,000 Shares.

SUMMARY FINANCIAL DATA

The information below is selected from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December *2007" with respect to our Continuing Operations only, adjusted for the disposal/distribution in specie of Hiap Seng shares subsequent to FY2007. Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details.*

	Audited FY2007 $'000	Unaudited 1H2008 $'000
CONTINUING OPERATIONS		
Non-current assets		
Property, plant and equipment	11,269	16,281
Associated companies [1]	15,215	–
Other investments	156	–
Intangible assets	258	255
	26,898	16,536
Less : Associated companies [1]	(15,215)	–
	11,683	16,536
Current assets		
Inventories	703	538
Trade receivables	16,571	12,137
Other receivables and deposits	857	2,444
Prepayments	130	27
Due from associated companies	1,859	–
Due from affiliated company (non-trade)	5	1,900
Other investments	1,255	1,238
Work-in-progress	222	1,081
Cash and bank balances	11,591	9,451
Fixed deposits	30,175	14,798
	63,368	43,614
Current liabilities		
Trade and other payables	15,702	13,184
Due to Directors	394	–
Provision for taxation	3,161	3,730
Finance lease obligations, current portion	89	65
	19,346	16,979
Net current assets	44,022	26,635
Non-current liabilities		
Deferred taxation	284	284
Finance lease obligations, non-current portion	47	15
	331	299
Net assets	55,374	42,872

SUMMARY FINANCIAL DATA

	Audited FY2007 $'000	Unaudited 1H2008 $'000
Equity attributable to equity holders of the Company		
Share capital	2,000	28,000
Accumulated profits	84,254	15,034
Fair value adjustment reserve	(7)	–
Translation reserve	(181)	(162)
	86,066	42,872
Minority interests	2,190	–
	88,256	42,872
Less : Discontinued Operations and disposal and distribution *in specie* of Hiap Seng shares	(32,882)	–
Total equity	55,374	42,872

Note:-

(1) Refers to our investment in quoted shares of Hiap Seng, which is excluded due to the disposal/distribution *in specie* of the Hiap Seng shares.

EXCHANGE RATES

Our sales, purchases and operating costs are denominated mainly in S$, MYR, THB, VND and US$.

Our overseas revenue, cost of sales and operating costs are mostly denominated in MYR, THB, VND, and US$. The reporting currency of our consolidated financial statements is in S$. We translate the financial statements of our subsidiaries in Malaysia, Thailand and Vietnam from MYR, THB and VND to S$ based on the relevant average exchange rates prevailing as at the relevant period of the respective financial statements in order to prepare our consolidated financial statements.

The exchange rates between (a) MYR and S$; (b) THB and S$; (c) VND and S$ and (d) US$ and S$ as at the Latest Practicable Date are as follows:-

MYR per S$ rate	:	2.3742
THB per S$ rate	:	23.8358
VND per S$ rate	:	11927.176
US$ per S$ rate	:	0.7342

The following tables set forth the high and low exchange rates between (a) MYR and S$; (b) THB and S$, (c) VND and S$; and (d) US$ and S$ for each month in the 6-month period ended 31 May 2008:-

	MYR per S$ rate		**THB per S$ rate**		**VND per S$ rate**		**US$ per S$ rate**	
	High	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**
May 2008	2.3795	2.3184	23.8358	23.1594	11927.176	11716.942	0.7368	0.7251
April 2008	2.3316	2.3071	23.3728	22.8552	11935.647	11647.525	0.7406	0.7226
March 2008	2.3272	2.2799	22.8446	22.3628	11710.835	11389.633	0.7269	0.7188
February 2008	2.2933	2.2791	22.6536	21.1747	11423.043	11232.818	0.7171	0.7035
January 2008	2.3043	2.2715	22.2120	20.5711	11271.047	11038.798	0.7057	0.6907
December 2007	2.3127	2.2897	21.1571	20.0757	11145.742	10981.980	0.6947	0.6847

The exchange rates quoted above have been calculated with reference to exchange rates quoted from Bloomberg L.P.. The tables illustrate how many MYR, THB, VND and US$ it would take to purchase one S$ respectively. These transactions should not be construed as a representation that those MYR, THB, VND and US$ amounts could have been, or could be, converted into MYR, THB, VND and US$, as the case may be, at any particular rate, the rates stated above, or at all.

The following table sets forth, for the financial periods indicated, the average exchange rates between (a) MYR and S$; (b) THB and S$; (c) VND and S$; and (d) US$ and S$, calculated by using the average of the exchange rates on the last day of each month during each financial period:-

	MYR per S$ rate		**THB per S$ rate**		**VND per S$ rate**		**US$ per S$ rate**	
	Average	**Closing**	**Average**	**Closing**	**Average**	**Closing**	**Average**	**Closing**
FY2005	2.2867	2.2543	24.1133	24.5165	9502.259	9402.017	0.6018	0.5932
FY2006	2.2713	2.3215	24.2593	24.0786	9709.761	10107.744	0.6099	0.6318
FY2007	2.2960	2.2565	22.6153	20.7142	10394.307	10540.078	0.6477	0.6534
1H2007	2.3288	2.2999	23.5697	23.1012	10274.206	10466.762	0.6404	0.6519
1H2008	2.2989	2.2964	21.0548	20.6944	10905.295	11124.539	0.6774	0.6946

Note:-

We have not sought the consent of Bloomberg L.P. nor has Bloomberg L.P. provided its consent for the inclusion of the information set out above. Bloomberg L.P. is therefore not liable for such information under Sections 253 and 254 of the Securities and Futures Act. The Company has included the above information in its proper form and context in this Prospectus and has not separately verified the accuracy of the contents of the information.

Investors should consider carefully the following risk factors and all other information contained in this Prospectus, before deciding to invest in our Shares. You should also note that certain of the statements set forth below constitute "forward-looking statements" that involve risks and uncertainties.

If any of the following risk factors and uncertainties develops into actual events, our business, financial condition or results of operations or cash flows may be adversely affected. In such circumstances, the trading price of our Shares could decline and investors may lose all or part of their investment. Apart from the specific factors listed below and general business and economic conditions to which all commercial businesses are exposed, to the best of our Directors' knowledge and belief, we are not vulnerable in any material way to any other factors which may be reasonably anticipated.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Industry and Company Risks

We are dependent on the state of the oil and gas and petrochemical industries

Our business is dependent on the state of the oil and gas and petrochemical industries in Singapore, as well as the general global economic environment. Currently, oil and gas and petrochemical activities in Singapore are primarily conducted on Jurong Island and Pulau Bukom. A general global economic slowdown may affect global business conditions and international trade. Such an economic slowdown may result in a reduction in oil and gas and petrochemical activities and, hence, less business opportunities for our Group.

Oil refineries and petrochemical centres in Singapore are located mainly in Jurong Island and Pulau Bukom. The Singapore government has invested an estimated S$7.0 billion to construct Jurong Island to fulfil its aim to develop it into a world-class chemical hub.

In the event that there is a decline in the level of activities in the oil and gas and petrochemical industries in Singapore or if the expansion plan for Jurong Island does not proceed as expected, resulting in a decrease in demand for our scaffolding, corrosion prevention and insulation services, our financial performance will be adversely affected.

We are affected by our customers who operate mainly in the oil and gas and petrochemical industries, which are subject to fluctuations in market demand and conditions

Our customers are primarily companies operating in the oil and gas and petrochemical industries. Revenue derived from customers from the oil and gas and petrochemical industries contributed approximately 96.6%, 94.2%, 98.6% and 99.7% of our revenue for FY2005, FY2006, FY2007 and 1H2008 respectively. Such industries are subject to fluctuations in market demand and conditions. In the oil and gas and petrochemical industries, rising oil prices may lead to greater exploration activities or greater oil and gas and petrochemical production, resulting in an expansion of production and storage facilities. This may, in turn, lead to greater demand for our services. In the event that there is a downturn or recession in the industry brought about by various causes such as a slump in oil and energy prices, political instability or changes in the regulatory environment, our customers' businesses may be adversely affected and they may significantly reduce their demand for our services. This may lead to adverse effects on our financial performance.

We are largely dependent on Singapore as our major market

Singapore accounted for approximately 99.8%, 98.3%, 95.8% and 96.8% of our revenue for FY2005, FY2006, FY2007 and 1H2008 respectively. There is no assurance that we will be able to increase our sales to other countries to which we provide our services or successfully expand into other new markets. Accordingly, should there be a reduction in demand for our services in Singapore and we are unable to increase our sales in other countries or successfully expand into new markets, our revenue and financial performance may be adversely affected.

Non-renewal or revocation of our permits and licenses would result in the cessation of our affected business activity

Our activities are subject to various permits and licences being granted by regulatory authorities in Singapore and other jurisdictions in which we operate. These permits and licences are generally for fixed periods and are renewable upon expiry. Please see section titled "Government Regulations" of this Prospectus for further details. Therefore, any non-renewals or revocation of the permits and licences for whatever reason(s) by the relevant authorities would result in the cessation of our affected business activity.

We are exposed to the credit risks of our customers

We are exposed to the credit risks of our customers, who include main contractors and sub-contractors for oil majors. We generally offer our customers credit terms ranging from 30 to 90 days, depending on the size and creditworthiness of and the services provided to each customer. Any deterioration in the financial position of our customers may materially and adversely affect our profits and cash flows as these customers may default on their payments. This impact may be greater in an economic downturn as more customers may experience cash flow difficulties. As a result of our customers defaulting on their payment, we would have to make provisions for doubtful debts or debt write-offs, which may adversely affect our financial performance.

We are affected by labour shortages and increases in labour costs

Our business relies, to a large extent, on a large pool of foreign workers as there is a limited number of local workers available. As at 30 June 2007 and 31 December 2007, we employed 548 and 627 foreign workers, representing approximately 81.4% and 84.6% of our total number of full-time employees in Singapore, respectively. For the last three financial years ended 30 June 2007 and the six months period ended 31 December 2007, foreign workers' levies paid by us accounted for approximately 2.3%, 2.8%, 2.0% and 3.4% of our cost of sales respectively. Any unfavourable changes to the employment regulations such as a reduction in the quota for foreign employees or an increase in the salaries or demand for foreign workers in other countries will affect our ability to employ foreign workers. As a result, we may have to employ workers at higher cost or sub-contract certain services or may not be able to complete our projects according to the agreed completion time due to a shortage of manpower. In the event that we are unable to hire replacement workers or to engage sub-contractors at reasonable rates or if there is an increase in foreign workers' levies payable, our business and financial costs will increase. In addition, if we are unable to complete the project according to the agreed time schedule due to insufficient labour, we may be liable to our customers for liquidated or other damages, which may lead to an adverse effect on our financial results.

We are reliant on qualified supervisors and engineers

Our business is highly dependent on qualified supervisors and engineers. Having a team of qualified supervisors and engineers is essential in maintaining the quality of our products and services. If we are unable to retain or source for such qualified personnel or are required to pay substantially higher salaries therefor, our financial performance will be adversely affected.

We may not be able to complete our contractual obligations to our customers

We undertake most of our projects on a contract basis, subject to the terms and conditions provided in each contract. We may be required to furnish performance bonds or our customers may retain an agreed sum of the contract value as a retention fee for the due performance and completion of our contracts.

In the event of any delay in the completion of our services, we may be liable to pay our customers liquidated or other damages under our contracts with them. If the delay continues beyond the time stipulated in the contracts, otherwise than as a result of *force majeure* events, such as adverse weather or other acts of God, our customers may rescind their contracts with us. We may also face claims by our customers in respect of defective products, poor workmanship and non-compliance with contract specifications. This may adversely affect our financial performance.

We are exposed to potential liability arising from damages, injury or death due to accidents

Due to the nature of our operations, there is a risk of accidents occurring either to our employees or to third parties while on our premises or our customers' premises. These accidents may occur as a result of fire, explosions or other incidents.

In the event that any claims for compensation are made against us in respect of accidents which are not covered by our insurance policies or workmen's compensation taken by our Group, or if claims arising from such accidents are in excess of our insurance or workmen's compensation coverage and/or any of our insurance claims are contested by any insurance company, we will be required to pay for such compensation. In addition, we may have to pay fines under relevant government regulations if the accidents are a result of our non-compliance with regulated safety standards. In the event of a breach in safety standards, we may not be invited by our customers to tender for future contracts. The financial performance of our Group may be adversely affected in any of the above incidences.

We are dependent on key personnel for our continued growth

Our continued growth is dependent on the commitment of our key personnel, especially our Executive Chairman, Mr Cheng Buck Poh @ Chng Bok Poh, and our Chief Executive Officer, Mr Lee See Kee. Each of these key personnel plays an instrumental role in the performance and continued growth of our Group. They contribute through their industrial knowledge, technical expertise and wide business connections. In addition, our Executive Directors and Executive Officers also play instrumental roles in the success and growth of our Group. In the event that we lose the services of any of these key personnel without timely or suitable replacements or are unable to attract, train and retain qualified and experienced personnel, our business would be affected. This may have an adverse impact on our financial performance. Currently, we have not taken up any keyman insurance.

Our insurance coverage may be inadequate

We have in place insurance policies such as workmen's compensation and public liability insurance but these may not be adequate to cover such relevant insured losses, claims and/or liabilities that we may suffer. We may also suffer other losses, claims and/or liabilities for which we are not insured. In the event that our insurance coverage is not available or adequate to cover any losses, claims and/or liabilities, our financial performance may be adversely affected. In addition, the payment by our insurers of such insurance claims may result in increases in the premiums payable by us for our insurance polices.

Also, we face the risk of loss or damage to our scaffolding, properties and inventories due to fire, theft and natural disasters such as floods. In the event that our insurance coverage is insufficient to meet such loss or damage, our financial performance may be adversely affected and our operations may be disrupted. Please see section titled "Insurance" of this Prospectus for further details.

We may face potential liability with respect to product defects

Some of our contracts with customers include warranties that our services and products will be free of defects for periods usually ranging from one to five years. We do not have any product liability insurance covering our scaffolding, corrosion prevention and insulation works, and to the extent that our products and services do not, or are deemed not to, satisfy such warranties, we will be required to carry out rectification works and may be required to indemnify or compensate our customers for damage or losses as well as consequential damages. Such rectification works, indemnification or compensation would not only result in additional costs but could also adversely affect our reputation in the industry as well, both of which will have an adverse effect on our business and financial results.

We are exposed to project cost overruns, delays, cancellations and/or fluctuations in raw material prices

The contract value quoted in our tender submission to potential customers is determined after the evaluation of our scope of work and all related costs including indicative prices of our suppliers and sub-contractors. However, unforeseen circumstances such as unanticipated price fluctuations of scaffolding and other major raw materials, such as paints and insulation materials, damages and errors in estimation may arise during the course of our work. As these circumstances may require additional costs and work which are not factored into the contract value, they may lead to cost overruns which may erode our profit margin for the project and have an adverse impact on our overall profitability. In addition, projects may be delayed or cancelled by our customers for reasons beyond our control. In such event, we may be unable to recoup our full costs or to recover amounts due to us, and our financial performance may be adversely affected.

We are dependent on our status as the resident authorised contractor and/or preferred integrated service provider of scaffolding, corrosion prevention and insulation works to some of our customers

As a resident authorised contractor for some our customers, our Group, like all the other resident authorised contractors, is expected to meet the performance requirements of our respective customers in terms of, *inter alia*, track record, job quality and timely delivery, failing which, our respective customers may, at their discretion, decide not to appoint us or renew our services under maintenance contracts. Maintenance services contributed 62.1%, 60.8% and 48.2% of our total revenue for FY2005, FY2006 and FY2007 respectively. This would have an adverse effect on our financial performance.

Our operations, customers and suppliers are vulnerable to natural disasters and other events beyond our control, which may seriously disrupt our operations

The occurrence of inclement weather, floods and other natural disasters in places where our customers, suppliers and operations are located, as well as accidents such as fire or power losses, could interrupt our services and cause severe damage to our work-in-progress. Any major disruption could have an adverse effect on our operations.

Our Group's outdoor scaffolding, corrosion prevention and insulation activities are affected by prolonged adverse weather conditions, particularly during the monsoon season, as such activities cannot be carried out in the open in rainy weather. Consequently, the time schedule may be affected, which may, in turn, affect our ability to deliver the project to our customers and result in higher operating costs for our Group in the form of standby costs of equipment and labour overtime costs to make up for lost time. Our Group is also liable to pay liquidated damages for delays in projects which can result in budget overruns. However, our Group faces no such weather constraints in connection with indoor scaffolding, corrosion prevention and insulation activities.

Our operations may be affected by the recurrence of Severe Acute Respiratory Syndrome ("SARS") and other communicable diseases

The SARS outbreak from around March 2003 to June 2003 had an adverse impact on the Singapore economy. There is no assurance that this or other infectious diseases will not resurface and affect economic activities in the region. The resurgence of such communicable diseases could have a negative effect on our operations. In the event that any of our employees is infected with a communicable disease, we may be required to shut down our worksites or office premises to prevent the spread of the disease. The spread of any communicable disease could affect our operations in Singapore and other regions as well as the operations of our customers and suppliers. This would have an adverse impact on our business and financial performance.

We may require additional funding for our future growth

Although we have identified our future growth plans as set out in the section titled "Business Strategies and Future Plans" of this Prospectus as the avenues to pursue growth in our business, the issue proceeds from the Invitation will not be sufficient to fully cover the estimated costs of implementing all these plans. We may also find opportunities to grow through acquisitions which cannot be predicted at this juncture. Under such circumstances, secondary issue(s) of securities after the Invitation may be necessary to raise the required capital to develop these growth opportunities. If new Shares placed to new and/or existing Shareholders are issued after the Invitation, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, in which case, existing Shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

There is no assurance that our expansion plans will be successful

As described under the section titled "Business Strategies and Future Plans" of this Prospectus, our growth strategies involve the construction and operation of our own automated shot-blasting facility and expansion of our businesses into other regions such as India and the Middle East. These expansion plans will result in additional costs of investment in fixed assets, working capital tied up in stocks, as well as working capital requirements. In the event that we fail to achieve a sufficient level of revenue or manage our costs efficiently, our future financial performance and position may be adversely affected.

We are exposed to foreign exchange risk

Our overseas revenue, cost of sales and operating costs are mostly denominated in MYR, THB, VND and US$. In FY2007, approximately 4.5% of our revenue, 6.8% of our cost of sales and 3.0% of our operating costs were denominated in MYR, THB, VND and US$. In 1H2008, approximately 3.2% of our revenue, 2.9% of our cost of sales and 3.1% of our operating costs were denominated in MYR, THB, VND, and US$. Where there are adverse fluctuations in the various foreign currencies in which we transact against the S$, our earnings may be adversely affected.

Given that the reporting currency of our consolidated financial statements is in S$, in order to prepare our consolidated financial statements, we translate the financial statements of our subsidiaries in Malaysia, Thailand and Vietnam from MYR, THB and VND to S$ based on the relevant average exchange rates prevailing over the relevant period of the profit and loss account and at closing exchange rates for the balance sheet. Movements in the exchange rates may adversely affect our financial performance. Although profit contribution from our Malaysian, Thai and Vietnamese subsidiaries was not significant in FY2007 and 1H2008, the contribution may increase in future and will be subject to currency translation risk should the S$ appreciate against the MYR, THB, VND and US$.

We also maintain MYR, THB, VND and US$ denominated bank accounts. Accordingly, we also face translation risk in that any significant fluctuation in the exchange rate between the MYR, THB, VND or US$ and the S$ will have an effect on our financial statements which are presented in S$.

Please refer to the section titled "Exchange Control" of this Prospectus for further details.

We are dependent on sub-contractors

We generally sub-contract some automated shot-blasting services, passive fireproofing services and complementary civil engineering services, such as road works and building repairs, to sub-contractors. Sub-contracting costs comprised 52.1%, 53.2% and 54.1% of our cost of sales for FY2005, FY2006 and FY2007 respectively. We are dependent on the availability of sub-contractors who have the relevant skills to fulfil our contractual commitments on a timely basis. In the event that we face a shortage of sub-contractors with relevant skills, we may not be able to complete our projects on a timely basis or may have to incur higher costs in order to engage these sub-contractors. As such, our financial results will be adversely affected.

Our quality control personnel or site supervisors conduct regular on-site inspections for works carried out by our Group as well as by our sub-contractors. Under our agreements with our sub-contractors, they provide back-to-back warranties and are liable to rectify any defective works.

External Risk

Our operations may be affected by terrorist attacks or armed conflicts

Terrorist attacks and other acts of violence or war may affect the markets in which we operate, and consequently affect our business and financial performance. They may directly impact our physical facilities or those of our suppliers or customers. Such terrorist attacks or armed conflict could have an adverse impact on the demand of our services and our ability to deliver our products to our customers in a timely and cost effective manner, which in turn could have an adverse impact on our sales, business and financial condition. Political and economic instability in some regions of the world may also result in such terrorist attacks and armed conflicts, and could negatively impact our business and financial condition. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and we are not able to foresee events that could have an adverse effect on our business.

Overseas Risks

We may face uncertainties and risks associated with our expansion of existing markets and entry into new overseas markets

As part of our future plans, we intend to expand our market share, especially in overseas markets. Such initiatives involve numerous risks, including but without limitation to, the costs of setting up our presence overseas and unexpected or additional costs which may affect the results of our operation, risks of political unrest and unfavourable government policies and regulations.

There is also the risk of competing with local service providers of scaffolding, corrosion prevention and insulation services who may be able to provide the same at a lower cost. There can be no assurance that we will be successful in our attempts to enter into these new markets overseas. Our expansion plans may also result in additional costs of investment, working capital tied up in stock, as well as working capital requirements. If we fail to achieve a sufficient level of revenue, we will not be able to recover our costs and our financial performance may be adversely affected.

We may be affected by political, social, economic and regulatory conditions in the countries in which we do business

We currently provide our services in Singapore, Malaysia, Thailand and Vietnam. Demand for our services depends on the political, economic, regulatory and social conditions in these countries.

A change in policy such as safety standards and any slowdown in the respective economies may affect our ability to provide our services in these countries. This may then adversely affect our business and financial performance.

We are subject to Foreign Investment Committee ("FIC") Guidelines in Malaysia

Our Malaysian subsidiary, Hai Leck (Malaysia), is subject to any adverse political, legal, economic (including any foreign exchange currency restrictions, ownership restrictions and tax charges) and social changes in Malaysia. In particular, Hai Leck (Malaysia) is subject to the Foreign Investment Committee guidelines (the "Guidelines") issued by the Economic Planning Unit in Malaysia.

Hai Leck (Malaysia) accounted for approximately 3.3%, 1.3%, 2.0% and 2.8% of our Group's profit (before minority interest) for FY2005, FY2006, FY2007 and 1H2008 respectively.

Under the current Guidelines, approval of the FIC must be obtained when an acquisition by a foreign interest or foreign associated group is made in respect of 15% or more of the voting shares of Malaysian companies. The prevailing judicial opinion in Malaysia is that the Guidelines have no force of law and no sanctioning provisions or penalties are imposed for non-compliance. Nevertheless, although the Guidelines are merely policy guidelines, failure to obtain FIC approval may have practical consequences in relation to regulatory approval required by a foreign investor for matters requiring proof of FIC approvals, which include (i) transactions concerning landed property, (ii) employment of expatriate personnel, (iii) government approvals and licences and (iv) government tenders or contracts.

As such, there is a likelihood that we may be required to reduce our interest in Hai Leck (Malaysia), in particular, with respect to any scaffolding, corrosion prevention and insulation projects which will involve national interests.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Control by our existing Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon completion of this Invitation, our Directors and holders of more than 5% in our equity and their Associates will, in the aggregate, beneficially own approximately 73.9% of our enlarged share capital. These Shareholders, if acting together, would be able to significantly influence all matters requiring approval by our Shareholders. This concentration of ownership could have the effect of delaying or preventing a change in control of our Company or otherwise discouraging a potential acquirer from attempting to obtain control of us.

Any future sales of our Shares by our Substantial Shareholders could adversely affect our Share price

Any future sale or availability of our Shares can have an adverse effect on our Share price. The sale of a significant amount of our Shares in the public market after the Invitation or the perception that such sales may occur could adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section titled "Moratorium" of this Prospectus, there are no restrictions imposed on our Substantial Shareholders relating to the disposal of their shareholdings.

There has been no prior market for our Shares and this offering may not result in an active or liquid market and there is a possibility that our Share price may be volatile

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on the SGX-ST, there is no assurance that an active trading market for our Shares will develop, or if it develops, will be sustained. There is also no assurance that the market price for our Shares will not decline below the Issue Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, differences between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

Our Share price may be volatile and this may affect your investment in our Shares

An active market may not develop or, if it develops, may not be sustained following this Invitation. You may not be able to sell your Shares at or above the Invitation Price. Our Share price may be volatile and may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:-

- Variations in our operating results;
- Changes in securities analyst's estimates of our financial performance;
- Changes in market valuations of similar companies;
- Announcements by our competitors or ourselves, such as, of gain or loss of significant contracts or acquisitions;
- Strategic partnerships, joint ventures or capital commitments;
- Additions or departures of key personnel;
- Fluctuations in stock market prices and volume;
- Any involvement in litigation; or
- General economic and stock market conditions.

INVITATION STATISTICS

Issue Price	S$0.26
NTA	
NTA per Share based on the audited consolidated balance sheet of our Group for Continuing Operations as at 30 June 2007 adjusted for the Share Split and the Restructuring Exercise:-	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 240,000,000 Shares	14.1 cents
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 325,000,000 Shares	16.5 cents
Premium of Issue Price of S$0.26 over the NTA per Share as at 30 June 2007:-	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 240,000,000 Shares	84.4%
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 325,000,000 Shares	57.6%
NTA per Share based on the unaudited consolidated balance sheet of our Group for Continuing Operations as at 31 December 2007 adjusted for the Share Split and the Restructuring Exercise:-	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 240,000,000 Shares	16.1 cents
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 325,000,000 Shares	18.0 cents
Premium of Issue Price of S$0.26 over the NTA per Share as at 31 December 2007:-	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's pre-Invitation share capital of 240,000,000 Shares	61.5%
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on our Company's post-Invitation share capital of 325,000,000 Shares	44.4%
Earnings	
Historical net earnings per Share based on the audited consolidated results for Continuing Operations of our Group for FY2007 and our Company's pre-Invitation share capital of 240,000,000 Shares	3.2 cents

Price Earnings Ratio

Historical price-earnings ratio based on the Issue Price and the historical net earnings per Share for FY2007	8.1 times

Net Operating Cash Flow [(1)]

Historical net operating cash flow per Share for FY2007, based on our Company's pre-Invitation share capital of 240,000,000 Shares	6.3 cents

Price to Cash Flow Ratio

Ratio of Issue Price to historical net operating cash flow per Share of our Group for FY2007 based on the pre-invitation share capital of 240,000,000 Shares	4.1 times

Market Capitalisation

Our market capitalisation based on the post-Invitation share capital of 325,000,000 Shares and the Issue price of S$0.26	S$84.5 million

Note:-

(1) Net operating cash flow is defined as profit before taxation for our Continuing Operations after adjustments for depreciation, gain on disposal of property, plant and equipment, interest income and working capital changes.

USE OF PROCEEDS AND EXPENSES OF THE INVITATION

USE OF PROCEEDS

The net proceeds from the issue of the New Shares are estimated to be approximately S$19.8 million. The net proceeds represent the amount that we will receive after deducting issue expenses of approximately S$2.3 million pursuant to the payment of underwriting and brokerage commissions, professional fees and other transaction expenses related to the Invitation.

We intend to utilise the gross proceeds from the issue of the New Shares for the following purposes:-

Intended Use		Amount of proceeds (S$'000)	Estimated amount allocated for each dollar of the proceeds raised by our Company (as a percentage of gross proceeds)
(a)	To partially finance the acquisition and development of an automated shot-blasting facility, workshop, warehouse and office premises in Tuas	15,000	67.9%
(b)	Purchase of scaffolding	2,000	9.0%
(c)	Working capital	2,800	12.7%
(d)	Listing expenses	2,300	10.4%
Total		**22,100**	**100.0%**

Please refer to the section "Business Strategies and Future Plans" for further details on our plans above.

Pending the deployment of the net proceeds from the issue of the New Shares as aforesaid, the fund will be placed in short-term deposits with banks and financial institutions or invested in short term money market instruments and/or used as working capital, as our Directors may deem fit in their absolute discretion.

LISTING EXPENSES

The estimated expenses in connection with the Invitation are approximately S$2.3 million. A breakdown of these estimated expenses in relation to the Invitation is as follows:-

Listing Expenses		Estimated Amount (S$'000)	Estimated amount allocated for each dollar of the proceeds raised by our Company (as a percentage of gross proceeds)
i.	Listing fees and processing fees	75	0.3%
ii.	Professional fees and charges	1,150	5.2%
iii.	Underwriting commission, placement commission and brokerage	663	3.0%
iv.	Miscellaneous expenses	412	1.9%
Total		**2,300**	**10.4%**

HLE declared and paid interim net dividends amounting to S$8,000,000 and S$13,000,000 in respect of FY2005 and FY2007, respectively. Pursuant to the Restructuring Exercise, HLE declared and paid interim dividends amounting to S$78,874,000 in respect of FY2007. After the Restructuring Exercise, HLE declared and paid an interim dividend amounting to S$11,000,000 in respect of FY2008 to our Company.

Industrial Services declared and paid interim dividends amounting to S$40,000, S$1,600,000 and S$100,000 in respect of FY2005, FY2006 and FY2007, respectively. It declared an interim dividend amounting to S$4,500,000 in respect of FY2008 on 31 January 2008.

Hai Leck (Malaysia) declared and paid a final net dividend amounting to MYR4,896,000 in respect of FY2005.

Our Company declared interim dividends amounting to S$4,040,000 in respect of FY2008 on 31 January 2008.

Save as aforementioned, no dividend has been declared or paid by our Company or our subsidiaries in FY2005, FY2006, FY2007 and up to the Latest Practicable Date.

We currently do not have a dividend policy. The dividend 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 relevant factors deemed relevant by our Board of Directors:-

- the level of our cash and retained earnings;
- our actual and projected financial performance;
- our projected levels of capital expenditure and other investment plans; and
- restrictions on payment of dividends imposed on us by our financing arrangements (if any).

No inference should or can be made from any of the foregoing statements as to our actual profitability or our ability to pay dividends in the future.

We may declare annual dividends with the approval of our Shareholders in a general meeting but the amount of such dividends shall not exceed the amount recommended by our Directors. Our Directors may also declare interim dividends without seeking Shareholders' approval. Our Company must pay all dividends out of our profits. 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.

Subject to the above, our Directors intend to recommend and distribute dividends of not less than 25% of our net profits attributable to our Shareholders for FY2008 (the "Proposed Dividend").

However, investors should note that all the foregoing statements, including the statements on the Proposed Dividend, 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) in our Directors' sole and absolute discretion. Investors should not treat the Proposed Dividend as an indication of our Group's future dividend policy. No inference should 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.

For information relating to taxes payable on dividends, please refer to the section titled "Taxation" of this Prospectus.

Our Company (Company Registration Number: 199804461D) was incorporated in Singapore on 12 September 1998 under the Act as a private limited company under the name of Hai Leck Holdings Pte Ltd. Our Company's name was changed to Hai Leck Holdings Limited on 5 June 2008.

As at the date of incorporation, our issued and paid-up capital was S$3.00 comprising three ordinary shares. Pursuant to the completion of the Restructuring Exercise on 12 December 2007 and as at the Latest Practicable Date, our issued and paid-up share capital was increased to $28,000,000 comprising 28,000,000 Shares.

At an extraordinary general meeting held on 3 June 2008, our Shareholders approved, *inter alia*, the following:-

(a) the sub-division of 28,000,000 ordinary shares in our issued share capital into 240,000,000 ordinary shares (the "Share Split");

(b) the conversion of our Company into a public limited company and the consequential change of name to Hai Leck Holdings Limited;

(c) the approval of the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued) on the Main Board of the SGX-ST;

(d) the adoption of a new set of Articles of Association;

(e) the allotment and issue of the New Shares which are the subject of the Invitation. The New Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares; and

(f) that authority be given pursuant to Section 161 of the Act to our Directors to allot and issue shares in our Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as our Directors shall in their absolute discretion deem fit, provided that the aggregate number of Shares to be issued pursuant to such authority does not exceed 50% of the issued share capital of our Company at the time such authority is given and that the aggregate number of shares to be issued other than on a pro-rata basis to the then existing Shareholders of our Company shall not exceed 20% of the issued share capital of our Company at the time such authority is given (the percentage of the issued share capital being calculated based on the maximum potential share capital at the time such authority is given (taking into account the conversion or exercise of any convertible securities at the time such authority was given and which were issued pursuant to previous Shareholder's approval) adjusted for any subsequent consolidation or sub-division of shares, and, unless revoked or carried by our Company in general meeting, such authority shall continue in full force until the conclusion of the next Annual General Meeting of our Company or the date by which the next Annual General Meeting is required by law or by our Articles of Association to be held, whichever is earlier.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company, being ordinary shares. A summary of the Articles of Association of our Company relating to the voting rights of Shareholders is set out under the section titled "Description of Ordinary Shares" and Appendix D of this Prospectus.

There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. No person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or its subsidiaries.

SHARE CAPITAL

Details of changes in our issued and paid-up capital since 30 June 2007, being the date of our last audited financial statements and immediately after the Invitation are as follows:-

	Number of Shares	S$
Issued and fully paid ordinary shares as at 30 June 2007	3	3
Issue of new ordinary shares pursuant to the Restructuring Exercise	27,999,997	27,999,997
	28,000,000	28,000,000
Share Split	240,000,000	28,000,000
New Shares issued pursuant to the Invitation	85,000,000	19,800,000 [(1)]
Post-Invitation issued and paid-up share capital	325,000,000	47,800,000

Note:-

(1) The issued and paid up capital of S$19.8 milion arising from the issue of New Shares is derived after deducting estimated expenses of approximately S$2.3 million incurred in connection with the issue of such New Shares.

The Shareholders' equity of our Company as at 30 June 2007, 31 December 2007 and the Latest Practicable Date as well as after the Invitation are set out below. This should be read in conjunction with the financial statements:-

	As at 30 June 2007 S$	As at 31 December 2007 S$	As at the Latest Practicable Date [(1)] S$	After the Invitation S$
Shareholders' Equity				
Share capital	3	28,000,000	28,000,000	47,800,000
Reserves	–	–	6,960,000	6,960,000
	3	28,000,000	34,960,000	54,760,000

Note:-

(1) After receipt of dividends amounting to S$11,000,000 from HLE and declaration of dividends amounting to S$4,040,000. Please refer to the section titled "Dividend Policy" of this Prospectus for further details.

CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and cash equivalents and capitalisation and indebtedness as at:-

(i) 31 December 2007 and 30 April 2008 on an actual basis; and

(ii) as adjusted to give effect to the sale of 85,000,000 New Shares pursuant to the Invitation and the application of the net proceeds.

You should read this table in conjunction with the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" as set out in Appendix A of this Prospectus and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" as set out in Appendix B of this Prospectus and the related notes under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus.

	As at 31 December 2007	← As at 30 April 2008 →	
S$'000	**Actual**	**Actual**	**As adjusted for the net proceeds from the Invitation** [1]
Cash and cash equivalents	24,249	17,086	36,886
Short term debt:			
Secured	65	60	60
Unsecured	–	–	–
	65	60	60
Long term debt:			
Secured	15	–	–
Unsecured	–	–	–
	15	–	–
Minority interests	–	–	–
Shareholders' equity:			
Share capital	28,000	28,000	47,800
Exchange translation reserve	(162)	(309)	(309)
Retained earnings [2]	15,034	14,037	14,037
Total Shareholders' equity	42,872	41,728	61,528
Total capitalisation and indebtedness	**42,952**	**41,788**	**61,588**

Notes:-

(1) After adjusting for dividend payment of $4,040,000 in respect of FY2008, declared on 31 January 2008.

(2) The movement in our retained earnings is as follows:-

	S$'000
As at 31 December 2007	15,034
Add: profit for the period from 1 January 2008 to 30 April 2008	3,043
Less: dividends declared	(4,040)
As at 30 April 2008	14,037

As at the Latest Practicable Date, we had short term finance leases amounting to approximately $58,000. These finance leases are secured against the respective assets for which the finance was obtained. For more details, please refer to sections on finance lease obligations in Appendices A and B of this Prospectus.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, to the best of our knowledge, information and belief, we are not aware of any material contingent liabilities which may have a material effect on the financial position and profitability of our Group.

Save as disclosed above, our Group had no other borrowings or indebtedness and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, obligations under finance leases, guarantees or other material contingent liabilities.

DILUTION

Dilution is the amount by which the Issue Price paid by the subscribers of our Shares in this Invitation exceeds the NTA per Share after the Invitation. Our NTA per Share as at 30 June 2007 and 31 December 2007, adjusted for the Restructuring Exercise and the Share Split, before adjusting for the net proceeds from the Invitation and based on the pre-Invitation share capital of 240,000,000 Shares was 14.1 cents and 16.1 cents per Share respectively.

Pursuant to the Invitation in respect of 85,000,000 New Shares at the Issue Price, our NTA per Share as at 30 June 2007 and 31 December 2007 after adjusting for the estimated proceeds from the Invitation and based on the post-Invitation issued and paid-up share capital of 325,000,000 Shares would have been 16.5 cents and 18.0 cents respectively. This represents an immediate increase in NTA per Share of 2.4 cents and 1.9 cents respectively to our existing Shareholders and an immediate dilution in NTA per Share of 9.5 cents and 8.0 cents respectively, or approximately 36.5% and 30.8% respectively, to our new investors.

The following table illustrates the dilution per Share as at 30 June 2007 and 31 December 2007:-

	As at 30 June 2007 Cents	**As at 31 December 2007 Cents**
Issue Price per Share	26.0	26.0
NTA per Share based on the pre-Invitation Share Capital of 240,000,000 Shares	14.1	16.1
Increase in NTA per Share attributable to existing investors	2.4	1.9
NTA per Share after the Invitation	16.5	18.0
Dilution in NTA per Share to new public investors	9.5	8.0

The following table summarises the total number of Shares acquired by our Directors and Substantial Shareholders, during the period of three years prior to the date of this Prospectus, the total consideration paid by them and the average price paid per Share, and by our new public investors pursuant to the Invitation.

	Number of Shares	**Total Consideration S$'000**	**Average price Per Ordinary Share Cents**
Directors			
Cheng Buck Poh @ Chng Bok Poh [(1), (2)]	79,200,000	9,240	11.7
Lee See Kee [(1)]	36,000,000	4,200	11.7
Substantial Shareholders			
Cheng Capital Holdings [(1), (2)]	124,800,000	14,560	11.7
New public investors	85,000,000	22,100	26.0

Notes:-

(1) The Shares were acquired pursuant to the Restructuring Exercise. Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details.

(2) Pursuant to the Restructuring Exercise, Mr Cheng Buck Poh @ Chng Bok Poh and his wife, Mdm Goo Guik Bing, renounced 10,640,000 Shares (38%) and 3,919,999 Shares (14%) respectively, to Cheng Capital Holdings which is held by Messrs Cheng Buck Poh @ Chng Bok Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)) and their children, namely, Messrs Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)). Mdm Goo Guik Bing had also transferred her remaining one Share to Cheng Capital Holdings.

RESTRUCTURING EXERCISE

Prior to the Invitation, the Restructuring Exercise was carried out to rationalize and streamline our corporate structure and divest our non-core businesses, resulting in our Company becoming the holding company of our Group.

The following steps were taken in the Restructuring Exercise:-

(a) Winding up of Perusahaan Hai Leck Sdn Bhd ("Perusahaan HL")

Perusahaan HL is a wholly-owned subsidiary of HLE and was incorporated for the purposes of holding properties. Pursuant to the Restructuring Exercise, the land at Lot 3158 Mukim Bandar, District of Muar, Johor, Malaysia of approximately 1.1382 hectares held by Perusahaan HL was sold to unrelated third parties at a consideration of MYR1,225,125. The carrying value of the land was MYR523,000. The sale was completed on 16 October 2007 and the gain on disposal of MYR702,125 was recognised in the profit and loss account of Perusahaan HL in FY2008. Perusahaan HL is in the process of being wound up.

(b) Sale of 31,000,000 shares (10.21%) in the capital of Hiap Seng by HLE on 1 August 2007

On 1 August 2007, HLE disposed of 31,000,000 shares (10.21%) in the capital of Hiap Seng by way of placement to investors at a consideration of S$1.04 per share. Pursuant to the said disposal, HLE's shareholding interest in Hiap Seng was reduced from 26.87% to 16.66%.

(c) Acquisition of the remaining 23.64% shareholding interest in Industrial Services by HLE

Pursuant to a sale and purchase agreement dated 24 September 2007, HLE acquired from Messrs Dennis William Thomas, Richard Mark Thomas and David Martin Thomas the remaining 23.64% shareholding interest in Industrial Services comprising an aggregate of 236,338 ordinary shares for an aggregate cash consideration of S$1,536,197 based on a willing-buyer willing-seller basis taking into account, *inter alia*, the following factors:

(a) growth potential;

(b) risks and returns;

(c) management issues; and

(d) net asset value of Industrial Services of $7,505,000 as at 30 September 2007.

Messrs Dennis William Thomas, Richard Mark Thomas and David Martin Thomas are siblings. Mr Dennis William Thomas is an executive director of Industrial Services. Mr Richard Mark Thomas is a manager of Thermal Limitec. Mr David Martin Thomas resigned as non-executive director of Industrial Services on 24 September 2007.

(d) Sale of Thermal Limitec Pte Ltd ("Thermal Limitec")

Pursuant to a subscription and shareholders' agreement dated 21 April 2006, David Martin Thomas was granted a call option to require Industrial Services to transfer 20.0% of the total shareholdings in Thermal Limitec, being 100,000 ordinary shares, to David Martin Thomas at $1.00 per share (the "Option"). The Option was exercised on 24 September 2007 and the sale of the shareholdings was completed on 24 September 2007.

Pursuant to a sale and purchase agreement dated 24 September 2007, David Martin Thomas acquired Industrial Services' remaining shareholdings of 40.0% (200,000 ordinary shares) in Thermal Limitec at a consideration of S$304,434.40. The consideration was based on a willing-buyer willing-seller basis taking into account, *inter alia*, the following factors:

(a) growth potential;

(b) risks and returns;

(c) management issues; and

(d) net asset value of Thermal Limitec of $709,000 as at 30 September 2007.

The said sale was completed on 24 September 2007.

Following the completion of the above-mentioned sale, Industrial Services does not have any interest in Thermal Limitec.

(e) Declaration of dividend by way of distribution *in specie* by HLE of its remaining shareholding interest held in Hiap Seng

Pursuant to the articles of association of HLE, HLE may from time to time declare a dividend to be paid out of its profits. Pursuant to the disposal in (b) above, HLE held an aggregate of 50,617,429 shares in Hiap Seng, being 16.66% of the issued and paid-up capital of Hiap Seng, with an aggregate market value of S$40,240,856.06 as at 15 October 2007 (the "Distributed Shares").

By way of a distribution *in specie,* all the Distributed Shares were distributed to Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing, the individual shareholders of HLE on 15 October 2007. The distribution was effected in proportion to the existing shareholdings of Messrs Cheng Buck Poh @ Chng Bok Poh (71%), Lee See Kee (15%) and Goo Guik Bing (14%) in HLE. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the above-mentioned distribution *in specie*, HLE does not have any interest in Hiap Seng.

(f) Sale by HLE of its shareholding interests held in HL Development, Highlander Power and Tele-centre (collectively known as the "Divested Companies")

Prior to the Restructuring Exercise, HLE's shareholdings in the Divested Companies were as follows:-

(i) aggregate of 2,000,000 ordinary shares in HL Development, being the entire issued and paid-up capital of HL Development, with a net book value of S$2,000,000 as at 30 June 2007;

(ii) aggregate of 1,000,000 ordinary shares in Highlander Power, being the entire issued and paid-up capital of Highlander Power, with a net book value of S$1,000,000 as at 30 June 2007; and

(iii) aggregate of 2,262,000 ordinary shares in Tele-centre, being 93.27% of the issued and paid-up capital of Tele-centre, with a net book value of S$933,000 as at 30 June 2007,

(collectively known as the "Sale Shares").

Pursuant to a sale and purchase agreement dated 15 October 2007, HLE disposed of all Sale Shares to United Holding, for a consideration of S$3,933,000. The said sale was completed on 15 October 2007.

United Holding is owned by our Substantial Shareholders, Messrs Cheng Buck Poh @ Chng Bok Poh (71%) and Lee See Kee (15%) and Mr Cheng Buck Poh @ Chng Bok Poh's wife, Mdm Goo Guik Bing (14%). Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee are also directors of United Holding.

Following the completion of the above-mentioned sale, HLE does not have any interest in the Divested Companies and accordingly the financial statements of the abovementioned companies are classified as "Discontinued Operations" in the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" as set out in Appendix A and Appendix B of this Prospectus, respectively.

(g) Capitalisation by HLE of S$26,000,000 from retained earnings

On 19 October 2007, HLE capitalised S$26,000,000 from retained earnings for a bonus issue of 26,000,000 fully paid ordinary shares of S$1.00 each to its existing shareholders according to their respective shareholdings in HLE (the "Bonus Issue"). Pursuant to the Bonus Issue, HLE has an issued and paid-up share capital of S$28,000,000.

(h) Dividend by our Group of S$82,914,000

On 29 June 2007 and 19 October 2007, HLE declared interim dividends amounting to S$50,000,000 and S$28,874,000, respectively, in respect of FY2007 to the then existing shareholders of HLE, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing.

On 31 January 2008, our Company declared an interim dividend amounting to S$4,040,000 in respect of FY2008, to its existing shareholders, namely, Mr Cheng Buck Poh @ Chng Bok Poh, Cheng Capital Holdings and Mr Lee See Kee.

(i) Share swap exercise between our Company and HLE

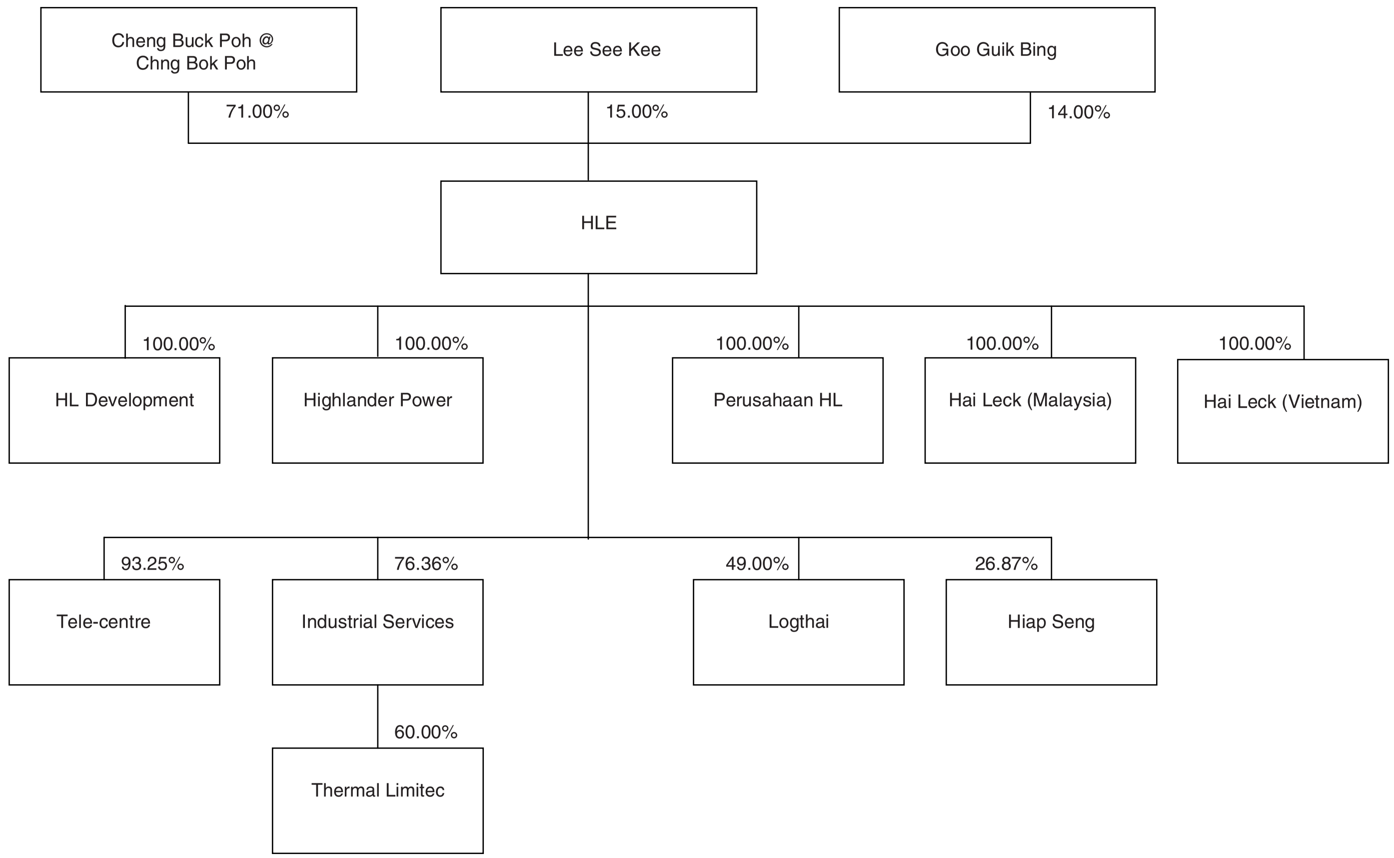
Pursuant to an agreement dated 12 December 2007, our Company acquired the entire issued and paid-up share capital of HLE comprising 28,000,000 ordinary shares. The purchase consideration was satisfied by the issue of 27,999,997 fully paid Shares to Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing, the shareholders of HLE, as follows:-

Name	Number of HLE Shares	Shareholding in HLE (%)	Number of Shares issued
Cheng Buck Poh @ Chng Bok Poh	19,880,000	71	19,879,999
Lee See Kee	4,200,000	15	4,199,999
Goo Guik Bing	3,920,000	14	3,919,999
Total	**28,000,000**	**100**	**27,999,997**

Mr Cheng Buck Poh @ Chng Bok Poh and his wife, Mdm Goo Guik Bing, renounced 10,640,000 Shares (38%) and 3,919,999 Shares (14%), respectively, to Cheng Capital Holdings which is held by Messrs Cheng Buck Poh @ Chng Bok Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)), and their children, namely, Messrs Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)). On 12 December 2007, Mdm Goo Guik Bing also transferred her remaining one Share to Cheng Capital Holdings. Pursuant to the said transfer, Mdm Goo Guik Bing does not have any direct shareholding interest in our Company.

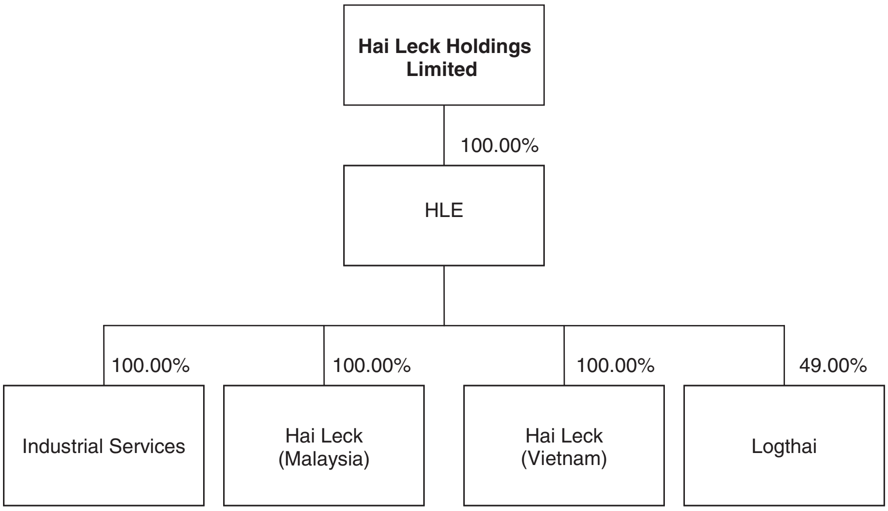
GROUP STRUCTURE

Our Group structure before the Restructuring Exercise was as follows:-



GROUP STRUCTURE

Our Group structure after the Restructuring Exercise and as at the date of this Prospectus is as follows:-



The details of each subsidiary of our Company as at the date of this Prospectus are as follows:-

Name	Date / place of incorporation	Principal business	Principal place of business	Percentage owned
HLE	13 June 1975 / Singapore	Scaffolding, corrosion prevention and complementary general civil engineering services	12 Tuas Drive 1 Singapore 638679	100.00%
Industrial Services	25 May 1970 / Singapore	Thermal insulation including refractories and passive fireproofing services	9 Tuas Avenue 1 Singapore 639494	100.00%
Hai Leck (Malaysia)	23 February 1983 / Malaysia	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering services	Suite 5.11 & 5.12, 5th Floor, Menara TJB, No. 9, Jalan Syed Mohd. Mufti, 80000 Johor Bahru Johor Darul Takzim	100.00%
Hai Leck (Vietnam)	12 May 1997 / Vietnam	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering works	Tuy Ha Industrial Zone A, Dong Nai Province	100.00%
Logthai	18 May 1994 / Thailand	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering services	No. 79/99, Village No. 4, Rama II Road, Samae Dam Sub-district, Bang Khun Tian District, Bangkok Metropolis, Thailand	49.00% (1)

Note:-

(1) At the beginning of FY2007, we entered into a 51:49 joint venture agreement with our partner in Thailand, where we control the operation of Logthai jointly. By virtue of the joint venture agreement, Logthai became a joint venture company instead of an associated company. Under FRS 31: Interests in Joint Venture, we recognize our interests in Logthai's financial positions and results using proportionate consolidation. Therefore, we ceased to equity account for Logthai's results in FY2007 and 1H2008.

HISTORY AND DEVELOPMENT OF OUR GROUP

The origins of our Group can be traced back to the early 1970s when our founder Mr Cheng Buck Poh @ Chng Bok Poh started a sole proprietorship known as Hai Leck Engineering to carry on the business of provision of corrosion prevention services for the marine industry.

With the expansion of the business, Hai Leck Engineering (Private) Limited ("HLE") was incorporated in 1975 and our business operations were expanded to include the provision of scaffolding services for the marine industry. At that time, customers of HLE included Sembawang Shipyard Pte Ltd.

In the mid 1970s, major oil refineries, including ExxonMobil (formerly known as Mobil Oil (S) Pte Ltd and Esso Singapore Private Limited) and Shell, were making sizeable capital investments in Singapore. Recognising the growth potential of the oil and gas and petrochemical industries, we made a strategic decision in 1978 to extend the provision of our scaffolding and corrosion prevention services to the oil and gas and petrochemical industries.

We secured our first contract in the oil and gas and petrochemical industries to provide scaffolding and corrosion prevention services to SPC in the late 1970s in Pulau Merlimau (now part of Jurong Island). The SPC project was successfully completed and over the next few years, we went on to secure several other scaffolding and corrosion prevention term maintenance contracts in the oil and gas and petrochemical industries with Esso Singapore Private Limited, Mobil Oil (S) Pte Ltd and SRC, as well as new project contracts including scaffolding, corrosion prevention and temporary facilities project contracts in the construction of the PCS petrochemical plant.

In 1983, we ventured into Malaysia with the incorporation of Hai Leck Perusahaan Sdn Bhd ("Hai Leck Perusahaan"). This followed our appointment by JGC to provide scaffolding, corrosion prevention and temporary facilities for the PETRONAS Terengganu Refinery project. Subsequently we have also provided our services to, amongst others, Titan Petchem (M) Sdn Bhd, whom we have been servicing through main contractors since 1991.

To cater to our expanding business, we acquired our first industrial property at 12 Tuas Drive 1, Singapore 638679, in 1987, with a land area and built-in area of approximately 5,742 sq m and 2,626 sq m respectively.

In 1990, we acquired a 37.2% stake in Hiap Seng, a company engaged in the provision of mechanical engineering services. In that same year, Hiap Seng acquired a 50.0% stake in Hai Leck Perusahaan and Hai Leck Perusahaan's name was changed to Perusahaan Hailek Hiap Seng Sdn Bhd ("Hailek Hiap Seng"). Hailek Hiap Seng provided services through Hiap Seng (mechanical engineering services) and HLE (scaffolding and corrosion prevention services). Subsequently, as part of a restructuring exercise undertaken prior to its listing on SESDAQ in 1999, Hiap Seng divested its entire interest in Hailek Hiap Seng in October 1998 and Hailek Hiap Seng became a wholly-owned subsidiary of HLE. Pursuant to the Restructuring Exercise, we disposed of our entire shareholding interest in the capital of Hiap Seng by way of placement to investors and dividend *in specie* to our pre-Invitation Shareholders.

As part of our business expansion plans, we acquired a 49.0% interest in Logthai in 1995 to tap the potential of the Thai market. One of our first contracts in Thailand was for the provision of scaffolding and corrosion prevention works at Star Petroleum Refinery. Some of our other major end customers in Thailand include Thai Oil Public Company Limited, Vinythai Public Company Limited and Thai Paraxylene Company Limited. At the beginning of FY2007, we entered into a 51:49 joint venture agreement with our partner in Thailand, where we control the operation of Logthai jointly. By virtue of the joint venture agreement, Logthai became a joint venture company instead of an associated company.

In 1997, having identified Vietnam as a potential growth area, we incorporated Hai Leck (Vietnam) to explore business opportunities in Vietnam. The major contracts we secured included sub-contracting works for Chevron Bitumen Vietnam Ltd, BP Petco Ltd and PetroVietnam as end customers. To-date, contracts secured by Hai Leck (Vietnam) are on a project basis.

In that same year, as a testament to our efforts to continuously improve our processes and product quality, HLE was awarded the ISO 9002 certification by the accreditation body, AJA. The ISO 9002 certification recognises our commitment and efforts in maintaining a quality management system in our operations. Subsequently, in 2003, HLE was certified ISO 9001:2000 under the new ISO criteria.

In 2000, to enable us to bid more competitively for projects by offering potential customers a wider range of services, HLE acquired a 71.0% stake in Industrial Services Pte Ltd ("Industrial Services"), a provider of insulation services to the oil and gas and petrochemical industries. HLE increased its shareholdings in Industrial Services in 2006 to 76.36%. Pursuant to the Restructuring Exercise, Industrial Services became a wholly-owned subsidiary of HLE. Industrial Services was awarded the ISO 9002 certification by AJA in 2002 and was subsequently certified ISO 9001:2000 under the new ISO criteria in 2006.

In order to meet our increased needs for warehousing capacity due to the growth of our business, we acquired additional premises in 2002 for our warehousing and office functions at 9 Tuas Avenue 1, Singapore 639494, which has a land area and built-in area of approximately 4,703 sq m and 3,032 sq m respectively. On 6 December 2007, we had accepted an offer by JTC for the acquisition of a new piece of land of approximately 24,000 sq m at Tuas View Circuit to construct an automated shot-blasting facility, workshop, warehouse and office premises, with an aggregate estimated built-in area of approximately 17,000 sq m, in phases, construction of which commenced in May 2008. Priority will be given to constructing the automated shot-blasting facility, workshop and warehouse, which is expected to be completed in FY2009. Construction of the office premises is expected to be completed by FY2010. The total cost for the construction and equipment is expected to be approximately S$30.0 million.

As a testimony of our commitment towards safety, each of HLE and Industrial Services was awarded OHSAS 18001:1999 certification from AJA in 2003.

The following are notable projects we have undertaken in Singapore and overseas:-

- Scaffolding and corrosion prevention works for the PETRONAS PSR-II project in Malaysia from 1996 to 1998 and for corrosion prevention services for the MLNG Plant from 2001 to 2003;

- Tank erection, scaffolding and corrosion prevention services for the Shell MDS project in Bintulu, Sarawak from 1991 to 1992 and scaffolding and corrosion prevention services for the Shell MDS Reconstruction project from 1999 to 2001;

- Scaffolding and corrosion prevention services for the Star Petroleum Refinery project in Rayong, Thailand from 1994 to 1996;

- Scaffolding services for the New Bangkok International Airport project in Thailand from 2004 to 2005;

- Scaffolding and corrosion prevention works for the ExxonMobil Chemical Singapore Olefins project from 1998 to 2000;

- Scaffolding and corrosion prevention works for the Seraya-1 project from 1995 to 1997 and scaffolding, corrosion prevention, insulation and temporary facilities works for Seraya-2 project from 1999 to 2000;

- Corrosion prevention and insulation works for the Woodside NWSD Phase V project in Singapore from 2006 to 2007;

- Scaffolding and corrosion prevention services for the Universal Terminal project in Singapore in 2007; and

- Scaffolding and corrosion prevention works for the Helios Terminal project in Singapore from 2006 to 2008.

The following are notable projects we are currently undertaking in Singapore:-

- Scaffolding, corrosion prevention and insulation works for the Shell Bukom Refinery Modification project in Singapore from 2007 to 2009;
- Scaffolding and corrosion prevention works for the Shell Ethylene Cracker Complex project in Singapore from 2008 to 2009;
- Scaffolding and corrosion prevention works for the Shell Mono Ethylene Glycol project in Singapore from 2008 to 2009;
- Scaffolding and corrosion prevention works for the PCS Phase 3 project in Singapore from 2007 to 2009;
- Corrosion prevention works for the Vopak Banyan Phase 4 project in Singapore from 2008 to 2009;
- Corrosion prevention works for a Baker Marine Pacific Class drilling rig in Singapore from 2008 to 2009;
- Scaffolding, corrosion prevention and insulation works for the SI Asia Plant project in Singapore from 2007 to 2008; and
- Scaffolding and corrosion prevention works for the Horizon Terminals Phase 3 project from 2007 to 2008.

Additionally, we have recently secured a contract for refractory works at the Vietnam Oil and Gas Corporation's Dung Quat Refinery in 2008.

We are currently servicing the following maintenance contracts in Singapore:-

- Scaffolding, corrosion prevention, insulation and general civil maintenance works for the Shell Bukom Refinery in Singapore;
- Scaffolding and insulation works for the Seraya-1 and Seraya-2 chemical plants in Singapore;
- Corrosion prevention and insulation works for the ExxonMobil Jurong Refinery in Singapore;
- Scaffolding and corrosion prevention works for the SRC refinery in Singapore;
- Scaffolding works for the PCS petrochemical facilities in Singapore; and
- Scaffolding works for the Infineum Singapore Pte Ltd chemical plant in Singapore.

To rationalise our Group structure, we undertook the Restructuring Exercise, whereby our Company became the holding company of our Group. The Restructuring Exercise was completed on 12 December 2007.

Under our management team, our Group's business has grown substantially. Our turnover has increased from S$37.6 million in FY2005 to S$62.7 million in FY2007, representing a compounded annual growth rate of 29.1%. Our number of staff has also grown in tandem with our growth from 642 employees as at 30 June 2005 to 872 as at 30 June 2007.

BUSINESS OVERVIEW

We are an integrated service provider of scaffolding, corrosion prevention and insulation works mainly for the oil and gas and petrochemical industries.

The principal activities of our Group can be broadly classified into the provision of:-

(a) Project services, comprising:-

   (i) scaffolding and corrosion prevention services, complemented by general civil engineering services; and

   (ii) insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

(b) Maintenance services on a routine and turnaround basis for the abovementioned project services.

To-date, we have serviced refineries in the oil and gas and petrochemical industries. However, we have recently secured a contract for the provision of corrosion prevention services for an oil-rig which is part of the offshore marine industry.

We usually tender for all our projects and the terms and conditions of a particular project are contained in the respective tender documents.

We also tender for maintenance contracts, some of which include an option to renew. Alternatively, we may have to re-tender for the maintenance contracts if required by our customers. The maintenance services we provide include any of the scaffolding, corrosion prevention and insulation services as and when required by our customers. These maintenance contracts are a source of recurring income for our Group. The salient terms of our maintenance contracts are as follows:-

(i) the term which is usually for a period of two years with an option to renew;

(ii) pricing which is a fixed unit rate for the initial contract and may be reviewed periodically or upon renewal;

(iii) termination which is usually in the event of a default which is not rectified within the agreed timeframe; and

(iv) the appointment is typically non-exclusive although it is common practice for the customers to refer their maintenance requirements to us.

We set out below a breakdown of the total revenue by our business segments for the last three financial years and 1H2008:-

Segmented by Activities		FY2005 $'000	FY2005 %	FY2006 $'000	FY2006 %	FY2007 $'000	FY2007 %	1H2007 $'000	1H2007 %	1H2008 $'000	1H2008 %
Project Services											
(a)	Scaffolding and Corrosion Prevention	5,593	14.8	11,072	28.3	28,655	45.7	8,570	29.9	16,938	50.3
(b)	Insulation	8,672	23.1	4,273	10.9	3,807	6.1	3,425	11.9	2,053	6.1
Maintenance Services		23,356	62.1	23,813	60.8	30,201	48.2	16,677	58.2	14,652	43.6
Total revenue		**37,621**	**100.0**	**39,158**	**100.0**	**62,663**	**100.0**	**28,672**	**100.0**	**33,643**	**100.0**

In terms of geographical segments, our revenue from our customers in Singapore accounted for 99.8%, 98.3%, 95.8% and 96.8% of the total revenue in FY2005, FY2006, FY2007 and 1H2008, respectively. As such, it is not meaningful to provide the segmentation performance by geographical spread.

A. Project Services

(i) Scaffolding and Corrosion Prevention Services

Scaffolding

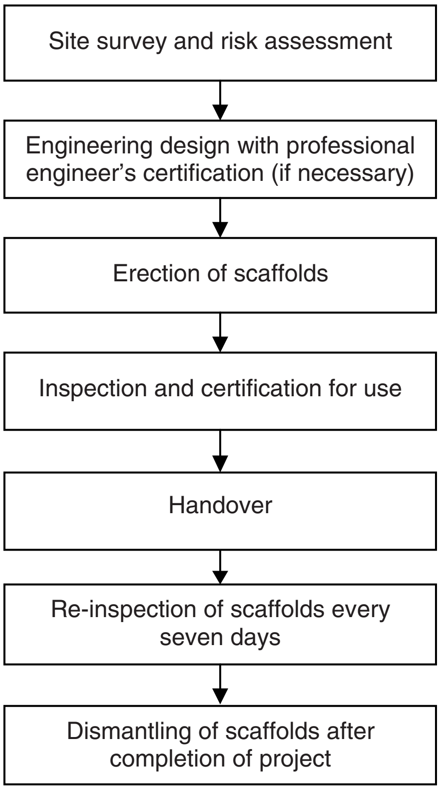
Scaffolds are temporary frameworks used to support workmen in the construction or repair of buildings and other large structures. Scaffolds are generally made of timber or steel scaffolding and can range from simple to complex structures, depending on its use and purpose. For the oil and gas and petrochemical industries however, scaffolding is limited to steel. Scaffolds are the primary mode of access in most large structures and are widely used by contractors and employees of plant owners for the purpose of carrying out work and inspection of new constructions and maintenance.

The two main types of scaffolds that we provide are system scaffolds and tubular scaffolds. System scaffolds comprise steel scaffolding, which consist of varying sizes of steel vertical and horizontal tubes. The vertical tubes have fixed connecting points spaced at regular intervals to which horizontal tubes can be connected. Tubular scaffolds are more adaptable to the contour of the structure as the design and erection of such scaffolds is more flexible because the scaffold fittings are installed using clamps which can be fitted at any position. Due to its design, a system scaffold is easier to install compared to a tubular scaffold. However, the decision to use either system scaffold or tubular scaffold would depend mainly on the contour of the structure for which the scaffold is intended.

All our scaffolds are constructed by certified scaffolders under the supervision of our qualified scaffold supervisors and certified where necessary by a professional engineer to be safe for use in accordance with the Factories (Scaffolds) Regulations 2004.

As the use of scaffolds presents safety risks, the construction of scaffolds is strictly regulated by the MOM. For further details, please refer to the section titled "Government Regulations" of this Prospectus. We have obtained our Approved Scaffolding Contractor certification from the MOM and are able to provide a full range of scaffolding services.

A diagrammatical depiction of our scaffolding process is as follows:-



Our personnel will survey the site where the scaffolds are to be erected in order to decide the most appropriate or preferred type of scaffolds to be used, namely, the system scaffold or the tubular scaffold. In addition, an assessment of the risks of the site is carried out and safety procedures are mapped out for use by our personnel and our customers during the project.

Our qualified scaffold supervisors prepare an erection procedure plan which lists the sequence and schedule of the erection. Scaffolds above 30m must be certified by a professional engineer in accordance with the Factories (Scaffolds) Regulations 2004.

The scaffolding is delivered to the project site and fitted in position by trained workers who are certified by MOM accredited training providers under the supervision of our qualified scaffold supervisors.

Upon completion, inspections are conducted by our qualified scaffold supervisors to ensure that the scaffolds comply with MOM requirements before handover.

A form of acceptance is subsequently endorsed by the client.

Throughout the period that the scaffolds are in use, re-inspection of the scaffolds are carried out once every seven days by our supervisors. Upon completion of the project, the scaffolds are dismantled and delivered to our warehouse where they are inspected and maintained in accordance with CP14 standards and our in-house program.

Corrosion Prevention

Corrosion prevention generally involves the use of high pressure blasting equipment and cleaning processes to remove surface contaminants from metal structures ("surface preparation") before the application of a coat of paint onto the clean surface of the metal structures ("coating"). In the case of maintenance work, surface preparation would involve removing rust and the old coat of paint.

Metal corrosion is the deterioration of metal caused by chemical or electrochemical reaction resulting from the exposure to elements such as the weather, moisture, chemicals and other agents of the environment. It is a major contributor to the shortening of a metal structure's lifespan as it leads to oxidisation, erosion and rust, which weakens the chemical bond and structural strength of these structures.

Surface Preparation

The degree and type of surface preparation used varies depending on the type of surface to be coated and our customers' specifications. The main methods of surface preparation are:-

(a) Grit Blasting

Grit blasting involves the use of abrasive particles that are directed under high pressure against a metal surface to clean the metal surface in order to condition it for finishing. It is typically used for the removal of rust, burrs or paint and is carried out either in an auto-blast chamber or on-site in protective enclosures.

(b) Mechanical and Power Tooling

Mechanical and power tooling involves the use of pneumatic portable power tools for the cleaning of surfaces through power tool chipping, descaling, sanding, wire brushing and grinding.

(c) Chemical Cleaning

Chemical cleaning refers to the process of using acids, bases or other chemicals to clean surfaces.

Coating

After the surface of the metal structure is prepared by the above methods, protective coatings are applied to prevent corrosion by acting as a barrier between the corrosive environment and the metal substrate. The types of protective coatings which may be used include various epoxy, zinc silicate, polyurethane, thermally sprayed aluminum and glass fibre lamination. Some of the factors taken into consideration when selecting the type of protective coating to be used include the type of corrosive agents and substrate, conditions during application, environment and safety regulations and time constraints.

Our corrosion prevention services are carried out both on-site and off-site in Singapore by our wholly-owned subsidiary, HLE. We also sub-contract automated shot-blasting services, which is a method of surface preparation carried out in a workshop, to third parties.

As at the Latest Practicable Date, we are equipped with approximately 81 units of blasting pots, 56 units of air compressors, 54 units of spray pumps, 10 units of horizontal auto-blast cleaning machines, one unit of vertical auto-blast cleaning machine and one unit of automated shot-blasting machine for structures and pipes to support our corrosion prevention services.

Complementary Civil Engineering Services

We also provide civil engineering services to complement our scaffolding and corrosion prevention services. Our civil engineering works capabilities include site preparation, construction and maintenance of temporary facilities, dormitories, warehouses and sheds.

(ii) Insulation Services

Thermal Insulation

Thermal insulation refers to methods and processes used mainly for heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

Different materials are used for hot and cold insulation. Some of the common insulation materials used for hot insulation are calcium silicate, perlite and mineral wool and those used for cold insulation are foam glass and polyurethene.

In the oil and gas and petrochemical industries, fluids and gases in pipes, vessels and process equipment must be maintained at constant temperatures during the treatment process. Thermal insulation is applied to these pipes, vessels and process equipment to reduce the energy needed to maintain the temperature of such fluids and gases, thus saving energy consumption and reducing costs.

Refractory

Refractories are materials capable of withstanding high temperatures above 800℃ and physical wear and corrosion by chemical agents. They are produced from natural and synthetic materials or combinations of compounds and minerals. Refractories are used to line high temperature furnaces, incinerators, reactors and other processing units.

Refractory products fall into two main categories, namely (a) pre-formed refractory shapes, such as bricks that are delivered to the customer ready for installation; and (b) monolithic or unshaped refractory products, which are obtained in a dry form then mixed with water and chemicals and installed and fired on-site.

We provide complete refractory packages involving material procurement, installation, commissioning and maintenance of the refractory linings we supply to our customers.

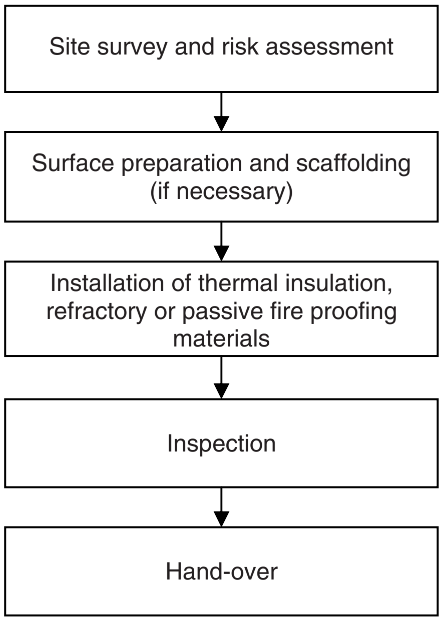
Passive Fireproofing

Passive fireproofing systems are designed to protect steel structures and equipment in the event of a fire in order to prevent the structures and equipment from reaching temperatures that will cause them to buckle or collapse. These insulating systems are generally coatings such as mineral-based or organic resin-based products but also include insulating panels or blankets.

In the oil and gas and petrochemical industries, the most common type of fires encountered are hydrocarbon fires which occur when hydrocarbon chemicals and fuels ignite. We specialise in the provision of passive fireproofing systems designed to restrict the effects of hydrocarbon fires on structures and equipment.

We provide these passive fireproofing services through sub-contractors.

A diagrammatic depiction of our insulation works is as follows:-



Our personnel will survey the site where the insulation work is to be carried out. In addition, an assessment of the risks of the site is carried out and safety procedures are mapped out for use by our personnel and our customers during the project.

Where necessary, scaffolds are erected and surface preparation of the structures are carried out by HLE or other third parties. Installation of thermal insulation, refractory or passive fireproofing materials are then carried out by our subsidiary, Industrial Services.

The project will be handed over to our customers after inspection by our quality controllers and final inspection by our customers.

B. Maintenance Services

The maintenance services we provide include any of our scaffolding, corrosion prevention and insulation services as and when required by our customers. Upon completion of the construction of an industrial plant, a maintenance schedule is implemented to keep it in good condition and ensure its efficient operation. The maintenance of a plant can be categorised into routine or turnaround maintenance.

(i) Routine Maintenance

Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Routine maintenance services are required whenever units in a plant have to be repaired. An example of routine maintenance services is in the situation where the equipment is corroded, the surface is cleaned by grit blasting or mechanical power tooling and a new coat of paint is applied thereafter. We also replace damaged thermal insulation on equipment such as piping. The integration of our scaffolding, corrosion prevention and insulation services ensures that such maintenance works are completed in the shortest time. For example, where any of these maintenance works are to be carried out at a height, we are able to erect scaffolds without having to appoint sub-contractors.

(ii) Turnaround Maintenance

Turnaround maintenance is carried out periodically and requires the facilities to be temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

For maintenance contracts, our pricing is a fixed unit rate and we bill our customers based on the actual amount of work done. We maintain a crew of skilled workers and supervisors, equipment and materials at site to manage these maintenance activities. As such, we are able to provide maintenance services on the spot. We also plan and mobilize our resources according to the plant owners' maintenance schedules in order to maximize our resources.

PRODUCTION FACILITIES

We are a service provider and do not carry out any production activities. However, we do carry out some pre-installation fabrication work for our insulation services. These are carried out at our premises located at 9 Tuas Avenue 1, Singapore 639494, and 78 Joo Koon Circle, Singapore 629099, of approximately 3,032 sq m and 2,374 sq m built-in area, respectively.

On 6 December 2007, we had accepted an offer by JTC for the acquisition of a new piece of land of approximately 24,000 sq m at Tuas View Circuit to construct an automated shot-blasting facility, workshop, warehouse and office premises with an aggregate estimated built-in area of approximately 17,000 sq m, in phases, construction of which commenced in May 2008. Priority will be given to constructing the automated shot-blasting facility, workshop and warehouse, which is expected to be completed in FY2009. Construction of the office premises is expected to be completed by FY2010. The total cost for the construction and equipment is expected to be approximately S$30.0 million.

AWARDS AND CERTIFICATIONS

HLE

In 1997, HLE was awarded the ISO 9002 certification by the accreditation body, AJA, and was subsequently certified ISO 9001:2000 under the new ISO criteria in 2003. The ISO 9001:2000 certification recognised our commitment and efforts in maintaining a quality management system in our operations.

HLE was also awarded the OHSAS 18001:1999 certification by the accreditation body, AJA, in 2003. The OHSAS 18001:1999 is an international occupational health and safety management system specification and reflects our commitment to provide a safe environment for our employees.

HLE is the first recipient to be awarded the Enterprise 50 Award for eight consecutive years, namely, from 1995 to 2002. The award recognises the top 50 private enterprises in Singapore and was then organised by the Business Times and Accenture and supported by the EDB.

The Responsible Care Award awarded to HLE by ExxonMobil Chemical Asia Pacific in 2003 is also testament to our commitment to better performance and innovation in scaffolding. In addition, we have consistently received safety awards from our customers. The MOM has also consistently awarded us the ASHPA Award since 2003 for our good safety record.

Industrial Services

In 2002, Industrial Services was awarded the ISO 9002 certification by the accreditation body, AJA, for its thermal insulation and refractory works and was subsequently certified ISO 9001:2000 under the new ISO criteria in 2006. Industrial Services was also awarded the OHSAS 18001:1999 certification by the accreditation body, AJA, in 2003.

Logthai

In 1998 and 2001, Logthai was awarded the ISO 9001 certification and ISO 9002 certification, respectively, by the accreditation body, AJA, in recognition of its commitment and efforts in maintaining a quality management system in its scaffolding and corrosion prevention works.

QUALITY CONTROL

We believe that having an established quality management system is one of the main factors contributing to our success and is crucial to us maintaining our reputation as an established service provider of scaffolding, corrosion prevention and insulation services.

Apart from our own internal quality management system, we also meet various international quality standards and comply with various regulations. Further details are set out in sections titled "Awards and Certifications" and "Government Regulations" of this Prospectus.

Under OHSAS 18000 requirements, a management review meeting is conducted every six months to allow the management to review our quality control performance over the preceding six month period. Monthly safety committee meetings are also held. These meetings are attended by the safety supervisors, site managers, department heads and management for the purposes of discussion and, where necessary, implementation of measures to improve our safety management system.

Each of our projects have a quality assurance team, which conducts routine quality checks at every stage of our scaffolding, corrosion prevention and insulation processes. The quality control procedures adopted by us seek to ensure that any defective works can be detected and rectified before progressing to the next stage of the process. All materials such as scaffolding, protective coatings and insulation materials are pre-qualified by our customers. We carry out inspections on the scaffolds erected and the insulation installed. For protective coatings, we use instruments, such as a thickness gauge to measure the thickness of each coat after they have been applied, to ensure compliance with customers' specifications. Under our ISO 9001:2000 quality management system, we have established key performance indicators to measure customer satisfaction and operational performance, including defect rates.

We place strong emphasis on achieving a consistent standard of work and are committed to providing our customers with quality, reliable and competitively priced services. To the best of our Directors' knowledge, there has been no rejection of or dissatisfaction expressed over our completed works at the handover stage by any of our Group's customers.

The following quality control procedures have been implemented in our processes, in line with our quality management system:-

(a) Project Planning and Monitoring

Upon securing a project, we will form a project committee to plan resource deployment, oversee the utilisation of materials and consumables, monitor and review our work progress and implement corrective actions where necessary.

The project manager, who heads the project committee, will conduct meetings with all key personnel involved in the project to evaluate the project's progress, discuss any critical items obstructing or delaying work schedule and evaluate corrective actions and resources in order to adhere to the agreed schedule. Based on these meetings, the project supervisor will, where necessary, take appropriate remedial action.

(b) In-coming Quality Assurance

Our quality assurance team examines either samples or whole batches of in-coming materials to ensure that they are supplied by approved suppliers and that the quality, grade and quantity of such materials conform with our order specifications as well as our internal quality standards. Materials which fail our quality assurance inspection are rejected.

Our inventory of scaffold materials are routinely maintained and inspected at our workshop to ensure that they comply with the relevant Singapore Standards and Codes of Practice. Scaffolds are also designed, erected and dismantled in accordance with such requirements.

Before the commencement of actual scaffolding, corrosion prevention and insulation works, our quality control engineer will ensure that monitoring and measuring devices are properly calibrated and approved before usage. The monitoring and measuring devices are verified in external testing laboratories against industrial standards and certified for usage.

(c) Testing and Inspections

Quality inspections are conducted at the end of each process by our customers' representatives and our quality control personnel or site supervisors. Our corrosion prevention quality control personnel may be certified by NACE, while all our scaffolding services personnel are trained and certified by MOM-accredited training centres. Inspection is conducted to ensure that the workmanship complies with industrial standards and conforms to our customers' specifications. Where defects are discovered, the respective project managers will review and determine the remedial action according to the extent of defective workmanship. Corrective or preventive actions will also be implemented to prevent similar defects from recurring. Final tests and inspections will be carried out on-site where installation is performed to ensure that the end results conform to our customers' specifications.

In the past three financial years, none of our customers have utilised any retention fee (usually ranging from 5% to 10% of the contract sum retained by our customers as security for our due performance and completion of all conditions under the contract) for any necessary rectification works nor enforced any performance bond furnished to them in connection with the relevant project.

(d) Joint Inspections with our Customers upon Completion

Upon completion of our corrosion prevention and insulation works, we conduct joint inspections with our customers or their representatives to ensure compliance with our quality control standards and our customers' specifications. Final quality inspection is thorough and steps will be taken to rectify any item which fails the final quality assurance check.

(e) Routine Inspections and Regular Maintenance

We maintain all our scaffolding and conduct in-house routine inspections to ensure compliance with CP14 standards. All relevant equipment used in our services are also regularly maintained in-house, including any change of parts.

CUSTOMERS AND MARKETS

As at the Latest Practicable Date, we have more than 60 customers.

The following table sets forth the customers to whom we provide project and maintenance services accounting for 5% or more of our Group's total turnover for any one of FY2005, FY2006, FY2007 and 1H2008:-

	As a percentage of total revenue (%)			
Major Customers*	**FY2005**	**FY2006**	**FY2007**	**1H2008**
Shell	31.6	27.3	22.8	22.4
Punj Lloyd Limited^	–	9.4	14.3	11.5
B.T. Engineering Pte Ltd^	0.3	2.0	7.1	3.6
Rotary	–	3.0	9.3	36.9
Hiap Seng	10.1	8.7	8.6	6.7
Plant Engineering Construction Pte Ltd	8.4	9.1	2.6	2.1
Seraya	7.6	8.5	7.1	4.5
Voltas Limited^	4.2	5.6	1.6	0.3
PT Gunanusa Utama Fabricators^	9.1	0.5	–	–

* *ExxonMobil is also a major customer of our Group for the past three financial years and 1H2008.*

^ *Only project services*

At present, our Directors are of the view that we are not materially dependent on any one of our major customers listed above as we have dealings with various plant owners and main contractors.

Since our establishment, we have successfully developed and maintained strong business relationships with both plant owners and main contractors who are established players in the oil and gas and petrochemical industries. Such plant owners and main contractors include Shell, ExxonMobil, Rotary and Plant Engineering Construction Private Limited. We are the resident authorised contractor for, amongst others, Shell's and ExxonMobil's facilities and have had long-standing working relationships with these major oil companies.

Save for ongoing resident contracts for plant owners, eg Shell and ExxonMobil, the variance in percentage contribution from each of the above customers would depend on the number of tenders which we are successfully awarded, the contract value, as well as the project payment milestones billed for each of the financial periods above. The increase in contribution from Rotary in 1H2008 was primarily due to the completion of the Universal project on Jurong Island, whereby significant milestones were achieved. Rotary was the main contractor for the Universal project.

Pursuant to the Restructuring Exercise, our Substantial Shareholders, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee and Mdm Goo Guik Bing, collectively held 16.66% shareholding interests in Hiap Seng. Pursuant to the undertaking as disclosed in the section titled "Potential Conflicts of Interest", Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee and Mdm Goo Guik Bing have since divested their collective shareholding interests in Hiap Seng down to approximately 14.69%. Our Executive Director, Mr Khaizar Abbas Nomanbhoy and our Group General Manager Mr Quek Chiau Beng hold approximately 0.05% and 0.06% respectively shareholding interest in Hiap Seng. Save as disclosed, none of our Directors or Substantial Shareholders is related to, or has any interest in, any of our major customers listed above.

SEASONALITY

We do not experience any significant seasonality patterns in our business except for lower productivity during inclement weather, especially during the monsoon months of June and December each year.

SUPPLIERS

The following table sets forth our suppliers accounting for 5% or more of our Group's total raw material purchases for any one of FY2005, FY2006, FY2007 and 1H2008:-

Major Suppliers	**As a percentage of our total cost of purchases * (%)**			
(Raw Materials and Overhead)	**FY2005**	**FY2006**	**FY2007**	**1H2008**
International Paint Singapore Pte Ltd	20.7	20.1	27.1	14.7
PPG Coatings (Singapore) Pte Ltd ^	–	–	18.2	35.5
Darchem Engineering Ltd	19.6	–	–	–
Ematco Industrial Pte Ltd	1.5	3.5	8.7	11.7
PT Habison Walker Refractories	8.2	8.6	7.0	2.5
Shell	5.5	8.4	3.6	0.7
Frafco Engineering Pte Ltd	–	0.3	7.1	3.0
PT Kayaprima Process Sistem	6.0	–	–	–
Thermal Ceramic Asia Pte Ltd	9.5	0.8	–	–
Pan Marine Blasting Abrasive Pte Ltd	2.5	3.9	4.1	5.1
SPC	2.2	5.6	–	2.1

* *Excluding sub-contractors' fees and direct labour costs*

^ *Formerly known as Sigmakalon Singapore Pte Ltd*

The raw materials which we use in our services are purchased from a wide range of suppliers in Singapore, China and the USA. Save as disclosed above, we believe we are not overly dependent on any one supplier for our purchases. We purchase our materials from suppliers who have been selected based on product quality, pricing, delivery reliability or products specified in tender contracts. We do not have any distributorship arrangements with any of our suppliers. We are also preferred by some of our suppliers such that customers who wish to use certain products supplied by these suppliers may engage only our services.

The fluctuations in our purchases from our suppliers in the past years are due to the different types of materials we purchase to cater to the diverse needs of our customers and to reduce our over reliance on any one supplier. In particular, the percentage of our purchases from International Paint Singapore Pte Ltd increased from 20.7% in FY2005 to 27.1% in FY2007 mainly due to more purchases during the two years for larger projects for our customers, including Horizon and Universal on Jurong Island. With the completion of these projects in 1H2008, the percentage reduced to 14.7%. In 1H2008, more paints were bought from PPG Coatings (Singapore) Pte Ltd in line with the requirements of our corrosion prevention projects. As a result, the percentage of our purchases increased from 18.2% in FY2007 to 35.5% in 1H2008. Frafco Engineering and Pan Marine Blasting Abrasive Pte Ltd supply blasting abrasives used in our corrosion prevention services. We acquired concrete from Shell as part of an ongoing maintenance contract.

Save for the above, our other major suppliers are suppliers of insulation materials. The fluctuation in percentages for these suppliers of insulation materials depends on the requirement of each contract.

Our business requires us to purchase machinery and scaffold materials, workshop tools, trucks, cranes and forklifts as part of our capital expenditure. The key suppliers of the aforementioned assets are detailed below:

Major Suppliers (Capital Expenditure excluding Leasehold Premises)	**As a percentage of our total cost of capital expenditure * (%)**			
	FY2005	**FY2006**	**FY2007**	**1H2008**
NBN Scaffolding Pte Ltd	23.2	34.1	29.4	42.9
International Surface Preparation	–	18.7	–	–
Goldbell Engineering Pte Ltd	35.2	3.7	12.2	5.2
ESTN Scaffolding Supply (S) Pte Ltd	–	16.9	–	–
HK Hardware & Engineering Pte Ltd	–	–	8.5	–
Wheelabrator Group Ltd	–	–	9.5	–
Wong Fong Engineerings Works (1988) Pte Ltd	–	–	5.3	–
Blast & Peen Services Pte Ltd	–	–	–	20.9
JPN Industrial Trading Pte Ltd	–	–	–	17.1

* *Excluding Leasehold Premises*

The major supplier of scaffold materials is NBN Scaffolding Pte Ltd, which represented 23.2%, 34.1%, 29.4% and 42.9% of the total capital expenditure in FY2005, FY2006, FY2007 and 1H2008 respectively. In FY2006, we purchased horizontal auto-blast cleaning machines from International Surface Preparation in anticipation of increased corrosion prevention activities. Goldbell Engineering Pte Ltd and other major suppliers supply to us various equipment such as workshop tools, trucks, cranes and forklifts to support our scaffolding and corrosion prevention works. Capital expenditure is dependent on business planning with consideration of budgeted business volume for a particular financial year.

None of our Directors or Substantial Shareholders is related to or has any interest in any of our major suppliers set out above.

SUB-CONTRACTORS

The following table sets forth our sub-contractors accounting for 5% or more of our Group's total sub-contracting costs for any one of FY2005, FY2006, FY2007 and 1H2008:-

	As a percentage of our total cost of sub-contracting (%)			
Major Sub-contractors	**FY2005**	**FY2006**	**FY2007**	**1H2008**
Canwell Engineering Services	10.4	16.7	14.3	5.8
EBT Engineering Pte Ltd	5.4	4.9	8.7	–
Mirador Building Contractor Pte Ltd	3.7	9.7	11.6	18.0
Scanbilt Pte Ltd	49.7	39.1	28.2	27.3
See Hup Seng Limited	3.3	12.3	13.0	12.2
Aerostar Corporation Pte Ltd	3.6	4.0	7.6	11.5
Express Scaffolding Services	4.2	7.5	4.1	2.5
Shwe Ngar Engineering Pte Ltd	–	–	1.1	6.7

Although our Group maintains a core permanent work force, we rely on sub-contractors to supply both skilled and unskilled labour to supplement our permanent work force as this is more cost effective and flexible. Accordingly, sub-contractors form the bulk of our Group's total purchases. Our Group is not dependent on any single sub-contractor as we have maintained a good working relationship with various sub-contractors. We also sub-contract complementary civil engineering services such as road works and building repairs, to sub-contractors. We appoint sub-contractors on a need-basis and according to the requirements of each contract entered into by our Group. The requirements of each contract differ and the decision as to whether sub-contractors are used is made on a case-by-case basis. As our Group may be engaged in several contracts at any one time, considerations in deciding whether sub-contractors are used include our Group's overall manpower availability and allocation, cost and benefit effects, as well as the value and timeline of each contract.

MARKETING AND DISTRIBUTION

Our Group's overall marketing and business development activities are headed by our Chief Executive Officer, Mr Lee See Kee, and assisted by our Group General Manager, Mr Quek Chiau Beng, as well as the managers of the respective business divisions. They are responsible for planning and formulating our business development strategies and long-term marketing plans.

Based on our established track record, we are usually invited to tender for projects and term maintenance contracts. Upon receipt of an invitation to tender, we will perform an assessment of the technical complexity and profitability of the entire project and review our resources and skills competency. We are usually awarded the project based on our pricing, track record, industry reputation, quality of services and technical expertise.

We are the resident authorised contractor for maintenance work for various oil and gas and petrochemical companies such as ExxonMobil, Shell, SRC, PCS and Seraya who have contracted us to carry out all forms of maintenance work covering the provision of scaffolding, corrosion prevention and/or insulation services as and when required.

INVENTORY MANAGEMENT

Our scaffolding is classfied as our fixed asset and we do not carry any inventory for our corrosion prevention services. We carry adequate stock for our insulation works, such as calcium silicate, mineral wools, ceramic fibres, perlite and refractory materials, mainly for our maintenance contracts.

We have the following inventory management procedures to ensure that our stock for insulation work is efficiently managed:-

- our inventory is maintained based on orders by our customers and taking into account our estimated requirements;

- we adopt the first-in-first-out method, which means that materials received first will be the first to be used; and

- we conduct regular stock reviews to allow us to keep track of our inventory level and to detect any discrepancies and slow moving stock.

INSURANCE

We maintain various insurance policies in the course of our business including, *inter alia*, the following:-

Insurance		Interest Insured
Public Liability	:	Legal liability arising out of accidental damage to the property of third parties and/or accidental bodily injury to third parties anywhere in Singapore (and its outlying islands) and Malaysia (with respect to Industrial Services) in connection with our trade, business and operations
Workmen's Compensation	:	Administrative staff, management staff, supervisors, foremen, sub-contractors, engineers, foreign workers and other manual workers
Personal Accident	:	Bodily injury of certain employees caused by accidental means
Fire	:	Our premises at 9 Tuas Avenue 1, Singapore 639494, 12 Tuas Avenue 1, Singapore 638679, and 78 Joo Koon Circle, Singapore 629099
Theft and Burglary	:	All movable contents belonging to Industrial Services
Machinery All Risks	:	Equipment and/or other materials and/or equipment and spares relating to Industrial Services' business
Commercial Motor Vehicles	:	Our vehicles used in connection with our business

For Hai Leck (Vietnam), Hai Leck (Malaysia) and Logthai, insurance is taken up on a project basis.

We have also taken up life and disability insurance for certain key personnel including our Executive Chairman, Mr Cheng Buck Poh @ Chng Bok Poh, and our Chief Executive Officer, Mr Lee See Kee.

Our Directors are of the view that the above insurance policies are adequate for our existing operations.

CREDIT POLICY

We bill for all our projects and maintenance works progressively. In addition, for maintenance works, we may bill on completion of each particular work order. We generally provide credit terms ranging from 30 to 90 days from the date of billing, depending on the size and creditworthiness of, and services provided to, each customer. We believe that our credit policy and terms are generally in line with industry practice. We have not encountered any material defaults by our customers that had significantly affected our financial performance.

Our accounts department conducts monthly reviews of debtors' ageing. Legal actions to recover debts will be taken against customers who default on payments. Specific provision for doubtful debts will be made on a case-by-case basis.

Our trade receivables' turnover days for each of FY2005, FY2006, FY2007 and 1H2008 were as follows:-

	FY2005	FY2006	FY2007	1H2008
Trade receivables' turnover days	78	110	89	79

Note:-

(1) Trade receivables' turnover days = (average trade receivables / total revenue) x 360 days.

In line with our accounting policy, trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade debtors' turnover days increased from 78 days in FY2005 to 110 days in FY2006 due to more scaffolding and corrosion prevention works being completed and billed in the last financial quarter of FY2006. Trade debtors' turnover days decreased from 110 days in FY2006 to 89 days in FY2007 and to 79 days in 1H2008, due to better collection at the end of FY2007 and 1H2008.

The write-back of allowance for doubtful debts of approximately S$134,000 in FY2007 was due to lower alllowances required as a result of improved debtors' ageing for scaffolding, corrosion prevention and insulation services.

The nature of the oil and gas and petrochemical industries, which most of our projects relate to, is such that it is not uncommon for customers to issue additional work orders or request variation works after work has commenced for the projects. The confirmation and settlement of payment for these additional work orders and variation works usually take a relatively longer time to be finalised.

The credit terms granted by our suppliers vary from 30 days to 90 days. Purchases from overseas suppliers are normally made on letters of credit payment terms or telegraphic transfers, in which case no credit terms are granted.

Our trade payables' turnover days for each of FY2005, FY2006, FY2007 and 1H2008 are as follows:-

	FY2005	**FY2006**	**FY2007**	**1H2008**
Trade payables' turnover days	82	118	96	99

Note:-

(1) Trade payables' turnover days = (average trade payables / total cost of sales) x 360 days.

Trade creditors' turnover days increased from 82 days in FY2005 to 118 days in FY2006 due to the increase in materials and outsourcing to sub-contractors in line with the increase in completion of scaffolding and corrosion prevention projects in the last financial quarter of FY2006. In FY2007, trade creditors' turnover days decreased to 96 days during the year end as higher costs of materials and sub-contractors' fees were incurred in the third financial quarter of FY2007, which were subsequently paid in the last financial quarter of FY2007. More materials were bought in 1H2008 for the upcoming projects, which resulted in the creditors' turnover days increasing to 99 days.

INTELLECTUAL PROPERTY

We have registered the following trademarks:-

Trademark / Trademark Number	**Applicant**	**Country of Registration**	**Class**	**Validity Period**
	HLE T9905685G	Singapore	37	10 years commencing 4 June 1999
HAI LECK	HLE T9905686E	Singapore	37	10 years commencing 4 June 1999

Note:-

Class 37 refers to the specification of goods and services under class 37 of the International Classification of Goods and Services published by the World Intellectual Property Organisation. Some of the goods and services classified under the respective classes that are relevant to our Group include building construction, repair and installation services; building construction supervision; renovation and restoration of buildings; engineering services relating to the petroleum, petrochemicals, specialty chemicals, pharmaceuticals and power-generation industries; scaffolding services; rust proofing and corrosion protection blasting; spray painting.

RESEARCH AND DEVELOPMENT

We currently do not engage in any research and development activities as it is not in the nature of our business to engage in such activities.

COMPETITION

We are an integrated service provider of scaffolding, corrosion prevention and insulation services mainly for the oil and gas and petrochemical industries. We provide these services through our Group companies, leveraging on our principal competitive strengths which include a track record of approximately 30 years, technical competency, competitive pricing, efficient project management, a good safety record, skilled manpower, quality workmanship and responsiveness to customers' requests. Our Directors believe that we are one of the leading integrated service providers of scaffolding, corrosion prevention and insulation services mainly for the oil and gas and petrochemical industries in Singapore.

To the best of our Directors' knowledge and belief, there are no public statistics or official sources of information that can be used to accurately measure our market share and industry ranking for the business divisions we operate in.

We have identified the following as our main competitors based on each type of services:-

Scaffolding

- Multiheight Scaffolding Pte Ltd
- Presco Scaffolding & Services Pte Ltd
- Kok Chang Scaffolding Pte Ltd
- Cape East Pte Ltd
- Transvert Scaffold & Engineering Pte Ltd
- Scaf-safe Engineering Pte Ltd
- Vindes Engineering Pte Ltd

Corrosion Prevention

- See Hup Seng Limited
- FRP Products Co Pte Ltd
- Haraco Services Pte Ltd
- CWT Limited
- EHB (Singapore) Pte Ltd
- EBT (Singapore) Pte Ltd

Insulation

- ASK Singapore Pte Ltd
- Austin Energy (Asia) Pte Ltd
- Nichias Corporation
- Trilogia Engineering Pte Ltd
- Cape East Pte Ltd
- Meisei Singapore Pte Ltd
- Foster Asia Pacific Pte Ltd

COMPETITIVE STRENGTHS

Our Directors consider the following to be our core competitive strengths:-

Established Track Record and Business

We have been in the business of providing scaffolding, corrosion prevention and insulation services for approximately 30 years mainly for the oil and gas and petrochemical industries. As such, we believe that we are one of the leading integrated service providers of scaffolding, corrosion prevention and insulation services in Singapore. This is evidenced by the projects we have completed for oil majors such as Shell, ExxonMobil and SRC, as well as Seraya and PCS, which are petrochemical companies. We contract either directly with these companies or with their main contractors.

The proven quality of our scaffolding, corrosion prevention and insulation services has enabled us to secure jobs beyond the oil and gas and petrochemical industries, such as in the chemical, pharmaceutical, power and water industries.

Integrated Service Provider

We are an integrated service provider of scaffolding, corrosion prevention and insulation services mainly for the oil and gas and petrochemical industries. We are equipped in-house to provide all of these services through our Group companies via a single point of contact. With such integration, we believe our customers enjoy the convenience, cost-savings and efficiency that come with the provision of a comprehensive range of services. Further, with such integration, we are able to control and monitor the quality of our products and services and are able to respond on a timely basis should customers require any modification work.

Quality Services and Good Safety Record

We are dedicated to providing quality services and products to our customers. To ensure that our customers are satisfied with our services and products, we have implemented strict control procedures to maintain the quality of our workmanship and the timely completion of our projects. Our Company's subsidiary, HLE, was awarded the ISO 9002 certificate in 1997 for its operational processes and systems relating to its scaffolding and corrosion prevention activities. Subsequently, in 2003, HLE was certified ISO 9001:2000 under the new ISO criteria. In 2002, Industrial Services was also awarded the ISO 9002 certificate for its thermal insulation and refractory works and was subsequently certified ISO 9001:2000 under the new ISO criteria in 2006.

Our Group places strong emphasis on the need to maintain high safety standards, in particular, to satisfy the safety requirements of the oil majors who are our customers and most of whom have consistently awarded us safety awards. The MOM has also awarded us the ASHPA Award since 2003 for our good safety record. As a testimony of our commitment towards safety, each of HLE and Industrial Services was awarded OHSAS 18001:1999 certification from AJA in 2003. Please refer to the section titled "Awards and Certifications" of this Prospectus for further details.

Experienced Management Team

The growth and success of our business is attributable to our experienced and dedicated management team. Our management team is led by our Executive Chairman, Mr Cheng Buck Poh @ Chng Bok Poh, and our Chief Executive Officer, Mr Lee See Kee, both of whom have over 30 years of experience in the oil and gas and petrochemical industries. Their reputation and established relationships with customers in these industries have been instrumental to our success in securing many projects over the years. Believing that a strong management team is a key factor in ensuring our continued success, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee have also groomed a dedicated and dynamic management team to assist them in the daily management of our business. Please refer to the section titled "Directors, Management and Staff" of this Prospectus for further details.

Resident Authorised Contractor

As a result of our track record, quality service and good safety record, the oil majors have retained us either directly or through their main contractors, as their resident authorised contractor for regular maintenance works which contributed approximately 62.1%, 60.8%, 48.2% and 43.6% of our revenue for FY2005, FY2006, FY2007 and 1H2008 respectively.

Sizable Stock of Scaffolding

We have a sizable stock of scaffolding, which allows us to meet the needs of our customers within a short lead time and allows us to take up large scale projects in the oil and gas and petrochemical industries. Our stock of scaffolding has allowed us to complete single projects of 3.5 million m^3.

GOVERNMENT REGULATIONS

We have obtained the necessary business licences for our day-to-day operations. Save as disclosed under the section titled "Risk Factors" of this Prospectus and below, we are not subject to any government regulations in the countries where we operate which will have a material effect on our business operations, other than those generally applicable to companies and businesses in such countries.

Singapore

We are subject to all relevant laws and regulations of Singapore where our business operations are based. To-date, to the best of our Directors' knowledge, we have not had any violations amounting to fines imposed with regard to all our relevant permits and licences issued from the government for our operations. We identify the main laws and regulations that affect our operations and the relevant regulatory bodies as follows:-

Workplace Safety and Health Act (Chapter 354A) ("WSHA")

The WSHA which came into effect on 1 March 2006 regulates the management of workplace safety and health by requiring stakeholders to take reasonably practicable measures to ensure the safety and health of workers and other people that are affected by the work being carried out. WSHA is administered by the Occupational Safety and Health Division of the MOM. It repealed the Factories Act (Chapter 204) (the "Factories Act") and the regulations made under the Factories Act have also been transferred to the WSHA.

(i) Workplace Safety and Health (Registration of Factories) Regulations 2006

Premises used as factories in Singapore are required to be registered under the Workplace Safety and Health (Registration of Factories) Regulations 2006.

Applications for registration are made to the Commissioner for Workplace Safety and Health who will issue a permit to the occupier on being satisfied that the premises are suitable for use as a factory. The permit is valid for a period ranging from 6 months to two years, depending on requisite fees paid and may be renewed on payment of the prescribed fees. If the premises have become unfit for occupation as a factory, the Commissioner for Workplace Safety and Health may issue a notice to the occupier to comply with such requirements as may be specified in the notice. If the occupier fails to comply with the requirements in the notice, the registration of the premises may be revoked. Besides providing for the registration of factories, the WSHA also lays down the legal requirements for ensuring the health, safety and welfare of persons employed in a factory and the penalty for contravening or failing to comply with the standards.

The expiry dates for our current factory permits are as follows:-

Name of factory and occupier	Address	Nature of work	Expiry Date
HLE	9 Tuas Avenue 1 Singapore 639494	Office, storage, workshop, production	31 December 2009
HLE	12 Tuas Drive 1 Singapore 638679	Maintenance, service & repair of engineering equipment, fabrication and manufacture of steel structure and power generators	31 July 2009
HLE	50 Banyan Drive Singapore 627770	Scaffolding, corrosion, protection, insulation, mechanical and civil engineering	30 September 2009
Industrial Services	9 Tuas Avenue 1 Singapore 639494	Storage and fabrication of insulation and refractory materials	30 April 2009
Industrial Services	78 Joo Koon Circle Singapore 629099	Traders & specialist in thermal insulation and refractory work	31 July 2009
Industrial Services	Pulau Seraya, Workshop Unit No. 9 Singapore 628208	Thermal insulation and refractory works	31 July 2009

(ii) Factories (Scaffolds) Regulations 2004 ("FSR")

The FSR sets out the requirements for scaffolding service providers and certain precautions to be undertaken in connection with the erection, installation, use or dismantling of scaffolds. We observe strict compliance with the requirements of the FSR, such as:-

(a) All our scaffolding crew, including our scaffold supervisors, have undergone a course of training approved by the MOM.

(b) Erection, installation, re-positioning, alteration and dismantling of scaffolds exceeding 4m are done under the immediate supervision of a scaffold supervisor.

(c) Scaffolds exceeding 30m are examined after installation and certified by a professional engineer to be safe for use.

(d) All scaffolds are inspected by a scaffold supervisor seven days preceding their use.

(e) A notice or label indicating whether the scaffold is safe for use is displayed.

Any scaffold contractor who wishes to erect scaffolds that exceed 4m in a factory must first obtain written approval to be an "Approved Scaffold Contractor" from the Commissioner for Workplace Safety and Health and renewals of this certificate of competency are to be made every two years. We are certified by MOM as an Approved Scaffold Contractor authorised to carry out the following:-

(i) Erection, alteration and dismantling of scaffolds; and

(ii) Rigging and re-positioning of suspended scaffolds.

The expiry dates for the above certifications by MOM are 18 April 2010 and 31 July 2009 respectively.

(iii) Factories (Abrasive Blasting) Regulations ("FABR")

The FABR sets out the requirements on the use of abrasives such as grit in blasting apparatus and certain precautions to be undertaken in connection with the construction of the blasting chambers and the carrying out of any blasting work. We observe strict compliance with the requirements of the FABR such as the following:-

(a) Any blasting is carried out in our enclosed blasting chamber.

(b) Our blasting chamber is of sound construction, well-illuminated and provided with inspection ports.

(c) Dust generated in the enclosure is removed by a proper ventilation system.

(d) All persons employed in blasting work are provided with air supply blasting helmets, with filtered air at a rate of not less than 0.17 m^3 per minute and an efficient pressure-reducing device.

(e) Suitable overalls, boots and gloves are provided.

(f) All plant and equipment are properly maintained.

(iv) Factories (Building Operations and Works of Engineering Construction) Regulations ("FBWR")

The FBWR stipulates the minimum safety and health requirements for premises where building operations and works of engineering construction are being carried out.

To ensure that we comply with the regulations therein, we have established a safety committee for the purpose of keeping under review circumstances in the worksite which may affect the safety and health of our workers. The safety committee meets at least once a month.

Where the contract sum of the work to be carried out is $10 million or more, we will implement a safety management system for the purpose of ensuring the safety and protecting the health of all workers at the worksite.

The FBWR has been repealed on 1 January 2008. However, we continue to comply with the regulations therein as a matter of best practice.

(v) Factories (Singapore Standards and Codes of Practice) Order (the "Factories Order")

In accordance with Section 39(3) of the WSHA, the Commissioner for Workplace Safety and Health has approved 23 Codes of Practice for the purpose of providing practical guidance on safety and health to the industry. These are national standards developed by SPRING Singapore, which provide the technical basis for achieving the productivity, quality, safety and reliability of a product, service or process. Compliance is mandatory when used by government bodies in regulations or administrative requirements for safety, environmental and health issues. The approved Codes of Practice are intended to be used as a yardstick to assess whether reasonable practical measures have been taken with regard to the upkeep of safety and health standards at the workplace.

To ensure strict compliance with the approved Codes of Practice, we conduct routine checks on our inventory to ensure that they meet the requirements of the relevant Codes of Practice, which are as follows:-

(a) CP14: 1996 Code of Practice for scaffolds; and

(b) CP20: 1999 Code of Practice for suspended scaffolds.

The Factories Order has been repealed on 1 February 2008. However, we continue to comply with the regulations therein as a matter of best practice.

In addition to the above Factories Order, we also comply with two other industry standards set by SPRING Singapore, namely:-

(a) SS280: Specification for frame scaffolding; and

(b) SS311: Specification for steel tubes and fittings used in tubular scaffolding.

Contractors Registry of the BCA

We are registered with the Contractors Registry of the BCA for the following category of works:-

Category of Registration	Title	Description	Expiration Date
CR02	Corrosion Protection	Corrosion protection work on metal surfaces and structures. Includes processes such as cathodic, anodic, and electrolytic protection. Our tendering limit is $10 million.	1 February 2010

The Contractors Registry is administered by the BCA and was established to serve the procurement needs of government departments, statutory bodies and other public sector organisations. The Contractors Registry functions as an administrative body only for the public sector procurement. As such, business entities which are not registered with BCA are not precluded from conducting business as contractors or suppliers outside the public sector.

There are six major groups of registration heads, namely Construction Workheads, Construction Related Workheads, Mechanical & Electrical Workheads, Maintenance Workheads, Supply Workheads and Regulatory Workheads. We are registered under "Construction Related Workheads". BCA registration status is only accorded to firms which BCA considers as having sufficient resources, experience and technical expertise to undertake contracts of a nature and size as defined by the registration head.

Electricity Act (Chapter 89A)

Electricity (Electrical Installations) Regulations 2002

We have obtained an electrical installation licence for our premises at 12 Tuas Drive 1, Singapore 638679, 9 Tuas Ave 1, Singapore 639494, and 78 Joo Koon Circle, Singapore 629099, under the Electricity (Electrical Installations) Regulations 2002. The Electricity Act is administered by the Energy Market Authority of the Ministry of Trade and Industry. The licence requires us to maintain every high voltage apparatus in the installation in accordance with the manufacturer's recommendation. The expiry dates of the current permits for aforesaid our premises are 12 November 2008, 4 July 2009 and 28 April 2009, respectively.

Employment of Foreign Manpower Act (Chapter 91A) ("EFMA")

The employment of foreign workers in Singapore is governed by the EFMA and regulated by the Work Permit Department in MOM. In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work pass, which allows the foreign worker to work for him. The foreign worker has to be employed and carry out duties in respect of his work pass. 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 an amount of not exceeding $15,000 or to imprisonment for a term not exceeding 12 months or to both; and

(b) on a second or subsequent conviction, be punished:-

(i) in the case of an individual, with imprisonment for a term of not less than one month and not more than 12 months and shall also be liable to a fine not exceeding $15,000; and

(ii) in the case of a body corporate, with a fine not exceeding $30,000.

Environmental Pollution Control Act (Chapter 94A) ("EPCA")

The EPCA is administered by the NEA of the Ministry of Environment and Water Resources. It is a consolidation of the laws relating to environmental pollution control in Singapore. Pursuant to the EPCA, no person shall occupy or use any premises used for, *inter alia*, abrasive blasting works or storing of chemicals and hydrocarbons or such similar products which are toxic or have a flash point lower than 55°C without a licence granted by the Director-General of Environmental Protection.

We have obtained our approvals for the use of our premises at 12 Tuas Drive 1, Singapore 638679, 9 Tuas Ave 1, Singapore 639494, and 78 Joo Koon Circle, Singapore 629099 to store our scaffolding, corrosion prevention and insulation materials and equipment. The approvals are not subject to any renewal requirements but may be withdrawn at any time.

<u>Environmental Pollution Control (Air Impurities) Regulations 2000 ("AIRS")</u>

Under the EPCA and the AIRS, industrial and trade premises are not allowed to emit air impurities (such as smoke, gases, fumes and odours) in excess of the emission standards set by the AIRS.

The equipment we purchase complies with these regulations.

Malaysia

The FIC has set Guidelines governing the acquisition of assets or interests, mergers and takeovers of companies to ensure Malaysian participation in ownership and control. Amongst others, the Guidelines under the FIC provide that, the approval of the FIC is required, *inter alia*, where there is (a) an acquisition of 15% or more of the voting power by any one foreign interest or associated group, or (b) an acquisition by foreign interests in the aggregate of 30% or more of the voting power of a Malaysian company and interest.

Companies which do not have any bumiputra equity or having less than 30% bumiputra equity are required to increase the bumiputra equity to at least 30%. The remaining equity shareholding can be held either by local interest, foreign interest or by both. If we were to seek the FIC's approval in respect of the acquisition of the shares of Hai Leck (Malaysia), the FIC approval will be subject to the condition that Hai Leck (Malaysia) increase its bumiputra equity to 30%. Equity conditions imposed by the FIC must be complied with within two years from the date of FIC's approval letter. In light of the recent liberalization of the Guidelines earlier this year, the FIC is currently more amicable to the application for the extension for compliance and/or the waiver of the bumiputra equity requirement if the Company can produce strong supporting justifications in support of its application, for example, the revival of an abandoned development project.

The Guidelines do not presently have the force of law as it is not legislation passed by Parliament or regulations made under any existing laws, and no penalty is imposed for non-compliance with the Guidelines. However, the Guidelines are enforced through the co-operation of certain government departments or agencies and a breach of the Guidelines could lead to "blacklisting" or indirect sanctions by the relevant authorities by refusing to grant licenses or permits that may be required under Malaysian law in relation to the operations of the Company, rejecting any registrations relating to dealings in land or refusing to issue work permits for foreign employees of the Company. The approval of the FIC would have to be submitted together with applications for the registration of dealings with land and for work permits.

The guidelines on Foreign Participation in the Distributive Trade Services, Malaysia (the "Distributive Trade Guidelines") state that all proposals for foreign involvement in distributive trade must obtain the approval of the Committee on Distributive Trade, which comes under the purview of the Ministry of Domestic Trade and Consumer Affairs. As with the Guidelines, the Distributive Trade Guidelines also impose a requirement of at least 30% bumiputra equity in companies with foreign participation carrying on distributive trade.

The Distributive Trade Guidelines do not have the force of law and no penalty is imposed in the event of non-compliance with the guidelines. However, enforcement of the Distributive Trade Guidelines is carried out in a manner similar to that of the Guidelines i.e. enforcement is performed by other relevant government authorities by refusing to grant licences or permits that may be required under Malaysian law related to the operations of the Company, rejecting any registration relating to dealings in land or refusing to issue work permits for foreign employees.

For the above reasons, our Directors are of the view that we are not in breach of any laws or regulations in Malaysia for not seeking the approval of the FIC and the Committee on Distributive Trade with respect to our interest in Hai Leck (Malaysia).

Thailand

Pursuant to the Foreign Business Act 1999 ("FBA"), companies which are majority-owned by foreigners are prohibited from engaging in certain business activities reserved only for Thai nationals, such as wholesale/retail, brokerage/agency and any kind of service business activities. Exemptions are granted to companies that have received Board of Investment of Thailand (the "BOI") promotional privileges, and subsequently, on that basis, obtained a Foreign Business Certificate from the Ministry of Commerce of Thailand so that such companies are allowed to engage in the abovementioned activities.

A proposed amendment of the FBA (the "Amendment") was tabled and the Thai Cabinet had given its in-principle approval for the Amendment on 9 January 2007. Amongst other amendments, the Amendment seeks to re-define the definition of foreigners such that a company in which foreigners hold more than half of the voting rights would be defined as a foreign company which falls under the regulation of the FBA. The Amendment is currently being reviewed by the Council of State before being submitted to the National Legislative Assembly for approval.

As Logthai is not majority-owned by our Group, we are not affected by the FBA or the Amendment.

Vietnam

While Vietnam has recently opened up its economy, the political, regulatory and economic outlook for businesses and investors in Vietnam is not certain. The Vietnam government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. Being aware of the importance of foreign direct investment for the industrialisation of Vietnam, in order to attract foreign direct investment, the National Assembly of Vietnam initially passed the Law on Foreign Investment in December 1987, which was subsequently revised four times in 1990, 1992, 1996 and 2000. Recently, the new Law on Investment in Vietnam came into effect on 1 July 2006, to replace the previous Law on Foreign Investment. Subsequent to the new Law on Investment, the Government of Vietnam has issued two important decrees including (i) Decree 108/2006/ND-CP dated 22 September 2006, providing detailed guidelines for the implementation of a number of articles of the new Law on Investment, and (ii) Decree 101/2006/ND-CP dated 21 September 2006, providing guidelines on re-registration, conversion and registration for replacement with investment certificates by enterprises with foreign owned capital pursuant to the Law on Enterprises and Law on Investment. To-date, the new Law on Investment has not had a material adverse impact on our Group's operations. Any future changes to governmental guidelines, laws or regulations or the introduction of new regulations governing foreign ownership could also affect our investments in our Vietnam subsidiary, which may affect the operations and profitability of our Group.

Furthermore, precedents on the interpretation, implementation and enforcement of Vietnam laws and regulations are limited. Accordingly, the outcome of dispute resolution may not be as consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain swift and equitable enforcement of the laws in Vietnam or to obtain enforcement of judgements by a court of another jurisdiction.

Foreign ownership requirements in Vietnam

Hai Leck (Vietnam) is currently a subsidiary of our Company. As the Vietnam government is still in the process of developing its legal system, any future changes to governmental guidelines, laws or regulations or the introduction of new regulations governing foreign ownership may affect our equity interests in Hai Leck (Vietnam). In the event that we are required to dilute our equity interests in Hai Leck (Vietnam), the profitability of our Group may be affected. However, according to the new Law on Investment, if a newly promulgated law or policy adversely affects the lawful benefits enjoyed by an investor prior to the date of effectiveness of such law or policy, the investor shall be guaranteed to enjoy incentives the same as the investment certificates or there shall be resolution by one or a number of all of the following methods: (a) continuation of enjoyment of benefits and incentives; (b) there shall be a deduction of the loss from taxable income; (c) there shall be a change of the operational objective of the project; or (d) consideration shall be given to paying compensation in necessary circumstances.

The Law on Investment and the Law on Enterprises generally allow foreign investors to purchase shares and make capital contributions to Vietnamese companies, provided that the sectors in which such companies operate are not prohibited or deemed conditional under the applicable law. Under decree 139 of the Government dated 5 September 5 2007, “Providing Detailed Guidelines for Implementation of a Number of Articles of the Law on Enterprises” (“Decree 139”), foreign ownership in Vietnamese companies is subject to the following restrictions:

(a) the ownership ratio of foreign investors in listed companies is set out in the Law on Securities;

(b) the ownership ratio of foreign investors in specific industries is set out in the laws governing the relevant industry;

(c) the ownership ratio of foreign investors in 100% state-owned enterprises undergoing equitization or otherwise converting their form is set out in regulations on equitization and conversion of 100% state-owned enterprises; and

(d) the ownership ratio of foreign investors in services companies is set out in Vietnam’s commitments to the World Trade Organisation on commercial services.

If the above foreign ownership restrictions do not apply to Vietnamese companies in which foreign investors propose to invest in, foreign investors are permitted to acquire an interest in such companies at an unrestricted level. As Hai Leck (Vietnam) was established in the form of a 100% foreign invested enterprise prior to the issuance of Decree 139, it is not regarded as a Vietnamese company and is therefore not subject to above foreign ownership restrictions.

To the best of our Directors’ knowledge, save for the FIC Guidelines, we are in compliance with all the government rules and regulations of the jurisdictions in which we operate.

PROPERTIES AND FIXED ASSETS

Properties

We own the following properties:-

Location	Use	Land area /Built-in area (sq m) (approximately)	Tenure	Annual Rental[(1)]	Net book value as at FY2007 ($'000)	Encumbrance
12 Tuas Drive 1 Singapore 638679	Warehousing and office premises	5,742 / 2,626	30 years commencing 1 July 1982 with an option to extend for a further 30 years	S$66,665	684	–
9 Tuas Avenue 1 Singapore 639494	Warehousing and office premises	4,703 / 3,032	30 years commencing 1 August 1993 with an option to extend for a further 30 years	S$54,609	1,977	–
78 Joo Koon Circle Singapore 629099[(2)]	Warehousing and fabrication and office premises	4,919 / 2,374	30 years commencing 1 August 1980 with an option to extend for a further 30 years	S$51,788	108	Mortgaged to HSBC under an "all-monies mortgage"[(3)] to secure banking facilities granted to Industrial Services
Tuas View Circuit	Warehousing and workshop	24,161 / NA	30 years commencing 15 December 2007, subject to terms and conditions of the building agreement between JTC and HLE dated 30 May 2008 being complied with	S$115,167	NA	–

Notes:-

(1) A 30-year lease constitutes a legal interest. Nonetheless an annual land rent is payable under JTC's terms and conditions of lease.

(2) Pursuant to the sale of the 60% shareholdings held by Industrial Services in Thermal Limitec, Industrial Services has sublet 11,000 sq ft of this property to Thermal Limitec for a period of one year. Industrial Services has also granted an option to Thermal Limitec to acquire the property upon expiry of the lease. The sale is subject to the approval of JTC, NEA or other governmental or statutory regulations, and the requirements of the Listing Manual. Consideration will be based on the valuation conducted at the expiry of the lease by an independent valuer.

(3) In an "all-monies mortgage", the property will be a security for all the indebtedness of the mortgagor with the bank. Therefore, if a mortgagor requests a release of the property from the mortgagee, the bank, in principle, has a right to request the mortgagor to repay first all his indebtedness owing to the bank including, for example, any overdraft facilities besides his original mortgage loan.

On 6 December 2007, we had accepted an offer by JTC for the acquisition of a new piece of land of approximately 24,000 sq m at Tuas View Circuit to construct an automated shot-blasting facility, workshop, warehouse and office premises, with an aggregate estimated built-in area of approximately 17,000 sq m, in phases, construction of which commenced in May 2008. Priority will be given to constructing the automated shot-blasting facility, workshop and warehouse, which is expected to be completed in FY2009. Construction of the office premises is expected to be completed by FY2010. The total cost for the construction and equipment is expected to be approximately S$30.0 million.

Our properties are stated at cost less accumulated depreciation. Please refer to the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" as set out in Appendix A and Appendix B of this Prospectus respectively, for further information on our fixed assets and the encumbrances on our properties, plant and equipment.

We rent the following properties:-

Location	Use	Area leased (sq m)	Tenure	Annual rental	Lessor
50 Banyan Drive Singapore 627770	Office premises and workshop	256	3 years from 22 June 2007	S$30,240	TG-SN Pte Ltd (1)
No 1 Jalan Samulun, Singapore 629119	Office premises	111	12 months commencing from 1 March 2008 to 28 February 2009	S$6,480	Tanoto Shipyard Private Limited
Tuy Ha Industrial Zone A, Nhon Trach District, Dong Nai Province Vietnam	Office premises and workshop	10,000	30 years commencing from 17 June 1997	US$15,000	Urban and Industrial Zone Development Company
No. 306/8 Nguyen Thi Minh Khai Street, Ward 5, District 3, Ho Chi Minh City, Vietnam	Office premises	120	12 months commencing from 10 November 2007 to 10 November 2008	VND144,720,000	Mrs Dang A Cam
No. 130/10, Maptaphut Road, Maptaphut sub-district, Mueang Rayong District, Rayong Province, Thailand	Office premises, warehousing and workshop	24,936	20 years commencing from 1 September 1996	THB120,000	Logthai Property Co., Ltd.

Note:-

(1) The property is leased from JTC to TG-SN Pte Ltd.

Further details on our production facilities are set out in sections titled "Production Facilities" and "Business Strategies and Future Plans" of this Prospectus.

Fixed Assets

As at 30 June 2007 and 1H2008, our fixed assets, comprising mainly leasehold premises, machinery and scaffold materials have a total net book value of S$11.3 million and S$16.3 million respectively.

EMPLOYEES

We set out below the total number of our employees and the various departments in which they serve for FY2005, FY2006 and FY2007:-

	FY2005	FY2006	FY2007
Segmented by Function			
Management and Administration	50	53	66
Engineers and Supervisors	67	93	105
Workmen	525	547	701
Total	**642**	**693**	**872**
Segmented by Geographical Location			
Singapore [(1)]	464	482	673
Thailand	169	192	191
Vietnam [(2)]	9	19	8
Total	**642**	**693**	**872**

Notes:-

(1) Includes employees hired for Malaysian operations.

(2) The employee fluctuation for Vietnam in FY2006 was due to project requirements.

The increase in the number of our employees is in tandem with the increase in our business volume.

In cases where we sub-contract part or all of the services required in a project, the manpower will be provided by the sub-contractor and this headcount is not part of the disclosure above.

We believe that the technical competence of our employees is instrumental in maintaining our competitive position. In-house or external staff training is provided to our employees to ensure that their skills are constantly upgraded to meet customers' expectations and the required standards of quality services.

In-house training

For new employees, we conduct in-house induction training on safety and proper work practices before their deployment to sites. We also provide regular in-house training and refresher courses on various aspects of safety, new technologies and improved work methods and have developed our own training materials including handbooks to aid our instructors.

External training

All our scaffolding services personnel are required to attend relevant courses conducted or certified by the MOM, which include the following:-

- Metal Scaffold Erection Course
- Suspended Scaffold Riggers Course
- Supervision of Metal Scaffold Erection Course
- Suspended Scaffold Supervisors' Course for Suspended Scaffold Supervisor

Only trained and MOM certified workers are permitted to erect, alter and dismantle scaffolds under the supervision of scaffold supervisors. Our employees who perform supervisory roles are required by the WSHA to undergo courses on safety training and supervision of scaffolding erection.

In addition, after three months of employment, our workmen are usually registered for trade competency tests in scaffolding, corrosion prevention or refractory and are certified competent in their trade by the Institute of Technical Education ("ITE"), a national certification body.

Our employees are strongly encouraged to elect from a wide selection of sponsored courses such as the following:-

- Safety Co-ordinator Course
- Safety Instruction Course (Manhole) for Supervisors
- Safety Instruction Course for Lifting Supervisors
- Primavera Project Planning Training Course
- Microsoft Project Competency Course
- Safety Committee Course

Our total expenditure on staff training for FY2005, FY2006, FY2007 and 1H2008 was 0.2%, 0.2%, 0.1% and 0.2% of our Group's annual turnover respectively.

Our Group's commitment to continually upgrade and train our staff was affirmed in 1995 when we were awarded the Certified On-the-Job Training Centre status by ITE. For this purpose, we have set up and operate test centres to assess scaffolding, corrosion prevention and refractory competencies. The test centres are open to workers from other companies who will be issued certificates by ITE if they pass ITE's tests. We are also a MOM approved training provider for the Metal Scaffold Erection Course.

The relationship and co-operation between the management and staff have been good and are expected to continue to remain so in the future. There have been no incidents of work stoppages or labour disputes which have affected our operations.

PROSPECTS

The oil and gas value chain can be broadly categorized into three categories, namely, upstream which encompasses exploration and production activities; midstream which includes the transportation of oil and gas; and downstream which comprises the refining, supply, marketing and distribution of petroleum and petrochemical products.

To-date, we have serviced clients in the downstream category which we have termed the oil and gas and petrochemical industries. We have secured a contract to service a customer in the upstream category, commonly known as the offshore marine industry, to provide corrosion prevention services in connection with the construction of an oil-rig.

Our Directors believe that business from the oil and gas and petrochemical industries will continue to be our key revenue contributor. Our business prospects and future growth will be dependent on the outlook of this industry, our ability to increase our market share in our present locations and our ability to expand into new locations. Our Directors are of the opinion that through our efforts to integrate more related services and expand our range of services, we will continue to maintain our competitive edge in our businesses.

Rising demand for fuels and chemicals in Asia and persistently high crude oil prices have generated demand for support industries, such as, shipbuilding, building of oil rigs, as well as building of oil and gas and petrochemical processing facilities. [1] This will create demand for our scaffolding, corrosion prevention and insulation services. For the last three financial years ended 30 June 2007 and the six-month period ended 31 December 2007, our revenue from our project services has increased primarily due to the surge in petroleum and petrochemical demand resulting in more oil and gas and petrochemical facilities and plants being built in Singapore. In addition, as Singapore continues to be one of the major oil refineries and petrochemical centres in the world [2], demand for our services in Singapore is expected to continue to increase.

Oil refineries and petrochemical plants in Singapore are located mainly in Jurong Island and Pulau Bukom. The Singapore government has invested an estimated S$7 billion to construct Jurong Island to fulfill its aim to develop it into a world-class chemical hub. Through land reclamation, seven islands have been amalgamated into a single landmass of 2,650 hectares, with plans to expand it further to 3,200 hectares. Jurong Island is linked to the mainland via an eight-lane causeway. Today, Jurong Island is an integrated island of industrial excellence with an optimal concentration of fully integrated oil, chemical and supporting industries. It plays a critical role in the growth of Singapore's petrochemicals cluster. Since reclamation, Jurong Island has more than doubled the chemicals cluster's manufacturing output to S$74 billion in 2006. More than 90 leading petroleum, petrochemicals, specialty chemicals, manufacturing and service companies from all over the world operate on Jurong Island.[3] Industry giants including ExxonMobil, Shell, SRC, Chevron, Sumitomo Corporation (Singapore) Pte Ltd, Denka, Horizon, Vopak, Universal and BASF ELLBA are among the major tenants on the island.

JTC, the agent for the development of Jurong Island, continues to be enterprising and innovative in the industrialization efforts on the island. It has developed two new chemical logistic hubs, namely, Banyan LogisPark and Meranti LogisPark, that enable Jurong Island companies to move their products quickly and efficiently across borders.[4]

Singapore's first underground rock cavern for oil storage, the milestone Jurong Rock Cavern project will be built in the Banyan LogisPark. The underground caverns have a potential storage capacity of close to 3 million m^3 and can be used to store liquid hydrocarbons like crude oil and diesel oil.[4] JTC cites that there is already strong interest from the industry to utilize the caverns despite the project being in its early stages owing to its strategic logistical support and infrastructure augmentation.[5]

EDB targets to realize cumulative investment of S$40 billion by 2010 on Jurong Island.[6] Banking on strong initiatives for developing the oil and gas and petrochemical industries, Singapore continues to successfully attract major industry players to set up their new plants or expand existing facilities including the following:-

- Neste Oil Corporation, a Finnish refining company, is investing approximately 550 million Euros in building the world's largest next-generation biodiesel plant in Tuas industrial zone. Construction of the plant is expected to be completed by end-2010;[7]

- Jurong Aromatics Corporation will build a US$2 billion petrochemical plant on Jurong Island, which will be completed in 2011;[8]

- Construction of ExxonMobil's second world-scale steam cracker complex which will be fully integrated with its existing Singapore refinery and chemical plant, which is expected to start-up in 2011;[9]

- ExxonMobil's expansion of its hydrocarbon fluids plant in Jurong Island, which is expected to start-up by the fourth quarter of 2008;[10] and

- Ongoing construction of the new Shell Eastern Petrochemicals Complex in Jurong Island and Pulau Bukom which is expected for start-up in 2009/2010.[11]

Many of the major industry players are also increasingly looking to build their own cogeneration plants to secure electricity and stream supplies for their expansion projects as cogeneration plants are believed to be a significant factor in reducing energy consumption and improving energy efficiency at petrochemical processing facilities.[(12)] As the demand for such cogeneration plants increases, the demand for our scaffolding, corrosion prevention and insulation services is also expected to increase.

According to EDB, Singapore's oil, petrochemical and chemical output grew at a compounded annual average rate of almost 24% from 2002 to 2006. The industry's outlook remains bright, with continued strong growth forecast for the next five to 10 years. The Singapore Chemical Industry Council has predicted that the industry's output will double in the coming decade as a result of continued expansion of the basic petrochemical complexes by Shell and ExxonMobil. Ciba Specialty Chemicals Holding Inc., RohMax Oil Additives, Lucite International, Sumitomo Chemical and Huntsman (Singapore) Pte Ltd are also building new plants.[(13)]

Notes:-

(1) Adapted extract from the "Singapore Marine Industry Annual Report 2006", which appears on the Association of Singapore Marine Industries website (http://www.asmi.com), accessed on 4 June 2008.

(2) Adapted extract from the EDB website (http://www.edb.gov.sg), accessed on 4 June 2008.

(3) Adapted extract from the JTC and Singapore Chemical Industry Council websites (http://www.jtc.gov.sg; http://www.chemindustry.org.sg), accessed on 4 June 2008.

(4) Adapted extracts from the JTC website (http://www.jtc.gov.sg), accessed on 4 June 2008.

(5) Adapted extracts from the Singapore Chemical Industry Council website (http://www.chemindustry.org.sg), accessed on 4 June 2008.

(6) Adapted extract from the "Singapore Economic Development Board Annual Report 2005/2006", which appears on the EDB website (http://www.sedb.com), accessed on 4 June 2008.

(7) Adapted extract from the stock exchange release titled "Neste Oil to Build a NExBTL Renewable Diesel Plant in Singapore", 30 November 2007, which appears on the Neste Oil Corporation website (http://www.nesteoil.com), accessed on 4 June 2008.

(8) Adapted extract from SPG Media PLC website (http://www.chemicals-technology.com), accessed on 4 June 2008.

(9) Adapted extract from the "Second Singapore Petrochemical Project Fact Sheet" which appears on the ExxonMobil Corporation website (http://www.exxonmobil.com), accessed on 4 June 2008.

(10) Adapted extract from the press release titled "ExxonMobil Chemical to Expand Exxsol TM Hydrocarbon Fluids Capacity in Singapore", 28 June 2007, which appears on the ExxonMobil Corporation website (http://www.exxonmobil.com), accessed on 4 June 2008.

(11) Adapted extract from the press release titled "First Piles Driven into the Ground at Shell Eastern Petrochemicals Complex", 23 March 2007, which appears on the Shell website (http://www.shell.com), accessed on 4 June 2008.

(12) Adapted extract from The Business Times article titled "Oil Giants Eye Own Cogen Plants to Lock in Power", 8 October 2007.

(13) Adapted extract from the article titled "Value of Singapore's Oil, Petrochemical and Chemical Output grew by 12% to Around S$74.7 Billion", 16 May 2007, which appears on the AllBusiness.com website (http://www.allbusiness.com), accessed on 4 June 2008.

We have not sought the consent of the Association of Singapore Marine Industries, EDB, JTC, Singapore Chemical Industry Council, Neste Oil Corporation, ExxonMobil Corporation, Royal Dutch Shell plc, the Business Times, Business Wire and AllBusiness.com and they have not consented to the inclusion of the above information for the purposes of section 249 of the SFA, and are therefore not liable under sections 253 and 254 of the SFA. Our Company, the Manager and the Underwriter and Placement Agent have included the above information in its proper form and context in this Prospectus and have not verified the accuracy of the contents of the above information.

Trend

Since our incorporation, we have expanded our business scope from merely providing corrosion prevention services to the marine industry to the integrated service provision of scaffolding, corrosion prevention and insulation services mainly to the oil and gas and petrochemical industries. We expect the demand for the supply of our services from our customers to continue.

For FY2007, we achieved sales of S$62.7 million, representing an increase of approximately 60.0% as compared to FY2006. Barring unforeseen circumstances, our Directors expect that we will continue to enjoy robust growth in our sales in FY2008. As at the Latest Practicable Date, we have secured 35 projects, with sales of approximately S$58.4 million scheduled to be completed and recognised over FY2008 and FY2009. In addition, HLE also has on-hand maintenance contracts having a term of between two to four years each with an estimated aggregate annual value of approximately S$30.5 million. However, due to the possibility of changes in our customers' delivery schedules or cancellations and potential delays in delivery, our order book as at any particular date may not be indicative of revenue for any succeeding period.

We expect our operating expenses to increase in FY2008, in line with our expected increase in business activities, future plans and also the incurrence of higher labour and material costs as a result of a shortage. Additionally, material and prolonged increases in oil prices will increase our variable overheads. However, in most instances, we will build in a buffer for cost increases in our pricing.

Save as disclosed above and under the section titled "Risk Factors" of this Prospectus, and barring any unforeseen circumstances, our Directors are not aware of any other known recent trends in construction, sales and inventory, contract values or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

Order Book

As at the Latest Practicable Date, we have entered into contracts for project services of approximately S$58.4 million, comprising: (a) S$42.9 million for our scaffolding and corrosion prevention businesses mainly for oil and gas and petrochemical related companies; and (b) S$15.5 million for our insulation services. The contracts are to be completed over FY2008 and FY2009. In addition, HLE also has on-hand maintenance contracts having a term of between two to four years each with an estimated aggregate annual value of approximately S$30.5 million.

It should be noted that the value of our order books are not indicative of our revenue in FY2008 as our contracts are generally secured on a project basis and they may be subject to rescheduling or deferrals or cancellation.

BUSINESS STRATEGIES AND FUTURE PLANS

Our corporate vision is to continue and expand our business as an integrated service provider of scaffolding, corrosion prevention and insulation services mainly for the oil and gas and petrochemical industries, including the offshore marine industry, when the opportunity arises. Our business strategies and business plans in the near term are summarized as follows:-

To widen customer base and secure more projects

We intend to secure more projects in view of the increase in oil and gas and petrochemical activities in the region and to seek larger scale projects. We hope to continue to leverage on our good track record and relationships with our customers. In addition, we will continue to manage our operating expenses in order to continue to be price competitive to increase our market share. We will also provide continuous training to our employees to increase productivity. In this respect, we will upgrade and increase our stock of scaffolding and other equipment as and when appropriate within the next two years in accordance with new technologies to enhance our work efficiency and productivity. The upgrade and acquisition of scaffolding and other equipment will also increase our ability and capacity to take on more projects. We intend to utilise approximately S$2.0 million from the proceeds of the Invitation for the above purposes.

Acquisition and development of a new automated shot-blasting facility, workshop, warehouse and office

To maintain our competitive edge and to better service our customers, we intend to invest in an automated shot-blasting facility for our corrosion prevention services as well as to increase our workshop and warehousing capacities. This facility will enable us to reduce our reliance on sub-contractors, as well as to take on more corrosion prevention projects. On 6 December 2007, we have accepted an offer by JTC for the acquisition of a new piece of land of approximately 24,000 sq m at Tuas View Circuit to construct an automated shot-blasting facility, workshop, warehouse and office premises, with an aggregate estimated built-in area of approximately 17,000 sq m, in phases, construction of which commenced in May 2008. Priority will be given to constructing the automated shot-blasting facility, workshop and warehouse, which is expected to be completed in FY2009. Construction of the office premises is expected to be completed by FY2010. The total cost for the construction and equipment is expected to be approximately S$30.0 million. As at the Latest Practicable Date, approximately S$3.8 million has been expended.

We intend to utilize approximately S$15.0 million from the proceeds of the Invitation for the above purposes and the remaining approximately S$15.0 million will be funded from internal resources and external borrowings.

To expand presence in overseas markets

We have made inroads into Thailand, Malaysia and Vietnam. We are actively seeking opportunities to expand our market share in Thailand, Malaysia and Vietnam by penetrating further into these existing overseas markets. We also intend to enter into new geographical markets such as India and the Middle East.

To penetrate these overseas markets, we will market our services to existing customers who have operations there, such as Rotary, JGC and Punj Lloyd Limited, to leverage on their existing customer base, as well as through our own network.

Expansion of capabilities within the oil and gas and petrochemical industries

Where opportunities arise, we will expand our capabilities and business in the oil and gas and petrochemical industries, in areas such as the maintenance of process equipment, including heat exchangers. We may also expand through acquisitions, strategic partnerships and/or joint ventures with other service providers which can add value to our business by allowing us to have greater involvement in businesses on which our present business is reliant.

In addition, with the recent securing of a contract to provide corrosion prevention services for an oil rig, we intend to continue to tap into the prospects of the offshore marine industry. The offshore marine industry includes oil-rig building and offshore engineering and other marine supporting services. Our ability to service customers in the offshore marine industry will be enhanced with the development of our new automated shot-blasting facility. We had employed additional qualified personnel for the project which commenced in April 2008. We will, if and when required, continue to employ necessary personnel as this area of business expands.

The following discussion of our financial position and results of our operations should be read in conjunction with the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007" set out in Appendix A, Appendix B and Appendix C of this Prospectus, respectively. Please refer to the section titled "Risk Factors" of this Prospectus for more information on other factors, which may affect our business operations, revenue and overall financial performance.

The information below is selected from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" with respect to our Continuing Operations only, adjusted for the non-inclusion of (a) gain on disposal of shares and (b) share of results, of an associated company, Hiap Seng, for the relevant financial years (collectively the "Hiap Seng adjustments"). Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details.

	Audited			Unaudited	
	FY2005 $'000	**FY2006 $'000**	**FY2007 $'000**	**1H2007 $'000**	**1H2008 $'000**
CONTINUING OPERATIONS					
Revenue	37,621	39,158	62,663	28,672	33,643
Cost of sales	(24,586)	(22,273)	(40,462)	(18,228)	(20,293)
Gross profit	13,035	16,885	22,201	10,444	13,350
Other income (1)	1,100	1,132	19,677	641	27,553
Distribution and selling expenses	(488)	(339)	(400)	(187)	(287)
Administrative expenses	(8,652)	(10,453)	(11,158)	(5,321)	(6,371)
Other operating expenses	(898)	(1,353)	(2,258)	(957)	(1,099)
Interest expense	(6)	(6)	(6)	(4)	(8)
Share of results of associated companies (2)	427	2,701	3,657	2,338	978
Profit before taxation from continuing operations	4,518	8,567	31,713	6,954	34,116
Less : Hiap Seng adjustments	(355)	(2,513)	(21,957)	(2,338)	(26,926)
Profit before taxation from continuing operations (after the Hiap Seng adjustments)	4,163	6,054	9,756	4,616	7,190
Taxation	(1,070)	(1,852)	(1,483)	(824)	(1,162)
Profit for the year/period from continuing operations (after the Hiap Seng adjustments)	3,093	4,202	8,273	3,792	6,028

	Audited			Unaudited	
	FY2005 $'000	FY2006 $'000	FY2007 $'000	1H2007 $'000	1H2008 $'000
Attributable to:					
Equity holders of the Company	2,586	3,669	7,703	2,600	5,917
Minority interests	507	533	570	1,192	111
	3,093	4,202	8,273	3,792	6,028
Earnings per share					
Basic – continuing operations (after the Hiap Seng adjustments) (cents) [(3)]	1.1	1.5	3.2	1.1	2.5
Diluted – continuing operations (after the Hiap Seng adjustments) (cents) [(4)]	0.8	1.1	2.4	0.8	1.8

Notes:

(1) For FY2007 and 1H2008, "Other income" includes gain on disposal of shares in our associated company, Hiap Seng during the year ended 30 June 2007 and the six months period ended 31 December 2007 of approximately $18.3 million and $25.9 million respectively.

(2) Includes our share of profits from our associated company, Hiap Seng, amounting to approximately $0.4 million, $2.5 million, $3.7 million, $2.3 million and $1.0 million, for FY2005, FY2006, FY2007, 1H2007 and 1H2008, respectively.

(3) For comparative purposes, basic EPS for the relevant years/periods under review is computed based on net profit attributable to shareholders and the pre-Invitation share capital of 240,000,000 Shares.

(4) For comparative purposes, fully diluted EPS for the relevant years/periods under review is computed based on net profit attributable to shareholders and the post-Invitation share capital of 325,000,000 Shares.

The information below is selected from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" with respect to our Continuing Operations only, adjusted for the disposal/distribution in specie of Hiap Seng shares subsequent to FY2007. Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details.

	Audited FY2007 $'000	Unaudited 1H2008 $'000
CONTINUING OPERATIONS		
Non-current assets		
Property, plant and equipment	11,269	16,281
Associated companies [(1)]	15,215	–
Other investments	156	–
Intangible assets	258	255
	26,898	16,536
Less : Associated companies [(1)]	(15,215)	–
	11,683	16,536

	Audited FY2007 $'000	Unaudited 1H2008 $'000
Current assets		
Inventories	703	538
Trade receivables	16,571	12,137
Other receivables and deposits	857	2,444
Prepayments	130	27
Due from associated companies	1,859	–
Due from affiliated company (non-trade)	5	1,900
Other investments	1,255	1,238
Work-in-progress	222	1,081
Cash and bank balances	11,591	9,451
Fixed deposits	30,175	14,798
	63,368	43,614
Current liabilities		
Trade and other payables	15,702	13,184
Due to Directors	394	–
Provision for taxation	3,161	3,730
Finance lease obligations, current portion	89	65
	19,346	16,979
Net current assets	44,022	26,635
Non-current liabilities		
Deferred taxation	284	284
Finance lease obligations, non-current portion	47	15
	331	299
Net assets	55,374	42,872
Equity attributable to equity holders of the Company		
Share capital	2,000	28,000
Accumulated profits	84,254	15,034
Fair value adjustment reserve	(7)	–
Translation reserve	(181)	(162)
	86,066	42,872
Minority interests	2,190	–
	88,256	42,872
Less : Discontinued Operations and disposal and distribution *in specie* of Hiap Seng shares	(32,882)	–
Total equity	55,374	42,872

Note:

(1) Refers to our investment in quoted shares of Hiap Seng which is excluded due to the disposal/distribution *in specie* of the Hiap Seng shares.

The following Management's Discussion and Analysis on the Financial Condition and Results of Operations of our Group is based on our Continuing Operations, as extracted from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007" as set out in Appendix A, Appendix B and Appendix C respectively, of this Prospectus. For further information on our Discontinued Operations, please refer to the section titled "Restructuring Exercise" of this Prospectus.

OVERVIEW

We are an integrated service provider of scaffolding, corrosion prevention and insulation works mainly for the oil and gas and petrochemical industries.

The principal activities of our Group can be broadly classified into the provision of:-

(a) Project services, comprising:-

  (i) scaffolding and corrosion prevention services, complemented by general civil engineering services; and

  (ii) insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

(b) Maintenance services on a routine and turnaround basis for the abovementioned project services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

We usually tender for all our projects and the terms and conditions of a particular project are contained in the respective tender documents.

We also tender for maintenance contracts, some of which include an option to renew. Alternatively, we may have to re-tender for the maintenance contracts if required by our customers. The maintenance services we provide include any of the scaffolding, corrosion prevention and insulation services as and when required by our customers. These maintenance contracts are a source of recurring income for our Group.

Our business is undertaken mainly in Singapore and regionally (including Malaysia, Thailand and Vietnam).

Revenue

Revenue is recognised to the extent that the economic benefits will flow to our Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from rendering services, including variation orders is recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on surveys of work performed by owner's site engineer.

Review of Past Performance by Business Segment

Our revenue has increased primarily due to the surge in petroleum and petrochemical demand which has resulted in more oil and gas and petrochemical facilities and plants being built in Singapore.

The breakdown of our revenue according to the above business segments are as follows:-

	FY2005		FY2006		FY2007		1H2007		1H2008	
Revenue	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Project Services										
(a) Scaffolding and Corrosion Prevention	5,593	14.8	11,072	28.3	28,655	45.7	8,570	29.9	16,938	50.3
(b) Insulation	8,672	23.1	4,273	10.9	3,807	6.1	3,425	11.9	2,053	6.1
Maintenance Services	23,356	62.1	23,813	60.8	30,201	48.2	16,677	58.2	14,652	43.6
Total	**37,621**	**100.0**	**39,158**	**100.0**	**62,663**	**100.0**	**28,672**	**100.0**	**33,643**	**100.0**

Total group revenue for FY2005, FY2006, FY2007 and 1H2008 were $37.6 million, $39.2 million, $62.7 million and $33.6 million respectively.

As a proportion of our total revenue, our scaffolding and corrosion prevention projects have increased in FY2007 primarily due to new projects from existing and new customers including Horizon and Universal on Jurong Island, as well as the Changi Water Reclamation Plant project. In 1H2008, we also secured new projects such as the Schenectady International Asia AP project ("SI Asia") and the Shell Bukom Refinery Modification project.

Revenue for insulation has decreased from 23.1% in FY2005 to 6.1% in FY2007 of total revenue as Industrial Services scaled down undertaking the activity of passive fireproofing in FY2006. Passive fireproofing was a business unit within Industrial Services in FY2005. In FY2006, this activity was restructured into a 60% subsidiary, Thermal Limitec, which was subsequently sold to a minority shareholder and not included in the Continuing Operations under the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007*"* as set out in Appendix A of this Prospectus (the "Disposal of Thermal Limitec").

Revenue for maintenance services increased steadily over the years due to more routine and turnaround maintenance, primarily due to maintenance services rendered to Shell, ExxonMobil, PCS, Seraya and SRC. Percentage contribution decreased from 62.1% in FY2005 to 48.2% in FY2007 due to higher revenue derived from scaffolding and corrosion prevention services on a project basis.

In terms of geographical segments, our revenue from our customers in Singapore accounted for 99.8%, 98.3%, 95.8% and 96.8% of the total revenue in FY2005, FY2006, FY2007 and 1H2008, respectively. As such, it is not meaningful to provide the segmentation performance by geographical spread.

However, since 2005, our Group has progressively expanded our business into Malaysia, Thailand and Vietnam. Our revenue in these countries was $2.7 million in FY2007, an increase of 302.9% as compared to revenue of $658,000 in FY2006. Revenue from these countries was $1.1 million in 1H2008.

Factors that may affect our revenue are as follows:-

A. *Continuing demand for our services*

We provide scaffolding, corrosion prevention and insulation services to oil and gas process engineering companies. Our growth is dependent on the installation and construction of new plants and the maintenance works needed for these plants. Accordingly, our continued growth depends on the continuing demand for oil and gas and petrochemical industries in Singapore as well as the general global economic environment.

B. *Ability to employ professional and skilled manpower*

Our revenue is dependent on our ability to engage qualified and experienced supervisors and engineers to carry out our business activities. We are also reliant on skilled manpower particularly foreign workers to grow our revenue. As such, any unfavourable changes to the employment regulations such as a reduction in the quota for foreign employees or to the demand for skilled foreign workers in other countries will affect our ability to employ foreign workers.

C. *Ability to maintain and improve on our competitive strengths*

Our success depends on our ability to maintain and improve our competitive strengths, namely our ability to consistently provide high quality, timely and reliable services with competitive pricing to our customers. Our revenue growth is also affected by our ability to build on these competitive strengths and thereby increasing recognition of our brand name "Hai Leck".

D. *Ability to retain existing customers and secure new customers*

Our revenue is generally contributed by the oil and gas and petrochemical industries. Our continued growth is dependent on our ability to retain existing customers and secure new customers. Fulfillment of contractual obligations with our existing customers for each project we undertake will affect our ability to continue working with them. In addition, failing to meet the performance requirements of our existing customers may result in losing the status of resident authorised contractor or preferred service provider for our services.

Please refer to the section titled "Risk Factors" of this Prospectus for information on other factors which may affect our revenue.

Cost of Sales

Our cost of sales comprises mainly direct materials, sub-contractors' fees, direct labour and other variable overheads.

The breakdown for our cost of sales is as follows:-

	FY2005		FY2006		FY2007		1H2007		1H2008	
Cost of Sales	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Direct materials	5,614	22.8	4,349	19.5	9,097	22.5	4,091	22.4	5,016	24.7
Sub-contractors' fees	12,809	52.1	11,839	53.2	21,881	54.1	9,454	51.9	9,270	45.7
Direct labour	4,274	17.4	4,502	20.2	6,000	14.8	3,177	17.4	3,997	19.7
Other variable overheads	1,889	7.7	1,583	7.1	3,484	8.6	1,506	8.3	2,010	9.9
Total	**24,586**	**100.0**	**22,273**	**100.0**	**40,462**	**100.0**	**18,228**	**100.0**	**20,293**	**100.0**

A. *Direct materials*

Our direct materials comprise mainly raw materials such as paints and abrasives, as well as materials for insulation services (including refractory and fireproofing materials). The decrease in direct materials costs in FY2006 was due mainly to (i) variation orders which were additional works performed for insulation services after completion of the projects, for which the costs were already recognised in FY2005; and (ii) the Disposal of Thermal Limitec and the scaling down of passive fireproofing activities undertaken by Industrial Services.

The increase in our direct materials costs in FY2007 was mainly due to the increase in our sales volume, particularly for our corrosion prevention services which required more materials such as abrasives and industrial paints.

A breakdown of the major components of our direct materials is as follows:-

Direct	FY2005		FY2006		FY2007		1H2007		1H2008	
Materials	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Abrasives and paints	844	15.0	1,466	33.7	5,314	58.4	2,300	56.2	3,320	66.2
Insulation, refractory and fire proofing materials	4,770	85.0	2,883	66.3	3,783	41.6	1,791	43.8	1,696	33.8
Total	**5,614**	**100.0**	**4,349**	**100.0**	**9,097**	**100.0**	**4,091**	**100.0**	**5,016**	**100.0**

Most of our raw materials are sourced from our suppliers in Singapore. Main raw materials such as paints and abrasives are usually sourced from selected suppliers on a project basis. Our materials used for insulation services such as refractory and fireproofing materials are usually imported from pre-approved suppliers from China, Indonesia and USA.

B. *Sub-contractors' fees*

We outsource some of the works to sub-contractors to supplement our direct resources. For example, we outsource automated shot-blasting services to Blue Target Pte Ltd and See Hup Seng Limited, scaffolding to Canwell Engineering Services, corrosion prevention to Shwe Nagar Engineering Pte Ltd and general civil engineering maintenance works to Scanbilt Pte Ltd. Certain subcontracting fees are inclusive of material costs such as corrosion prevention subcontracting works and general civil engineering maintenance works. In FY2007, the absolute quantum of subcontracting fees had almost doubled from FY2006 as a result of a significant increase in project revenue by approximately 111.5%. However, the sub-contractors' fees as a percentage of the total cost of sales have been stable for the last three financial years. However in 1H2008, we outsourced less to sub-contractors and deployed more site employees to various sites, as a result, the sub-contractors' fees as percentage of the total cost of sales reduced from 51.9% to 45.7%.

C. *Direct labour*

Our direct labour comprises mainly wages, bonuses and the related costs of our site employees on the project services as well as maintenance services. The increase in our direct labour costs in the last three financial years was due primarily to the increase in number of employees to meet increasing work volumes as a result of more projects and maintenance works awarded to us. The percentage decrease in FY2007 for direct labour as compared to FY2006 is due to the fact that direct labour cost only increased by 33.3% compared to an increase in total cost of sales of 81.7%.

D. *Other variable overheads*

Other variable overheads comprise mainly tools and consumables and the maintenance, upkeep and hire of machinery and equipment such as cranes and trucks.

The additional increase in the variable overheads in the past three years is mainly due to higher sales volume.

Factors that may affect our cost of sales are as follows:-

A. *Fluctuations in raw material prices due to supply shortage*

Supply and demand conditions such as any acute shortage or disruption in our raw materials may affect our cost of sales if we cannot find alternative sources of supply at comparable costs.

B. *Increase in sub-contractors' fees*

We engage sub-contractors to supplement our permanent workforce. We also sub-contract general civil engineering services such as road works and building repairs to sub-contractors. Supply and demand of their trades in this buoyant economic growth may result in higher fees.

C. *Cost of skilled manpower*

Our ability to engage skilled site staff particularly foreign workers may affect our cost of sales. We are dependent on skilled manpower to carry out our services. If we need to retain or source for such personnel at higher salaries, our cost of sales may increase.

Gross Profit and Gross Profit Margin

Gross Profit and	**FY2005**		**FY2006**		**FY2007**		**1H2007**		**1H2008**	
Gross Profit Margin	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Project Services	3,851	27.0	6,504	42.4	9,865	30.4	2,144	17.9	6,874	36.2
Maintenance Services	9,184	39.3	10,381	43.6	12,336	40.8	8,300	49.8	6,476	44.2
Total Gross Profit and Gross Profit Margin	**13,035**	**34.6**	**16,885**	**43.1**	**22,201**	**35.4**	**10,444**	**36.4**	**13,350**	**39.7**

Total gross profit increased by $3.9 million or 29.5% and the gross profit margin improved by 8.5% in FY2006 as compared to FY2005 due primarily to variation orders which were additional works performed for insulation services after completion of the projects, for which the costs were already recognised in FY2005. These variation orders improved our gross profit margin by approximately 2.5% for FY2006 as compared to FY2005. Notwithstanding the variation orders, the higher gross profit margin was also attributable to lower subcontracting costs in FY2006 as our Group employed more skilled manpower and engaged fewer sub-contractors. However, our gross profit margins were lower in FY2007 due to more competitive pricing and higher subcontracting costs given our significant growth in the project services by approximately 111.5% as compared to FY2006. The accounting treatment for variation orders is that revenue from variation orders is recognised only upon certification by our customers, whereas costs are recognised as and when incurred.

The gross profit margin is an indication of our ability to hold our pricing to our customers and control our cost of sales. The gross profit margins for each of our project services as well as maintenance services contracts are different.

Our ability to manage gross profit margin depends on our Group's continued efforts to improve efficiency, manage cost of sales, especially sub-contractors' fees and direct materials costs as well as overheads.

Other Income

Our other income is derived mainly from the sale of scrap materials, the rendering of various services to third parties, such as project management to sub-contractors, ancillary metal fabrication and supply of supervisors, interest income, rental income, as well as gains on disposals of our investment and property, plant and equipment. This also includes non-recurrent items such as impairment loss written back. Excluding the gain on disposal of shares of Hiap Seng of approximately $18.3 million, the other income was $1.3 million or 2.0% of our total revenue.

Our Company undertook a further disposal of its shareholding in Hiap Seng by way of placement to investors and dividend by way of a distribution *in specie* to our pre-Invitation Shareholders subsequent to the financial year ended 30 June 2007. Pursuant to the said sale and dividend by way of a distribution *in specie*, our Group does not have any interest in Hiap Seng.

Distribution and Selling Expenses

Distribution and selling expenses include transportation, local and overseas traveling and entertainment expenses as well as promotion and advertisement. These expenses were approximately $0.4 million for each of the last three financial years due to the nature and location of our business which is mainly based in Singapore.

Administrative Expenses

Administrative expenses include employee benefits, rental and other administrative expenses such as waste disposals and bank charges as follows:

Administrative Expenses	FY2005 $'000	FY2006 $'000	FY2007 $'000	1H2007 $'000	1H2008 $'000
Employee benefits	6,164	7,769	8,205	3,759	4,112
Rental	717	740	910	313	661
Other administrative expenses	1,771	1,944	2,043	1,249	1,598
Total	**8,652**	**10,453**	**11,158**	**5,321**	**6,371**

Employee benefits comprise of staff costs, bonuses, incentives and provident fund contribution. These expenses were approximately $6.2 million, $7.8 million, $8.2 million and $4.1 million in FY2005, FY2006, FY2007 and 1H2008, respectively. The increase is in line with the growing number of staff at the managerial, administrative and supervisory levels as well as engineers in the past three years and 1H2008.

Rental costs include JTC rentals and dormitory charges for foreign labour. For the past three years and 1H2008, the JTC rental increased at a modest rate but the dormitory charges increased materially as the number of foreign labour has grown in line with the increase of revenue.

Other Operating Expenses

These expenses include depreciation, amortisation charges, foreign exchange differences, asset write-offs and other miscellaneous expenses.

Other Operating Expenses	FY2005 $'000	FY2006 $'000	FY2007 $'000	1H2007 $'000	1H2008 $'000
Depreciation of property, plant and equipment	947	1,416	2,068	956	1,092
Others	(49)	(63)	190	1	7
Total	**898**	**1,353**	**2,258**	**957**	**1,099**

Depreciation, for the last three financial years ended 30 June 2005, 2006 and 2007 and six months period ended 31 December 2007, was approximately $0.9 million, $1.4 million, $2.1 million and $1.1 million in FY2005, FY2006, FY2007 and 1H2008, respectively, resulting from capital expenditure incurred for procuring new equipment and scaffold materials to carry out new contracts during the years.

Interest Expenses

Finance expenses comprise mainly interest expense incurred on hire purchases.

Share of Results in Associated Companies

Our Group held equity interests of 26.8% in Hiap Seng and 49.0% in Logthai as at 30 June 2007.

The share of results in Hiap Seng for FY2005, F2006, FY2007 and 1H2008 were $0.4 million, $2.5 million, $3.7 million and $1.0 million respectively. The investment in Hiap Seng was disposed by way of placement to investors and dividend *in specie* to our pre-Invitation Shareholders subsequent to the financial year ended 30 June 2007. Pursuant to the said sale and dividend by way of a distribution *in specie*, our Group does not have any interest in Hiap Seng.

The share of results in our associated company, Logthai, for FY2005, FY2006, FY2007 and 1H2008 were $72,000, $188,000, $nil and $nil respectively. In the beginning of FY2007, we entered into a 51:49 joint venture agreement with our partner in Thailand, where we control the operation of Logthai jointly. By virtue of the joint venture agreement, Logthai became a joint venture company instead of an associated company. Under FRS 31: Interests in Joint Venture, we recognize our interests in Logthai's financial positions and results using proportionate consolidation. Therefore, we ceased to equity account for Logthai's results in FY2007 and 1H2008.

Taxation

The statutory tax rate in Singapore in 2005 and 2006 was 20% and reduced to 18% in 2007. However, the effective tax rate of our Group in FY2005, FY2006, FY2007 and 1H2008 was 25.7%, 30.6%, 15.2% and 16.2%, respectively.

The higher effective tax rates in FY2005 and FY2006 were mainly due to under-provisions in respect of prior years' taxation and non-deductible expenses including depreciation for non-qualifying fixed assets, motor vehicles expenses and donation.

The effective rate for FY2007 was below the statutory tax rate as a result of higher partial tax exemptions for our Singapore incorporated subsidiaries, utilization of previously unrecognized tax losses of a subsidiary and income not subject to tax including the gain on disposal of Hiap Seng shares.

REVIEW OF RESULTS OF OPERATIONS

<u>FY2006 vs FY2005</u>

Revenue

Our revenue increased by approximately $1.6 million or 4.3% from approximately $37.6 million in FY2005 to approximately $39.2 million in FY2006. The increase was due mainly to more project services undertaken in FY2006.

The revenue for project services increased by approximately $1.0 million or 7.0% from approximately $14.3 million in FY2005 to approximately $15.3 million in FY2006. In particular, our scaffolding and corrosion prevention projects have increased by $5.5 million or 98.2% primarily due to projects awarded by our existing and new customers involved in new projects, including Horizon and Universal, on Jurong Island as well as the Changi Water Reclamation Plant. These projects contributed approximately S$7.1 million of revenue in aggregate for FY2006.

Revenue for insulation services decreased by 50.6% from $8.7 million in FY2005 to $4.3 million in FY2006 due mainly to the scaling down of passive fireproofing activities undertaken by Industrial Services.

Revenue for our maintenance services remained relatively stable between FY2005 and FY2006 for routine and turnaround maintenance works performed at the Shell Bukom Refinery, ExxonMobil Jurong Refinery, PCS petrochemical plant, Seraya chemical facilities and SRC Refinery.

Cost of Sales

Our cost of sales decreased by approximately $2.3 million or 9.3% from approximately $24.6 million in FY2005 to approximately $22.3 million in FY2006. This was due to decrease in costs of direct materials of approximately $1.3 million or 23.2% from approximately $5.6 million in FY2005 to approximately $4.3 million in FY2006 as a result of (i) variation orders which were additional works performed for insulation services after completion of the projects, for which the costs were already recognised in FY2005. Such variation orders amounted to $819,000 in FY2006; and (ii) less insulation projects undertaken due mainly to the scaling down of passive fireproofing activities undertaken by Industrial Services. The accounting treatment for variation orders is that revenue from variation orders is recognised only upon certification by our customers, whereas costs are recognised as and when incurred.

Sub-contractors' fees also reduced by about $1.0 million or 7.8% from $12.8 million in FY2005 to $11.8 million in FY2006 as our Group employed more skilled manpower and engaged fewer sub-contractors for their services such as for insulation services in line with the reduction in passive fireproofing works.

As a result, our direct labor cost increased from $4.3 million in FY2005 to $4.5 million in FY2006 due primarily to the increase in number of employees to meet increasing projects and maintenance works awarded to us. Other variable overheads decreased from $1.9 million in FY2005 to $1.6 million in FY2006 mainly due to less expense for tools and consumables as a result of the scaling down of passive fireproofing activities undertaken by Industrial Services. Overall, this resulted in better cost management during the year.

Gross Profit

Our gross profit increased from approximately $13.0 million in FY2005 to approximately $16.9 million in FY2006, representing an increase of approximately $3.9 million or 30.0%. Gross profit margin increased by 8.5% from 34.6% in FY2005 to 43.1% in FY2006. The increase was due primarily to variation orders which were additional works performed after completion of the projects and lower sub-contractors' fees by 7.8% while the revenue increased by 4.3% as our Group employed more skilled manpower and engaged lesser such services.

Our gross profit margin for project services increased by 15.4% from 27.0% in FY2005 to 42.4% in FY2006 due mainly to the variation orders and lower sub-contractors' fees as mentioned above. The increase was also attributable to lower costs of direct materials for insulation services by $1.3 million or 23.2% as a result of the scaling down of passive fireproofing activities undertaken by Industrial Services as discussed above. Our gross profit margins for maintenance services increased by 4.3% from 39.3% in FY2005 to 43.6% in FY2006 due to better overall cost management by increasing productivity and reducing material wastage.

Our ability to manage gross profit margin depends on our Group's continued efforts to improve efficiency, manage cost of sales, especially sub-contractors' fees and direct materials costs as well as overheads.

Other Income

Other income for FY2005 and FY2006 were of the same level at approximately $1.1 million, comprising mainly interest income as well as income from various services rendered to third parties, including project management to sub-contractors, ancillary metal fabrication and supply of supervisors. These incomes remained fairly constant in FY2005 and FY2006.

Distribution and Selling Expenses

Distribution and selling expenses decreased by $149,000 in FY2006 compared to that in FY2005. This was due to less promotion and advertisement activities carried out during FY2006.

Administrative Expenses

Administrative expenses increased $1.8 million or 20.7% from $8.7 million to $10.5 million mainly due to higher employee benefits expenses.

Employee benefits increased by approximately $1.6 million or 25.8% from approximately $6.2 million in FY2005 to approximately $7.8 million in FY2006 due to the increase in head counts of staff at managerial, administrative and supervisory levels, increase in number of engineers, higher staff salary and related expenses in FY2006 due to higher volume of activities in project services.

Rental costs increased slightly from approximately $717,000 to approximately $740,000, representing an increase of approximately $23,000 or 3.2% due to the revision of JTC rentals and increase in dormitory charges for foreign workers.

Other administrative expenses increased by approximately $0.2 million or 11.1% from $1.8 million in FY2005 to $2.0 million in FY2006 mainly due to an allowance for doubtful debt of $0.5 million written back in FY2005. However, the higher other administrative expenses were partially attributable to higher miscellaneous expenses of approximately $0.3 million such as waste disposal in correspondence with more scaffolding and corrosion prevention services in FY2006.

Other Operating Expenses

Other operating expenses increased by $0.5 million or 55.5% from $0.9 million in FY2005 to $1.4 million in FY2006 due mainly to increase in depreciation of property, plant and equipment.

Depreciation of property, plant and equipment increased by approximately $0.5 million or 55.9% from approximately $0.9 million in FY2005 to approximately $1.4 million in FY2006 mainly due to additional machinery and both system and tubular scaffold materials bought for new contracts undertaken in FY2006. The total capital expenditure in FY2006 amounted to about $4.7 million.

Share of Results of Associated Companies

The share of results of Hiap Seng increased from $0.4 million in FY2005 to $2.5 million in FY2006 due to more mechanical engineering services carried out in FY2006. Had the sale and dividend by way of a distribution *in specie* of our investment in Hiap Seng occurred at the beginning of FY2005, the share of Hiap Seng's results would have been $nil for FY2005 and FY2006.

We also recognized $72,000 and $188,000 as share of profit in our associated company, Logthai, for FY2005 and FY2006 respectively. The increase was mainly due to the higher revenue from a new scaffolding project undertaken in FY2006.

Profit before Taxation from Continuing Operations

Our profit before taxation increased by approximately $4.1 million or 91.1% from $4.5 million in FY2005 to $8.6 million in FY2006 due mainly to growth in gross profit of approximately $3.9 million or 30.0% from $13.0 million in FY2005 to $16.9 million in FY2006, as well as increase in share of results in associated companies of about $2.2 million or 532.6%. In addition, our profit before taxation margin rose by 9.9% from 12.0% in FY2005 to 21.9% in FY2006 due to the significant growth in the share of results in associated companies, mainly contributed by Hiap Seng. Moreover, the increase in administrative and other operating expenses of approximately $2.3 million or 23.6% was less than proportionate to the increase in gross profit margin of 30.0%.

Profit before Taxation from Continuing Operations
(after Hiap Seng adjustments)

Had the sale and dividend by way of a distribution *in specie* of our investment in Hiap Seng occurred at the beginning of FY2005, the share of Hiap Seng's results would have been $nil for FY2005 and FY2006. Our profit before taxation would have been $4.2 million and $6.1 million, instead of $4.5 million and $8.6 million in FY2005 and FY2006 respectively. Our profit before taxation margin would have been 11.1% and 15.5% for FY2005 and FY2006 respectively. The improved profit before taxation margin is attributable to a higher gross margin of 43.1% recorded in FY2006, as compared to 34.6% in FY2005.

Taxation

Taxation increased by approximately $0.8 million or 72.7% from approximately $1.1 million in FY2005 to approximately $1.9 million in FY2006 due primarily to higher profit before taxation earned and non-deductible expenses amounted to $130,000 in FY2006. These non-deductible expenses included depreciation expenses for non-qualifying fixed assets, motor vehicles expenses and donation.

The statutory rate of taxation was 20% while our effective tax rates were 25.7% and 30.6% in FY2005 and FY2006 respectively. The higher effective tax rates were mainly due to the under-provisions in respect of prior years' taxation and non-deductible expenses as discussed above in determining taxable income.

FY2007 vs FY2006

Revenue

Our revenue increased by approximately $23.5 million or 60.0% from approximately $39.2 million in FY2006 to approximately $62.7 million in FY2007.

The revenue for project services increased by approximately $17.1 million or 111.8% from approximately $15.3 million in FY2006 to approximately $32.4 million in FY2007 primarily due to continued participation in major projects from our clients, including Horizon and Universal, on Jurong Island and the Changi Water Reclamation Plant as well as new projects undertaken in FY2007, for example, the Tankstore Terminal project on Jurong Island and the Titan chemical plant project in Malaysia. These projects contributed approximately S$19.1 million of revenue in aggregate for FY2007.

Revenue for our insulation business decreased by $0.5 million from $4.3 million in FY2006 to $3.8 million in FY2007 due mainly to the scaling down of passive fireproofing activities undertaken by Industrial Services.

The revenue from maintenance services grew about $6.4 million or 26.8% from $23.8 million in FY2006 to $30.2 million in 2007. The increase was due mainly to more turnaround maintenance services undertaken for Shell, ExxonMobil, PCS, Seraya and SRC in FY2007.

Cost of Sales

Our cost of sales increased by approximately $18.3 million or 82.4% from approximately $22.2 million in FY2006 to approximately $40.5 million in FY2007. This was due to increase in costs of direct materials of approximately $4.8 million or 111.6% from approximately $4.3 million in FY2006 to approximately $9.1 million in FY2007 as a result of the significant increase in our sales volume particularly in corrosion prevention works for our project services which required more materials such as abrasives and industrial paints.

The sub-contractors' fee increased $10.1 million or 85.6% from approximately $11.8 million in FY2006 to approximately $21.9 million in FY2007, as a result of a significant increase in revenue from scaffolding, corrosion prevention and insulation services by approximately 111.5%. Certain sub-contracting fees are inclusive of material costs such as corrosion prevention subcontracting works and general civil engineering maintenance works.

The direct labour cost increased $1.5 million or 33.3% from $4.5 million in FY2006 to $6.0 million in FY2007 as we continue to expand our direct workforce to take on new contracts.

The other variable overheads increased by $1.9 million or 118.8% from $1.6 million in FY2006 to $3.5 million in FY2007 due to more consumable goods and tools used and more equipment to be maintained and hired such as cranes and trucks, which are in line with the increase in business activities.

Gross Profit

Our gross profit increased from approximately $16.9 million in FY2006 to approximately $22.2 million in FY2007, representing an increase of approximately $5.3 million or 31.4% whereas our revenue grew by 60.0%. As such, our gross profit margin decreased by 7.7% from 43.1% in FY2006 to 35.4% in FY2007. This decrease was due primarily to stiffer competition resulting in more competitive pricing higher direct material costs, higher sub-contracting costs as more work was outsourced to sub-contractors, as well as lesser variation orders in FY2007. This led to the decrease in the gross profit margin for projects from 42.4% in FY2006 to 30.4% in FY2007.

In relation to our maintenance services, the pricing of the contracts is a fixed unit rate for the initial contracts and may be reviewed periodically or upon renewal. The slight decrease in gross profit margin for maintenance services from 43.6% in FY2006 to 40.8% in FY2007 was mainly due to higher usage of direct material for corrosion prevention maintenance works and higher direct labour costs, incurred during FY2007 as part of the fixed unit rate for the maintenance contracts entered in the prior years and is not subject to adjustment.

Our ability to manage gross profit margin depends on our Group's continued efforts to improve efficiency, manage cost of sales, especially sub-contractors' fees and direct materials costs as well as overheads.

Other Income

Other income increased by approximately $18.6 million or 1,690.9% from approximately $1.1 million in FY2006 to approximately $19.7 million in FY2007. The increase is primarily due to the gain on disposal of shares in Hiap Seng, ancillary metal fabrication as well as safety and performance incentives. Had the share in Hiap Seng been sold and distributed *in specie* to the existing shareholders in the beginning of FY2007, other income would have been approximately $1.3 million.

Distribution and Selling Expenses

Distribution and selling expenses were approximately at $0.4 million for both FY2006 and FY2007.

Administrative Expenses

Administrative expenses increased by $0.7 million or 6.7% from $10.5 million in FY2006 to $11.2 million in FY2007 mainly due to increase in employee benefits expenses.

Employee benefits increased by approximately $0.5 million or 6.5% from approximately $7.7 million in FY2006 to approximately $8.2 million in FY2007 due to an increase in head counts of staff at managerial, administrative and supervisory levels, increase in number of engineers, higher staff salary and related expenses in FY2007 generally in line with the increase in our revenue.

Rentals costs increased slightly from approximately $0.7 million in FY2006 to approximately $0.9 million in FY2007, representing an increase of approximately $0.2 million or 28.6% due to the revision in JTC rentals and additional dormitory charges for more foreign labour engaged in FY2007.

Other administrative expenses were approximately $0.1 million or 5.0% higher from $1.9 million in FY2006 to $2.0 million in FY2007 mainly due to more waste disposal in line with increase in scaffolding and corrosion prevention services in FY2007.

Other Operating Expenses

Other operating expenses increased by $0.9 million or 64.3% from $1.4 million in FY2006 to $2.3 million in FY2007 due to increase in depreciation of property, plant and equipment.

Depreciation of property, plant and equipment increased by approximately $0.7 million or 50.0% from approximately $1.4 million in FY2006 to approximately $2.1 million in FY2007 mainly due to full year depreciation charges for those assets bought in FY2006 as well as additional scaffold materials, both system and tubular, which amounted to approximately $3.1 million were purchased in FY2007 to meet increased business demand.

Share of Results of Associated Companies

The share of results of Hiap Seng was $3.7 million in FY2007, an increase of $1.2 million as compared to that in FY2006. This was mainly contributed by Hiap Seng as a result of more mechanical engineering services carried out in FY2007. Had the distribution *in specie* of our investment in Hiap Seng occurred at the beginning of FY2005, the share of Hiap Seng's results would have been $nil for FY2005, FY2006 and FY2007.

We recognised our share of profit in our associated company, Logthai, based on equity accounting in the last few years until FY2007 when we entered into a 51:49 joint venture with our partner in Thailand, where we control the operation of Logthai jointly. Therefore, the share of results was $nil in FY2007 as the financial result of Logthai was taken up proportionately as required under FRS 31: Interests in Joint Ventures moving forward. Our 49% joint venture share of the revenue and profit before taxation for Logthai was THB45.6 million and THB3.5 million (approximately $1.9 million and $0.3 million) respectively in FY2007.

Profit before Taxation from Continuing Operations

As a result of the above, our profit before taxation increased by approximately $23.1 million or 268.6% from $8.6 million in FY2006 to $31.7 million in FY2007, due mainly to a gain on disposal of Hiap Seng shares totaling to $18.3 million during the year as well as higher gross profit of $5.3 million and the increase in share of results of $1.2 million in Hiap Seng. Our profit before taxation margin increased by approximately 28.7% from 21.9% in FY2006 to 50.6% in FY2007 as a result of the gain on disposal of Hiap Seng shares.

Profit before Taxation from Continuing Operations (after Hiap Seng adjustments)

Had the sale distribution *in specie* of our investment in Hiap Seng occurred at the beginning of FY2005, the share of Hiap Seng's results would have been $nil for FY2005, FY2006 and FY2007. Our profit before taxation would have been $6.1 million and $9.8 million instead of $8.6 million and $31.7 million in FY2006 and FY2007 respectively. The profit before taxation margin would have remained fairly stable at 15.5% for both FY2006 and FY2007 mainly due to the increase in administrative and other operating expenses was lower than proportionate to the increase in gross profits for both FY2006 and FY2007.

Taxation

Taxation decreased by approximately $0.4 million or 21.1% from $1.9 million in FY2006 to $1.5 million in FY2007. The statutory rate for taxation was 18% in FY2007 while our effective tax rate was 15.2% in FY2007. In 2007, our Group recorded a lower effective tax rate due to effect of higher partial tax exemptions of $83,000 for HLE and Industrial Services and utilisation of previously unrecognized tax losses of a subsidiary.

1H2008 vs 1H2007

Revenue

Our revenue increased by approximately $5.0 million or 17.4% from approximately $28.7 million in 1H2007 to approximately $33.7 million in 1H2008.

The revenue for scaffolding and corrosion prevention services increased by approximately $8.3 million or 96.5% from approximately $8.6 million in 1H2007 to approximately $16.9 million in 1H2008 primarily due to the completion of the Universal project on Jurong Island whereby significant milestones were achieved. In addition, other continuing projects such as the Tankstore Terminal projects which were secured in FY2006 also contributed to the increase in the revenue. In 1H2008, we also commenced new scaffolding and corrosion prevention work for the SI Asia and Shell Bukom Refinery Modification projects. These projects contributed approximately S$12.2 million of revenue in aggregate for 1H2008.

Revenue for our insulation business decreased by $1.3 million or 38.2% from $3.4 million in 1H2007 to $2.1 million in 1H2008 as our projects with B.T. Engineering Pte Ltd had completed during the period and new insulation projects such as for SI Asia would only commence in the second half of FY2008.

The revenue from maintenance services for Shell, ExxonMobil, PCS, Seraya and SRC decreased by $2.0 million or 12.0% from $16.7 million in 1H2007 to $14.7 million in 1H2008 due to more turnaround or routine maintenance services being scheduled in the second half of FY2008.

Cost of Sales

Our cost of sales increased by approximately $2.1 million or 11.5%, from approximately $18.2 million in 1H2007 to approximately $20.3 million in 1H2008. This was due to increase in costs of direct materials of approximately $0.9 million or 21.9% from approximately $4.1 million in 1H2007 to approximately $5.0 million in 1H2008 primarily due to a 96.5% increase in revenue for scaffolding and corrosion prevention services which required more materials such as abrasives and industrial paints. Despite the recent price hike in oil, we were not adversely affected as we have contracted our industrial paints comprising the bulk of our direct materials at the beginning of our various projects in FY2007.

The sub-contractors' fee decreased by $0.2 million or 2.1% from approximately $9.5 million in 1H2007 to approximately $9.3 million in 1H2008, as a result of less works being subcontracted. However, more skilled foreign labour was recruited. As such, the direct labour cost increased by $0.8 million or 25.0% from $3.2 million in 1H2007 to $4.0 million in 1H2008. Our sub-contractors' fee for 1H2008 was 45.7% over total costs of sales as compared to 51.9% in 1H2007; whilst the direct labour costs increased from 17.4% in 1H2007 to 19.7% in 1H2008.

The other variable overheads increased by $0.5 million or 33.3% from $1.5 million in 1H2007 to $2.0 million in 1H2008 due to more diesel consumed and more equipment maintained and hired such as cranes and trucks, which were in line with the increase in business activities.

Gross Profit

Our gross profit increased from approximately $10.4 million in 1H2007 to approximately $13.4 million in 1H2008 representing an increase of approximately $3.0 million or 28.8%. Our revenue grew by $5.0 million or 17.4% during the same period under review. Our higher gross profit is due to an increase in the gross profit of project services by approximately $4.8 million or 228.6% from $2.1 million in 1H2007 to $6.9 million in 1H2008.

Our gross profit margin increased by 3.3% from 36.4% in 1H2007 to 39.7% in 1H2008 primarily due to the increase in the gross profit margin for project services from 17.9% in 1H2007 to 36.2% in 1H2008. The increase in gross profit margin for project services was primarily a result of major billing milestones being achieved in 1H2008 for certain projects where substantial amounts of start-up costs were already incurred in 1H2007.

However, the increase in the gross profit margin is partially offset by the decrease in the gross profit margin for maintenance services by 5.6% from 49.8% in 1H2007 to 44.2% in 1H2008. There were some corrosion prevention maintenance services in 1H2008, which required more abrasive and industrial paints as well as higher diesel consumed and equipment maintained and hired. This decreased our gross profit margin.

Additionally, the increase in gross profit margin in 1H2008 was also due to lower subcontracting costs as our Group employed more skilled manpower and engaged fewer sub-contractors. Our ability to manage gross profit margin depends on our Group's continued efforts to improve efficiency, manage cost of sales, especially sub-contractors' fees and direct materials costs as well as overheads.

Other Income

Other income increased by approximately $27.0 million or 4,500.0% from approximately $0.6 million in 1H2007 to approximately $27.6 million in 1H2008. The increase is primarily due to the gain of approximately $25.9 million on disposal of shares in Hiap Seng. Had the shares in Hiap Seng been sold and distributed *in specie* to the existing shareholders at the beginning of 1H2008 and the gain from the disposal excluded, other income would have been $1.7 million. This was higher as compared to that of 1H2007, mainly due to gain of disposal of discontinued assets, which comprise investment properties, club memberships and shares in unquoted investments, as well as the Disposal of Thermal Limitec.

Distribution and Selling Expenses

Distribution and selling expenses increased by approximately $0.1 million or 50.0% from approximately $0.2 million in 1H2007 to approximately $0.3 million in 1H2008 due to an increase in traveling and transportation expenses.

Administrative Expenses

Administrative expenses increased by $1.1 million or 20.8% from $5.3 million in 1H2007 to $6.4 million in 1H2008 mainly due to higher employee benefits expenses, in line with the increase in revenue.

Employee benefits expenses increased by approximately $0.3 million or 7.9% from approximately $3.8 million in 1H2007 to approximately $4.1 million in 1H2008 due to an increase in head count of staff at managerial, administrative and supervisory levels, increase in number of engineers, higher staff salary and related expenses in 1H2008 generally in line with the increase in our revenue.

Rental costs increased from approximately $0.3 million in 1H2007 to approximately $0.7 million in 1H2008, representing an increase of approximately $0.4 million or 133.3% due to additional dormitory charges for more foreign labour engaged in 1H2008.

Other administrative expenses increased from approximately $1.3 million in 1H2007 to approximately $1.6 million in 1H2008, representing an increase of approximately $0.3 million or 23.0% due to more waste disposal in line with the increase in scaffolding and corrosion prevention services in 1H2008.

Other Operating Expenses

Other operating expenses which comprise primarily depreciation charges increased by $0.1 million or 10.0% from $1.0 million in 1H2007 to $1.1 million in 1H2008 as a result of purchases of scaffold materials and machinery worth approximately $3.8 million in 1H2008.

Share of Results of Associated Companies

The share of results of Hiap Seng was $1.0 million in 1H2008, a decrease of $1.4 million as compared to that in 1H2007. Had the sale and distribution *in specie* of our investment in Hiap Seng occurred at the beginning of FY2005, the share of Hiap Seng's results would have been $nil for 1H2007 and 1H2008.

The investment in Hiap Seng was disposed of by way of placement to investors and dividend *in specie* to our pre-Invitation Shareholders subsequent to the financial year ended 30 June 2007. Pursuant to the said sale and distribution *in specie*, our Group does not have any interest in Hiap Seng.

Logthai became our joint venture company instead of an associated company at the beginning of FY2007 after we entered into the 51:49 joint venture agreement with our partner in Thailand. Therefore, we ceased to equity account for Logthai's results in both 1H2007 and 1H2008.

Profit before Taxation from Continuing Operations

As a result of the above, our profit before taxation increased by approximately $27.1 million or 387.1% from $7.0 million in 1H2007 to $34.1 million in 1H2008, due mainly to a gain on disposal of Hiap Seng shares totalling $26.0 million during 1H2008. Our profit before taxation margin increased to approximately 101.4% in 1H2008 as compared to 24.2% in 1H2007 as a result of the gain on disposal of Hiap Seng shares.

Profit before Taxation from Continuing Operations (after Hiap Seng adjustments)

Had the sale and distribution *in specie* of our investment in Hiap Seng occurred at the beginning of FY2005, the share of Hiap Seng's results would have been $nil for 1H2007 and 1H2008. Our profit before taxation would have been $4.6 million and $7.2 million instead of $7.0 million and $34.1 million in 1H2007 and 1H2008 respectively. The profit before taxation margin would have been at 16.1% for 1H2007 and 21.4% for 1H2008. The improved profit before taxation margin is attributable to higher gross margin of 39.7% recorded in FY2008 as compared to 36.4% in 1H2007.

Taxation

Taxation increased by approximately $0.4 million from $0.8 million in 1H2007 to $1.2 million in 1H2008. The statutory rate for taxation was 18.0% for Singapore incorporated companies in FY2007. Our Group provided for the statutory rate of 18.0% in 1H2007. For 1H2008, the effective tax rate was approximately 16.2% as the gain on disposal of discontinued assets was not subject to tax.

REVIEW OF FINANCIAL POSITION

The following Review of Financial Position of our Group is based on our Continuing Operations, as extracted from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007", as set out in Appendix A and Appendix B of this Prospectus, respectively. For further information on our Discontinued Operations, please refer to the section on "Restructuring" of this Prospectus.

As at 30 June 2007

Non-Current Assets

As at 30 June 2007, our non-current assets of approximately $26.9 million represented 29.8% of our total assets.

Our non-current assets, as at 30 June 2007 comprised the following:-

Property, Plant and Equipment

The net book value of our property, plant and equipment as at FY2007 was approximately $11.3 million. The property, plant and equipment mainly comprise the following items:

Property, Plant and Equipment	Net book value ($'000)
Leasehold premises	5,554
Machinery and scaffold materials	3,967
Motor vehicles	520
Office equipment	287
Workshop tools and equipment	334
Truck, cranes and forklifts	487
Others	120
	11,269

Associated Companies

This comprised our quoted investment in Hiap Seng of approximately $15.2 million.

The investment in Hiap Seng was disposed of by way of placement to investors and dividend *in specie* to our pre-Invitation Shareholders subsequent to the financial year ended 30 June 2007. Pursuant to the said sale and dividend by way of a distribution *in specie*, Hiap Seng ceased to be our associated company.

The intangible assets, amounted to approximately $0.2 million, included mainly four country club memberships for our directors and managers as at 30 June 2007.

Current Assets

As at 30 June 2007, our current assets were approximately $63.4 million which comprised the following:-

Inventories and Work-in-progress

Inventories and work-in-progress of approximately $0.9 million comprised mainly work in progress $0.2 million and insulation materials of $0.7 million.

Trade Receivables

Trade receivables for our services rendered of approximately $16.6 million.

Other Receivables and Deposits

Other receivables and deposits of approximately $1.0 million comprised of mainly deposits, accrued income and interests, prepayments for insurance and others.

Other Investments (quoted and unquoted)

The other investments include bond and quoted and unquoted securities amounting to $1.3 million as at 30 June 2007.

Amount Due from Affiliated Companies

Amount due from affiliated companies including the trade account with Hiap Seng, totaling $1.9 million was trade in nature.

As at 30 June 2007, our cash and bank balances was $41.8 million.

Non-Current Liabilities

As at 30 June 2007, our non-current liabilities of approximately $331,000 related to deferred tax liabilities and finance leases payable.

Current Liabilities

As at 30 June 2007, our current liabilities of approximately $19.3 million, comprised the following:-

Trade Payables

Trade payables, included direct materials and subcontracting fees payable, stood at $12.3 million.

Other Payables and Accruals

Other creditors and accruals amounted to $3.4 million including employee benefits payable such as bonus, salary and profit sharing as at FY2007.

Provision for Taxation

Provision for taxation of $3.1 million was made for prior years and FY2007 in view of the higher revenue and profit during the year.

Shareholders' Equity

As at 30 June 2007, our shareholders' equity including minority interest of approximately $88.3 million comprised share capital of $2.0 million, accumulated profits of approximately $84.3 million, minority interest of approximately $2.2 million and fair value adjustment and translation reserve of approximately $0.2 million.

Had the sale and dividend by way of a distribution *in specie* of our investment in Hiap Seng and disposal of the discontinued operations occurred at the end of FY2007, the shareholders' equity, including minority interest, would have been $55.4 million instead of $88.3 million.

As at 31 December 2007

Non-Current Assets

As at 31 December 2007, our non-current assets of approximately $16.5 million represented 27.5% of our total assets.

Our non-current assets, as at 31 December 2007 comprised the following:-

Property, Plant and Equipment

The net book value of our property, plant and equipment as at 1H2008 was approximately $16.3 million. The property, plant and equipment mainly comprise the following items:

Property, Plant and Equipment	**Net book value ($'000)**
Leasehold premises	8,998
Machinery and scaffold materials	4,960
Motor vehicles	563
Office equipment	297
Workshop tools and equipment	689
Truck, cranes and forklifts	522
Others	252
	16,281

Intangible Assets

The intangible assets, amounted to approximately $0.3 million, including mainly four country club memberships for our directors and managers as at 31 December 2007.

Current Assets

As at 31 December 2007, our current assets were approximately $43.6 million which comprise the following:-

Inventories and Work-in-progress

Inventories and work-in-progress of approximately $1.6 million comprise mainly work in progress of $1.1 million and insulation materials of $0.5 million.

Trade Receivables

Trade receivables for our services rendered is approximately $12.2 million.

Other Receivables and Deposits

Other receivables and deposits of approximately $2.4 million comprise mainly deposits, accrued income and interests, prepayments for insurance and others.

Other Investments (quoted and unquoted)

The other investments include a bond and quoted and unquoted securities amounting to $1.2 million as at 31 December 2007.

Amount Due from Affiliated Companies

Amount due from affiliated companies, including the trade account with Hiap Seng, totaling $1.9 million was trade in nature.

As at 31 December 2007, our cash and bank balances was $24.2 million.

Non-Current Liabilities

As at 31 December 2007, our non-current liabilities of approximately $299,000 related largely to deferred tax liabilities.

Current Liabilities

As at 31 December 2007, our current liabilities of approximately $17.0 million comprise the following:-

Trade Payables

Trade payables, included direct materials and subcontracting fees payable, stood at $9.7 million.

Other Payables and Accruals

Other creditors and accruals amounted to $3.6 million including employee benefits payable such as bonus, salary and profit sharing as at 1H2008.

Provision for Taxation

Provision for taxation of $3.7 million was made for prior years and 1H2008 in view of the higher revenue and profit during the year.

Shareholders' Equity

As at 31 December 2007, our shareholders' equity of approximately $42.9 million comprised share capital of $28.0 million, accumulated profits of approximately $15.1 million, and translation reserve of approximately negative $0.2 million.

LIQUIDITY AND CAPITAL RESOURCES

We financed our growth and operations through a combination of shareholders' equity (including retained profits), net cash generated from operating activities and interest-bearing finance leases and borrowings from financial institutions. Our principal uses of cash have been for working capital requirements and acquisition of property and equipment. Our funds are mainly cash generated from our operating and investing activities. As at 30 June 2007 and 31 December 2007, the fixed deposits, cash at bank and on hand stood at $41.8 million and $24.2 million, respectively.

Our Directors are of the opinion that, after taking into account the cash flow generated from operations, together with our existing cash and cash equivalents, and our external borrowings, if any, we will have sufficient working capital available for our present requirements as well as for future business expansion as at the date of the lodgement of this Prospectus.

As at the Latest Practicable Date, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loans which could materially affect our financial position and results or business operations, or the investments by our Shareholders.

The information below is selected from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", and the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007", as set out in Appendix A and Appendix B of this Prospectus respectively, with respect to our Continuing Operations only, adjusted for the disposal/distribution *in specie* of Hiap Seng shares subsequent to FY2007. Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details.

The cash flow summary of our Group is as follows:-

$'000	Continuing Operations	Discontinued Operations	Total
FY2005			
Net cash generated from operating activities	1,726	697	2,423
Net cash generated from/(used in) investing activities	739	(457)	282
Net cash used in financing activities	(134)	(8)	(142)
Net increase in cash and cash equivalents	2,331	232	2,563
Cash and cash equivalents at the beginning of the year	19,428	1,841	21,269
Cash and cash equivalents at the end of the year	21,759	2,073	23,832
FY2006			
Net cash generated from operating activities	6,470	384	6,854
Net cash used in investing activities	(3,071)	(271)	(3,342)
Net cash used in financing activities	(8,101)	(15)	(8,116)
Net (decrease)/increase in cash and cash equivalents	(4,702)	98	(4,604)
Cash and cash equivalents at the beginning of the year	21,759	2,073	23,832
Cash and cash equivalents at the end of the year	17,057	2,171	19,228
FY2007			
Net cash generated from/(used in) operating activities	15,079	(11,223)	3,856
Net cash generated from investing activities	23,249	14,957	38,206
Net cash (used in)/generated from financing activities	(13,619)	28	(13,591)
Net increase in cash and cash equivalents	24,709	3,762	28,471
Cash and cash equivalents at the beginning of the year	17,057	2,171	19,228
Cash and cash equivalents at the end of the year	41,766	5,933	47,699
1H2008			
Net cash generated from/(used in) operating activities	17,267	(9,922)	7,345
Net cash generated from investing activities	26,794	21,490	48,284
Net cash used in financing activities	(61,578)	(17,501)	(79,079)
Net decrease in cash and cash equivalents	(17,517)	(5,933)	(23,450)
Cash and cash equivalents at the beginning of the period	41,766	5,933	47,699
Cash and cash equivalents at the end of 1H2008	24,249	–	24,249

The following review of our Group's Cash Flow is based on our Continuing Operations, as extracted from the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" and "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007", as set out in Appendix A and Appendix B of this Prospectus, respectively. For further information on our Discontinued Operations, please refer to the section titled "Restructuring Exercise" of this Prospectus.

Net cash generated from operating activities

In FY2005, positive operating cash flows before working capital changes of $4.9 million were generated. The net cash outflows from working capital changes were $2.9 million due to increase of trade receivables, in line with increase of revenue in the last quarter FY2005. After tax paid of $0.3 million, the net cash generated in FY2005 was $1.7 million.

In FY2006, the operating cash flows generated before working capital changes were $6.7 million. The net cash inflows from working capital change were $0.4 million due mainly to increase of trade payables. After tax paid of $0.6 million, the net cash generated in FY2006 was $6.5 million.

In FY2007, we generated operating cash flows before working capital changes of approximately $11.4 million, and a cash inflow of $4.2 million from working capital changes. The working capital increased due to better collection in the last quarter of the FY2007.

Our Group paid income tax of approximately $502,000 in FY2007. As a result, the net cash generated from operating activities amounted to approximately $15.1 million.

In 1H2008, we generated operating cash flows before working capital changes of approximately $7.9 million, and a cash inflow of $10.0 million from working capital changes. The changes in working capital comprised mainly the repayment of loans and trade receivables from the discontinued operations and associated company of $10.2 million, decrease in trade and other receivables of $3.0 million and decrease in inventory of $0.2 million during 1H2008. This was partially offset by an increase of works in progress of $0.9 million, as well as a decrease in trade and other payables of $2.5 million.

Our Group paid income tax of approximately $0.6 million in 1H2008. As a result, the net cash generated from operating activities amounted to approximately $17.3 million in the first half of FY2008.

Net cash generated from investing activities

In FY2005, the Group has an inflow of $739,000 mainly from the proceeds from disposal of some old machinery and scaffold materials.

In FY2006, the Group invested $4.4 million in machinery and scaffolding for the new projects undertaken and $0.3 million in other investments, and disposed some old machinery at $0.7 million. The Group also received $0.9 million of dividends and interest during the year. As a result, the net cash used in investing activities during the year was about $3.1 million.

Net cash generated in FY2007 for investing activities of approximately $23.2 million was mainly due to the cash proceeds from the disposal of Hiap Seng shares.

Net cash generated in 1H2008 for investing activities of approximately $26.8 million was mainly due to dividends of $2.1 million received from Hiap Seng, the proceeds of $32.1 million from the disposal of Hiap Seng shares, interest received of $0.3 million and proceeds from disposals of shares in other investments of $0.2 million, but partially offset by the additional investment in a subsidiary of $1.9 million and purchases of scaffold materials and equipments amounting to $6.0 million.

Net cash generated from financing activities

During FY2005, the Group made $134,000 finance lease repayment. As such, the net increase in cash and cash equivalents in 2005 was $2.3 million.

In FY2006, there were cash outflows, amounted to $8.1 million in financing activities due to payment of the dividend declared in respect of FY2005 of $8.0 million. As such, the net decrease in cash and cash equivalents in 2006 was $4.7 million.

Net cash utilised in FY2007 for financing activities of approximately $13.6 million was mainly due to the payment of dividends.

As a result of the above, there was a net increase in cash and cash equivalents of approximately $24.7 million. Our resultant cash and cash equivalents amounted to approximately $41.8 million at the end of FY2007.

During 1H2008, a dividend of $78.9 million was paid to the existing shareholders and this was financed by the continuing and discontinued operations of $61.4 million and $17.5 million respectively. As a result, net cash utilised in 1H2008 for financing activities of the continuing operations was approximately $61.6 million in 1H2008, which was mainly due to the above payment of dividends and repayment of finance leases.

As a result of the above, there was a net decrease in cash and cash equivalents of approximately $17.5 million. Our resultant cash and cash equivalents amount to approximately $24.2 million at the end of 1H2008.

CAPITAL EXPENDITURES, DIVESTMENTS AND COMMITMENTS

Material capital expenditures made by our Group for FY2005, FY2006, FY2007 and for the period from 1 July 2007 to the Latest Practicable Date were as follows:-

Capital Expenditures	**FY2005 $'000**	**FY2006 $'000**	**FY2007 $'000**	**1 July 2007 to the Latest Practicable Date $'000**
Leasehold premises	–	–	–	3,734
Machinery and scaffold materials	152	3,524	1,801	7,532
Motor vehicles	64	671	292	257
Office equipment	53	37	105	48
Workshop tools and equipment	–	213	519	641
Trucks, cranes and forklifts	179	181	383	187
Computers	32	25	63	49
Electrical appliances, air con and F&F, renovations	14	28	7	159
	494	**4,679**	**3,170**	**12,607**

In the last three financial years ended 30 June 2005, 2006 and 2007 and for the period from 1 July 2007 to the Latest Practicable Date, our capital expenditures on plant and equipment mainly relate to the purchase of additional production machinery, like air compressors and blasting equipment, and scaffold materials in view of the increase in project services as well as maintenance services. The significant increase of capital expenditure for machinery and scaffold materials for FY2006 and from 1 July 2007 to the Latest Practicable Date was mainly due to several bulk purchases of scaffolds during the respective two periods to cater for project requirements. All the above expenditure, except for some motor vehicles and office equipment, were internally funded.

Save as disclosed above and in the section on capital commitments below, we have no other material plans for capital expenditure and divestments as at the Latest Practicable Date.

Other than the existing businesses, we expanded our automated shot-blasting facility for our corrosion prevention services as well as to increase our workshop and warehousing capacities. On 6 December 2007, we have accepted an offer by JTC for the acquisition of a new piece of land of approximately 24,000 sq m at Tuas View Circuit to construct an automated shot-blasting facility, workshop, warehouse and office premises, with an aggregate estimated built-in area of approximately 17,000 sq m, in phases, construction of which commenced in May 2008. Priority will be given to constructing the automated shot-blasting facility, workshop and warehouse, which is expected to be completed in FY2009. Construction of the office premises is expected to be completed by FY2010. The total cost for the construction and equipment is expected to be approximately S$30.0 million.

Divestments

Save as disclosed below and under the Restructuring Exercise, we did not undertake any material capital divestments during the periods under review and up to the Latest Practicable Date.

HLE had disposed of an aggregate of 10.21% shareholdings in Hiap Seng in FY2007 by way of two placements to investors.

Pursuant to the Disposal of Thermal Limitec, Industrial Services has sublet 11,000 sq ft of 78 Joo Koon Circle, Singapore 629099, to Thermal Limitec for a period of one year. Industrial Services has also granted an option to Thermal Limitec to acquire the property upon expiry of the lease. The sale is subject to the approval of JTC, NEA or other governmental or statutory regulations, and the requirements of the Listing Manual. Consideration will be based on the valuation conducted at the expiry of the lease by an independent valuer.

Capital Commitments

As at the Latest Practicable Date, we have capital expenditure commitments of approximately S$20.4 million. This relates mainly to contracts signed to build the automated shot-blasting facility, workshop, warehouse and office premises as stated above and the purchase of machinery and scaffold material.

Operating Lease Commitments

As at the Latest Practicable Date, we do not have any operating lease commitments, other than as disclosed in the financial statements.

FOREIGN EXCHANGE EXPOSURE

Accounting Treatment of Transactions in Foreign Currencies

The accounting records of the companies in our Group are maintained in their respective functional currencies. Our Group incurs some foreign currency exposure on sales and purchases that are denominated mainly in currencies other than $.

Presently, we do not have a formal hedging policy with respect to foreign currency exposure. To reduce foreign currency exposure, we have our raw material purchases and expenses denominated mainly in $ and US$, and our sales are mainly denominated in $.

The foreign exchange differences for financial years ended 30 June 2005, 2006, 2007 and 1H2008 are less than 0.4% of the yearly revenue.

INFLATION

Our business operations are based mainly in Singapore, where inflation did not have a material impact on our business in the last three financial years and 1H2008.

DIRECTORS AND EXECUTIVE OFFICERS

The following table provides information regarding our Directors, Executive Officers and other key employees as at the date of this Prospectus.

Directors

Name	Age	Address	Principal Occupation	Country of Principal Residence
Cheng Buck Poh @ Chng Bok Poh	65	102 Jalan Dermawan Hillview Estate Singapore 669053	Executive Chairman	Singapore
Lee See Kee	62	96 Meng Suan Road Mandai Garden Singapore 779283	Chief Executive Officer	Singapore
Cheng Li Chen	34	130 Hillview Avenue #05-03, Singapore 669596	Executive Director (Strategic Planning)	Singapore
Khaizar Abbas Nomanbhoy	70	28 Shelford Road #04-01, Singapore 288422	Executive Director (Corporate Planning)	Singapore
Tan Sim Cheng	68	2 Rifle Range Road #02-07, Mayfair Gardens Singapore 588373	Consultant	Singapore
Low Seow Chay	58	56 Chu Lin Road Singapore 669950	Associate Professor	Singapore
Chee Teck Kwong Patrick	53	93 Jalan Mastuli Singapore 537785	Advocate and Solicitor	Singapore

Information on the areas of responsibility and working experiences of our Directors are set out below:-

Mr Cheng Buck Poh @ Chng Bok Poh is our founder and Executive Chairman. He was appointed to our Board on 12 September 1998. As our Executive Chairman, Mr Cheng is responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group. He has more than 30 years experience in our industry and has led the management in pursuing our Group's mission and objectives. Mr Cheng founded HLE in 1975 and since then, he has been instrumental in our Group's transformation from a corrosion prevention services provider to an integrated service provider of scaffolding, corrosion prevention and insulation services. He will continue to be responsible for charting the directions of our growth. Mr Cheng was awarded the Public Service Medal (Pingat Bakti Masyarakat) and the Public Service Star (Bintang Bakti Masyarakat) in 1998 and 2002 respectively.

Mr Lee See Kee is our Chief Executive Officer and was appointed to our Board on 12 September 1998. He oversees management and development of our Group's business, locally and overseas, and is also responsible for sales and marketing for our business. He has been a director of HLE since 1979 and has been instrumental to our growth. Mr Lee has more than 30 years of experience in our industry. Prior to joining HLE in 1978, Mr Lee was with Maxi Pte Ltd, where he was a manager from 1971 to 1973 and, subsequently a director of sales & marketing from 1974 to 1978. Between 1970 to 1971, Mr Lee was a supervisor with Pioneer Marine and, from 1968 to 1970, he was a supervisor with Pesak Marine.

Ms Cheng Li Chen is our Executive Director (Strategic Planning) and assists our Executive Chairman and Chief Executive Officer in the planning, development, implementation and evaluation of our Company's business development and expansion plans. She was appointed to our Board on 17 October 2007. Ms Cheng also formulates, recommends and executes plans for major investments and oversees our Group's corporate and investments matters. She was appointed a director of HLE in 1998. Ms Cheng holds a Master of Business Administration from the University of Hull and a Bachelor of Business from Monash University.

Mr Khaizar Abbas Nomanbhoy is our Executive Director (Corporate Planning), responsible for our Group's human resource planning and training, which includes manpower planning and staff recruitment. He was appointed to our Board on 17 October 2007. Mr Nomanbhoy has over 30 years of experience in this industry. Prior to joining HLE in July 2007 as our head of human resource, Mr Nomanbhoy was the managing director of Accredited Placement International Pte Ltd between November 2005 to October 2006. Between May 1999 and October 2005, Mr Nomanbhoy was the general manager of Hiap Seng and from 1998 to 1999, he was the maintenance operations manager of Rotary Brown & Root Pte Ltd. Between November 1997 and May 1998, he was the general manager of Process Industry Contractor Association. From 1970 to 1997, he was with Esso Singapore Pte Ltd, retiring as its maintenance manager. Mr Nomanbhoy holds a Bachelor of Science in Mechanical Engineering from the University of Edinburgh.

Mr Tan Sim Cheng is our Independent Director appointed to our Board on 5 June 2008. He has more than 40 years experience in the finance, administration and human resource industries. Mr Tan is currently a consultant with Trims Management Consultant Pte Ltd and has been a director of SKF Asia Pacific Pte Ltd since 1973. Mr Tan was the administrative manager in Diethelm & Co Ltd from 1970 to 1973. In 1973, Mr Tan helped to establish SKF Asia Pacific Pte Ltd where he remained for 16 years and last held the appointment of director / vice president of finance & administration. From 1989 to 2003, he was the general manager of Transit Link Pte Ltd and was the group general manager of Compact Metal Industries Ltd from 2003 to 2005. Mr Tan was also an independent director of SP Services Ltd from January 2001 to June 2006. He was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 1988 and the Public Service Star (Bintang Bakti Masyarakat) in 1993. Mr Tan obtained a Bachelor in Accountancy from the University of Singapore in 1969 and is a Fellow of the Institute of Certified Public Accoutants, Singapore.

Dr Low Seow Chay is our Independent Director appointed to our Board on 5 June 2008. He is currently an associate professor of the School of Mechanical and Aerospace Engineering at Nanyang Technological University ("NTU"). Dr Low has been lecturing at NTU for more than 25 years. In addition Dr Low has served as an elected Member of Parliament for 18 years, from 1988 to 2006, representing the ward of Chua Chu Kang. Dr Low currently sits on the board of several listed companies including, Heeton Holdings Limited, Casa Holdings Limited, LK Technology Holdings Limited and Hor Kew Corporation Limited. He obtained a Bachelor of Engineering from the University of Singapore in 1973 as well as a Master of Science and a Ph.D in Philosophy from the University of Manchester Institute of Science and Technology in 1977 and 1981 respectively.

Mr Chee Teck Kwong Patrick is our Independent Director appointed to our Board on 5 June 2008. He is currently a senior consultant with M/s KhattarWong and has been an advocate and solicitor since 1980. His vast experience spans across general corporate and commercial, banking and finance, employment, real estate, civil and criminal matters. Prior to joining M/s KhattarWong, Mr Chee was a partner in M/s Chee, Hee & Teo from 1981 to 1986 and subsequently in M/s Chee & Teo from 1986 to 2006. Mr Chee currently sits on the board of several listed companies including, CSC Holdings Limited, PSC Corporation Ltd, Hengxin Technology Ltd, King's Safetywear Limited, Richland Group Limited, China Infrastructure Holdings Limited, Singapore Winsor Holdings Limited and Tat Seng Packaging Group Ltd. Mr. Chee is a Notary Public and a Commissioner for Oaths. He is also a member of the Singapore Institute of Arbitrators and the Singapore Institute of Directors. Mr Chee was awarded the Public Service Medal (Pingat Bakti Masyarakat) in 2003. He obtained a Bachelor of Laws (Honours) from The University of Singapore in 1979.

Executive Officers

Name	Age	Address	Principal Occupation	Country of Principal Residence
Quek Chiau Beng	43	8 Watten Park, Watten Estate, Singapore 287407	Group General Manager	Singapore
Yow Hon Meng	52	420 Serangoon Central, #05-400, Singapore 550420	Chief Financial Officer	Singapore
Tay Choon Wah	51	109 Tampines Road, #04-08, Singapore 535131	Safety Manager	Singapore
Cheng Yao Tong	26	112 Jalan Dermawan, Hillview Estate, Singapore 669063	Planning Manager	Singapore
Mohamad Jufri Erethinavelan	44	Block F # 1-07 Apartment Ria 1, Jalan Cenderai 17, Taman Megah Ria 81750 Masai, Johor	Contracts Manager	Malaysia

Information on the areas of responsibility and working experience of our Executive Officers are set out below:-

Mr Quek Chiau Beng is our Group General Manager. He assists our Chief Executive Officer and is responsible for overseeing the daily operations of the Group with regard to its scaffolding, corrosion prevention and insulation as well as its maintenance businesses both locally and overseas. He is also involved in business development, sales and marketing. Mr Quek Chiau Beng has accumulated more than 18 years of experience in this industry. Prior to joining HLE in July 2007, Mr Quek was the managing director of Mun Siong Engineering Private Limited. ("MSE"), from March 1989 to April 2007. From 1987 to 1989, Mr Quek was the partner of Microfix Enterprise. Mr Quek is a patron of Siglap South Community Centre and is a member of the School Advisory Committee of Juying Primary School. He is also the assistant treasurer of Nanyang Citizens' Consultative Committee. Mr Quek obtained his GCE 'O' Levels qualifications in 1982.

Mr Yow Hon Meng is our Chief Financial Officer and is responsible for the full spectrum of financial, taxation and treasury functions in our Group. He oversees the day-to-day finance/accounts functions of the Group and consolidates the Group's accounts and reporting as well as providing financial analysis and appraisal of the Group's investments and disposals of assets. From 1996 and prior to joining HLE in June 2007, he was the chief financial officer/group financial controller of various listed companies, namely, Sinwa Limited, Dragon Land Limited, VibroPower Corporation Limited and Superior Multi-Packaging Limited. From 1993 to 1996, he was the finance and admininstration manager of Brilliant General Building Construction Pte Ltd and, from 1991 to 1993, he was the finance manger of Provincial Insurance Asia Pte Ltd. He was the finance and administration manager for British American General Insurance Co. Ltd from 1988 to 1991, prior to which he was a senior auditor with Peat, Marwick, Mitchell & Co. (now known as KPMG), between 1983 and 1987. Mr Yow is a member of the Institute of Certified Public Accountants of Singapore.

Mr Tay Choon Wah is our Safety Manager and is responsible for the development and maintenance of our Group's SHE program for both scaffolding, corrosion prevention and insulation as well as maintenance works. He also ensures our Group's compliance with MOM's workplace safety requirements and our clients' SHE requirements. Prior to joining HLE in 1999, Mr Tay was the general manager of FRP Products Co Pte Ltd from October 1995 to October 1999. Between January 1991 to September 1995, he was the marketing manager of Sigma Coatings Pte Ltd and, from 1980 to 1991, he was the sales manager of International Paint Singapore Pte Ltd, a wholly-owned subsidiary of Courtaulds Group. Prior to that, he was the sales & delivery supervisor of Pan Abrasive Pte Ltd from 1978 to 1980. Mr Tay holds a Master of Business Administration from the University of Surrey and a Bachelor of Science in Business and Management Studies from the University of Bradford. He also holds a Diploma in Management Studies from the Singapore Institute of Management, a Diploma in Sales & Marketing from the Marketing Institute of Singapore and a Diploma in Marketing from the Institute of Marketing (UK).

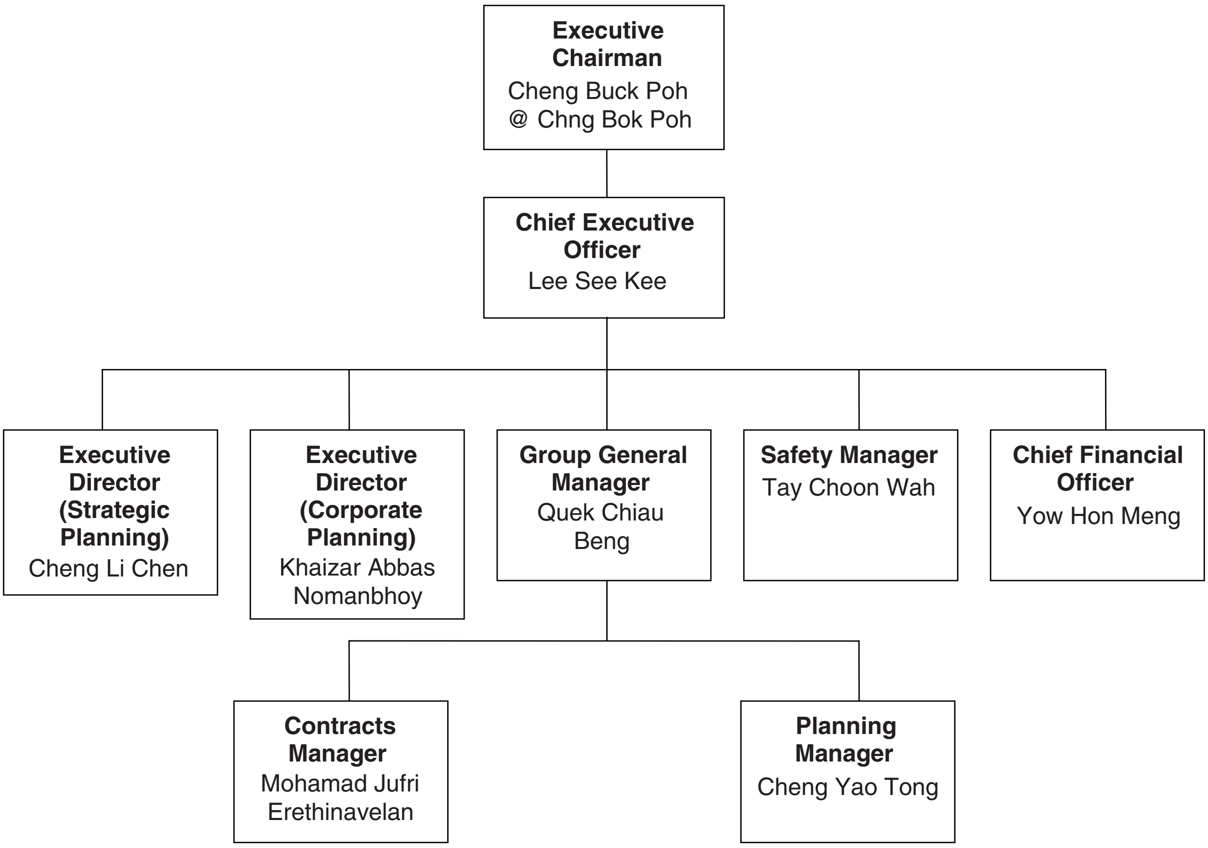
Mr Cheng Yao Tong is our Planning Manager for our scaffolding, corrosion prevention and insulation as well as maintenance works. He is responsible for the procurement functions of our Group as well as the execution of plans to maximize utilization of resources and productivity. He is also responsible for the deployment of resources to various worksites. He joined HLE as a Site Coordinator in 2004 and was subsequently promoted to his current position of Planning Manager in 2006. Mr Cheng holds a Diploma in Mechanical Engineering from the Ngee Ann Polytechnic and is a Level 1 Coating Inspector certified by NACE.

Mr Mohamad Jufri Erethinavelan is our Contracts Manager for our scaffolding, corrosion prevention and insulation as well as maintenance works. He is responsible for the preparation of our Group's project budgets and tender for contracts. Mr Erethinavelan joined HLE as a Construction Manager in 2000 and was subsequently appointed as Contracts Manager in 2002. Between October 1996 and August 2000, he was the site manager for Hai Leck (Malaysia). Prior to joining our Group, he was a blasting & painting supervisor with Promet Fabricators Sdn. Bhd., from 1993 to 1996, and with Speedo Engineering Sdn. Bhd. from 1991 to 1992. Between 1988 to 1991, Mr Erethinavelan was a draftsman with Burgess & Arnott Pty Ltd and, between 1986 to 1988, he was a junior draftsman with Seri Jurutera Perunding Sdn Bhd. Mr Mohamad Jufri Erethinavelan holds a Diploma in Civil Engineering from the Institute Of Engineering Technology Inc., Malaysia and an Ordinary Technician Diploma in Building and Civil Engineering from the City and Guilds of London.

Mr Cheng Buck Poh @ Chng Bok Poh is the father of Ms Cheng Li Chen, our Executive Director (Strategic Planning), and Mr Cheng Yao Tong, our Planning Manager. Save as disclosed above and in the section titled "Principal Shareholders" of this Prospectus, none of the Directors and Executive Officers are related to each other or the Substantial Shareholders.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The remuneration paid to our Directors and top five Executive Officers of the Group for services rendered to us and our subsidiaries in remuneration bands of S$250,000 per annum during FY2006 and FY2007 (being the last two most recent completed financial year) and the estimated remuneration to be paid to them for the current financial year is as follows:-

	FY2006 S$	FY2007 S$	Estimated FY2008 S$
Directors			
Cheng Buck Poh @ Chng Bok Poh	Band III	Band III	Band II
Lee See Kee	Band III	Band III	Band II
Cheng Li Chen	Band III	Band II	Band I
Khaizar Abbas Nomanbhoy	–	–	Band I
Tan Sim Cheng	–	–	Band I
Low Seow Chay	–	–	Band I
Chee Teck Kwong Patrick	–	–	Band I
Executive Officers			
Quek Chiau Beng	–	–	Band I
Yow Hon Meng	–	Band I	Band I
Tay Choon Wah	Band I	Band I	Band I
Cheng Yao Tong	Band I	Band I	Band I
Mohamad Jufri Erethinavelan	Band I	Band I	Band I

Notes:-

(1) Remuneration bands:-
"Band I" refers to remuneration of up to S$250,000.
"Band II" refers to remuneration of up from S$250,001 to S$500,000.
"Band III" refers to remuneration of up from S$500,001 to S$750,000.

(2) The estimated remuneration for FY2008 does not include the performance bonus mentioned under the section titled "Service Agreements" of this Prospectus.

Other than amounts set aside or accrued in respect of the relevant laws, no amounts have been set aside or accrued by our Company to provide for pension, retirement or similar benefits for any of our employees.

REMUNERATION OF EMPLOYEES RELATED TO DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, we have nine employees who are related to our Directors and Substantial Shareholders. Their details and relationships with our Directors and Substantial Shareholders are as follows:-

Name of Employee	Position(s) Held	Relationship with our Directors and/or Substantial Shareholders
Cheng Yao Tong	Planning Manager and Director of HLE and Hai Leck (Vietnam)	Son of Mr Cheng Buck Poh @ Chng Bok Poh
Cheng Li Hui	Director of HLE and Hai Leck (Vietnam)	Daughter of Mr Cheng Buck Poh @ Chng Bok Poh
Cheng Chong Whatt	Supervisor	Nephew of Mr Cheng Buck Poh @ Chng Bok Poh
Teh Peng Sia	Technical Superintendent	Nephew of Mr Cheng Buck Poh @ Chng Bok Poh
Teh Phin Leong	Supervisor	Nephew of Mr Cheng Buck Poh @ Chng Bok Poh
Chong Song Chye	Supervisor	Nephew of Mr Cheng Buck Poh @ Chng Bok Poh
Lee Hsieh Ley	Finance Manager of HLE	Daughter of Mr Lee See Kee
Png Seng Chuan	Foreman	Nephew of Mr Lee See Kee
Chay Meen Sin	Supervisor	Brother-in-law of Mr Lee See Kee

The basis of determining the remuneration of these related employees is the same as the basis of determining the remuneration of other unrelated employees. The aggregate remuneration in FY2006 and FY2007 of these nine related employees amounted to approximately S$418,000 and S$512,000, respectively. This represents approximately 6.2% and 4.1% of our profit before income tax for FY2006 and FY2007 respectively, adding back the remuneration of these nine employees.

For FY2008, the estimated aggregate remuneration of the nine employees who are related to our Directors and Substantial Shareholders amounted to approximately S$512,000.

The total remuneration of these 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 levels of responsibility. The total remuneration paid to employees who are related to our Directors for a financial year shall be disclosed in the annual report of our Company. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from the review.

SERVICE AGREEMENTS

On 6 June 2008, our Company entered into separate service agreements (the "Service Agreements") with our Executive Directors, namely, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee (the "Executives"), for an initial term of three years commencing from the date of admission of our Company to the SGX-ST, which will continue thereafter until terminated by not less than six months' notice in writing served by either party on the other, or in lieu of such notice, six months' salary based on the Executive's last drawn monthly salary. Pursuant to the terms of their respective Service Agreements, each of Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee is entitled to an annual salary of S$360,000 and S$336,000 respectively, and a discretionary variable bonus based on their individual performances. There is no profit sharing arrangement under the Service Agreements of the Executives.

During the employment, our Company will also provide for the use of a motor car to each of the Executives and pay for all related running expenses. Our Company shall, subject to limits set from time to time by the Directors, reimburse the Executives for the running expenses for one motor car. Our Company shall also provide a country club membership for each of the Executives and our Company shall pay all subscription fees on behalf of the Executives.

The Executives are not entitled to further Directors' fees under the Service Agreements. We may terminate their respective Service Agreements if any of the Executives are guilty of dishonesty or serious or persistent misconduct or becomes bankrupt or otherwise acts to the prejudice of our Company. None of the Executives will be entitled to any benefits upon termination of their respective Service Agreements.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by the Executives in the process of discharging their duties on behalf of our Group will be borne by our Company.

Pursuant to their respective Service Agreements, each Executive shall not, at any time during the period of his employment with our Company and for a period of two years after the termination of his employment with our Company, within Singapore and any other jurisdiction where our Group operates as at the date of the termination, directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with the business of our Company or any member of our Group or as disclosed in this Prospectus; either solely or jointly with or on behalf of any person, firm or corporation directly or indirectly carry on or be engaged or interested in any business competing with the business of our Company or any member of our Group; or solicit the custom of any person who is or has been at any time during the period of his employment a customer of the Company for the purpose of offering to such customer goods or services similar to or competing with those of the business of our Company or our Group; or cause or permit any person or company directly or indirectly under his control or in which he has any beneficial interests to do any of the foregoing acts or things.

Other Executive Directors and Executive Officers

Our Group has also previously entered into various letters of employment with our other Executive Directors and all our Executive Officers. Such letters typically provide for the salary payable to the Executive Officers, their working hours and grounds of termination.

On 6 June 2008, our Group entered into an employment agreement with our Chief Financial Officer, Mr Yow Hon Meng for an initial term of two years commencing from the date of admission of our Company to the SGX-ST. The said employment agreement will continue thereafter until terminated by not less than one month's notice in writing served by either party on the other, or in lieu of such notice, one month's salary based on his last drawn monthly salary.

There are no service agreements entered into between our Directors or Executive Officers with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

The Directors recognize the importance of corporate governance and the offering of high standards of accountability to the Shareholders of our Company, and will follow closely the best practice outlined in the Best Practices Guide issued by SGX-ST. Our Board of Directors has formed three committees: (i) the Audit Committee; (ii) the Remuneration Committee; and (iii) the Nomination Committee.

Audit Committee

Our Audit Committee comprises our Independent Directors, Messrs Tan Sim Cheng, Low Seow Chay and Chee Teck Kwong Patrick. The Chairman of our Audit Committee is Mr Tan Sim Cheng.

The Audit Committee shall meet periodically to perform the following functions:-

(a) to review the audit plans of the internal and external auditors of our Company with the Chief Financial Officer to ensure the adequacy of our Company's system of accounting controls and the co-operation given by our Company's management to the external and internal auditors;

(b) to review significant financial reporting issues and judgements with the Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of our Company and any formal announcements relating to our Group's financial performance before their submission to our Board of Directors;

(c) to review the adequacy and effectiveness of our Company's material internal controls with the Chief Financial Officer and the external auditors, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(d) to meet with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(e) to review legal and regulatory matters with the Chief Financial Officer and the external auditors that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(f) to review the co-operation given by our management to our auditors;

(g) to consider the appointment and re-appointment of the external auditors;

(h) to review the cost effectiveness and the independence and objectivity of the external auditors;

(i) to review the nature and extent of non-audit services provided by the external auditors;

(j) to recommend to our Board of Directors the external auditors to be nominated, to approve the compensation of the external auditors and to review the scope and results of the audit;

(k) to report actions and minutes of the Audit Committee to our Board of Directors with such recommendations as the Audit Comittee considers appropriate; and

(l) to review interested person transactions in accordance with the requirements of the Listing Manual; and

(m) to generally undertake such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. Our management has put in place, and the Audit Committee has endorsed, arrangements by which staff of our Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position.

Remuneration Committee

Our Remuneration Committee comprises Messrs Tan Sim Cheng, Low Seow Chay and Chee Teck Kwong Patrick. Dr. Low Seow Chay will be the Chairman of our Remuneration Committee. Our Remuneration Committee will recommend to our Board of Directors a framework of remuneration for our Executive Chairman, the Directors and key executives, and determine specific remuneration packages for our Executive Chairman and each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Our Remuneration Committee shall also review the remuneration of employees related to our Directors. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

Nominating Committee

Our Nominating Committee comprises Messrs Tan Sim Cheng, Low Seow Chay and Chee Teck Kwong Patrick. The Chairman of our Nominating Committee is Mr Chee Teck Kwong Patrick.

Our Nominating Committee will be responsible for:-

(a) re-nomination of our Directors having regard to our Director's contribution and performance;

(b) determining annually whether or not a Director is independent;

(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director; and

(d) in particular, deciding whether a Director with multiple directorships is able to and has been devoting sufficient time and attention to the affairs of the Company, having regard to the competing time commitments that are faced when serving on multiple directorships.

Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long term Shareholders' value. The performance evaluation will also include consideration of our Share price performance over a five-year period *vis-à-vis* the Singapore Straits Times Index and a benchmark index of its industry peers. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution of each individual Director to the effectiveness of 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.

Our Board is of the view that Mr Chee Teck Kwong Patrick is suitable for appointment as our Independent Director despite his holding onto several directorships in listed companies for the following reasons:

(a) he is not in a full time employment but is a senior consultant at M/s KhattarWong with flexible hours;

(b) he has over the past 15 years attended all board and committee meetings for the existing listed companies on whose boards he sits; and

(c) his vast legal experience and commercial exposure will be beneficial in our Board's deliberation on future business projects and development, and to assist the Board in evaluating and maintaining the effectiveness of the Company's corporate governance policies and procedures.

OWNERSHIP STRUCTURE

The Shareholders of our Company and their respective shareholdings immediately before and after the Invitation are set out as follows:-

	Before the Invitation				After the Invitation			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	Number of ordinary shares	%	Number of ordinary shares	%	Number of ordinary shares	%	Number of ordinary shares	%
Directors								
Cheng Buck Poh @ Chng Bok Poh (1) (2) (3)	79,200,000	33.0	124,800,000	52.0	79,200,000	24.4	124,800,000	38.4
Lee See Kee	36,000,000	15.0	–	–	36,000,000	11.1	–	–
Cheng Li Chen (1)	–	–	–	–	–	–	–	–
Khaizar Abbas Nomanbhoy	–	–	–	–	–	–	–	–
Tan Sim Cheng	–	–	–	–	–	–	–	–
Low Seow Chay	–	–	–	–	–	–	–	–
Chee Teck Kwong Patrick	–	–	–	–	–	–	–	–
Substantial Shareholder								
Cheng Capital Holdings (1) (2)	124,800,000	52.0	–	–	124,800,000	38.4	–	–
Goo Guik Bing (1) (3)	–	–	204,000,000	85.0	–	–	204,000,000	62.8
Other Shareholders of less than 5% who are related to the Directors or Substantial Shareholders								
Nil	–	–	–	–	–	–	–	–
Public (including reserved shares)	**–**	**–**	**–**	**–**	**85,000,000**	**26.1**	**–**	**–**
	240,000,000	**100.0**			**325,000,000**	**100.0**		

Notes:-

(1) Cheng Capital Holdings is held by Messrs Cheng Buck Poh @ Chng Bok Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing are husband and wife and our Executive Director, Ms Cheng Li Chen, our Planning Manager, Mr Cheng Yao Tong, our director of HLE, Ms Cheng Li Hui, as well as Ms Cheng Li Peng and Cheng Wee Ling, are their children.

(2) Mr Cheng Buck Poh @ Chng Bok Poh is deemed interested in the 124,800,000 Shares held by Cheng Capital Holdings by virtue of his 52% shareholdings in Cheng Capital Holdings.

(3) Mdm Goo Guik Bing is deemed interested in (i) the 124,800,000 Shares held by Cheng Capital Holdings by virtue of her husband's 52% shareholdings in Cheng Capital Holdings; and (ii) the 79,200,000 Shares held by her husband.

Saved as disclosed above, there are no other relationships between our Directors and Substantial Shareholders.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares. Our Directors are not aware of any arrangement, the operation which may, at a subsequent date, result in a change in control of our Company.

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

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The changes in the percentage of ownership of Shares in our Company from the date of our incorporation up to the Latest Practicable Date are as follows:-

	Percentage of ownership of our Shares (%)			
Name of Shareholder	**As at date of incorporation**	**As at 15 October 2007**	**After the share swap as described in the Restructuring Exercise [(1)]**	**After the renunciation as described in the Restructuring Exercise [(1)]**
Cheng Buck Poh @ Chng Bok Poh	33.34	33.34	71.00	33.00
Lee See Kee	33.33	33.33	15.00	15.00
Cheng Li Chen	33.33	–	–	–
Goo Guik Bing	–	33.33	14.00	–
Cheng Capital Holdings	–	–	–	52.00
	100.00	**100.00**	**100.00**	**100.00**

Note:-

(1) Please refer to the section titled "Restructuring Exercise" of this Prospectus for further details of the share swap and renunciation.

MORATORIUM

To demonstrate their commitment to our Group, our Company's Substantial Shareholders, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Cheng Capital Holdings, who will in aggregate hold 240,000,000 ordinary shares in our Company, representing approximately 73.9% of our Company's enlarged issued and paid-up capital after the Invitation, have undertaken not to transfer, assign, dispose of or realise any part of their respective direct and indirect interests in our Company for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

The shareholders of Cheng Capital Holdings, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Goo Guik Bing, Cheng Yao Tong, Cheng Li Peng, Cheng Li Chen, Cheng Li Hui and Cheng Wee Ling, who collectively own 100% of Cheng Capital Holdings have each undertaken not to dispose of or transfer any part of their respective interests in Cheng Capital Holdings for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

INTERESTED PERSON TRANSACTIONS

Save as disclosed in this Prospectus and in the section titled "Restructuring Exercise", none of our Directors, Substantial Shareholders or Executive Officers or their respective Associates was or is interested in any material transaction entered into by us within the past three financial years ended 30 June 2005, 2006 and 2007 and up to the Latest Practicable Date (the "Relevant Period").

PAST INTERESTED PERSON TRANSACTIONS

(a) Sale of Properties to our Planning Manager

Pursuant to a Sale and Purchase Agreement dated 4 January 2008 between HLE and our Planning Manager, Mr Cheng Yao Tong, HLE sold to Mr Cheng Yao Tong four residential properties in Hainan, the PRC (the "Properties") at an aggregate cash consideration of S$134,000, based on book value. The disposal enabled our Group to streamline its business and to dispose its non-core assets.

Our Directors are of the opinion that the acquisition of the Properties by Mr Cheng Yao Tong was not prejudicial to our Company or Shareholders. The sale was conducted on an arm's length basis and entered into between the parties on normal commercial terms.

(b) Provision of Guarantee by HLE for our Director

HLE had since 2004 procured a bank guarantee from UOB in the sum of S$225,000 on behalf of our Chief Executive Officer, Mr Lee See Kee, to secure the issue of an exit permit under Section 31 of the Enlistment Act (Chapter 93) for his son during the period of his studies overseas. This security has since been discharged and Mr Lee See Kee has personally taken over the security of the bank guarantee with effect from 1 October 2007.

(c) Interested Person Transactions with HL Development, Highlander Power and Tele-centre (collectively known as the "Divested Companies")

Prior to the Restructuring Exercise, HLE owned the entire issued and paid-up capital of HL Development, Highlander Power and 93.27% of the shareholdings in Tele-centre. The remaining 6.73% shareholdings in Tele-centre are held by an unrelated third party.

Pursuant to the Restructuring Exercise, HLE had disposed of its interests in the Divested Companies to United Holding. United Holding is owned by our Substantial Shareholders, Messrs Cheng Buck Poh @ Chng Bok Poh (71%) and Lee See Kee (15%) and Mr Cheng Buck Poh @ Chng Bok Poh's wife, Mdm Goo Guik Bing (14%). Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee are also directors of United Holding.

(i) Advances from HLE to the Divested Companies

HLE had provided advances to the Divested Companies.

The advances from HLE were non-interest bearing, unsecured and had no fixed tenures. The aggregate amounts outstanding as at the date of the balance sheets for the respective past three financial years ended 30 June 2005, 2006 and 2007 and up to the Latest Practicable Date are as follows:-

	FY2005	**FY2006**	**FY2007**	**1 July 2007 to the Latest Practicable Date**
Outstanding loan amount (S$'000)	13,600	18,200	4,800	–
% of total Group's assets	17.04	20.23	4.21	–

The abovementioned advances have all been paid prior to the Restructuring Exercise.

(ii) Provision of Services by HLE to Highlander Power

HLE has provided management and sub-contractor services to Highlander Power. The aggregate value of these services for the past three financial years ended 30 June 2005, 2006 and 2007 and up to the Latest Practicable Date are as follows:-

	FY2005	FY2006	FY2007	1 July 2007 to the Latest Practicable Date
Value of transactions (S$'000)	224	477	413	–
% of Group's turnover	0.60	1.20	0.70	–
% of Group's NTA	0.32	0.73	0.47	–

The above transactions were conducted on arms' length basis and on normal commercial terms which we offer to other unrelated third parties. On 1 July 2007, we have terminated the services to Highlander Power.

(iii) Sale of equipment by Highlander Power to HLE

Highlander Power has sold diesel powered generators and equipments to HLE. The aggregate value of the sale of such equipment for the past three financial years ended 30 June 2005, 2006 and 2007 and up to the Latest Practicable Date are as follows:-

	FY2005	FY2006	FY2007	1 July 2007 to the Latest Practicable Date
Value of transactions (S$'000)	40	47	48	–
% of Group's turnover	0.10	0.12	0.08	–
% of Group's NTA	0.06	0.07	0.05	–

The above transactions were conducted on an arm's length basis and on normal commercial terms which Highlander Power offers to other unrelated third parties. On 1 July 2007, we have discontinued purchases from Highlander Power.

We do not intend to enter into such transactions in the future.

(d) Transactions with OSA

Our Executive Directors and Substantial Shareholders, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee, previously each owned 20% of the shareholdings in OSA. On 24 December 2007, Messrs Cheng Buck Poh and Lee See Kee had disposed off their shareholdings in OSA. OSA is in the business of sale and service of industrial valves and is currently owned by unrelated third parties.

OSA leases part of the premises at 9 Tuas Avenue 1, Singapore 639494, for use as an office premise and workshop. Under the latest tenancy agreement dated 27 December 2007, the term of the tenancy is for six months commencing from 1 January 2008 at a monthly rental of S$11,500. The current monthly rental was determined based on the prevailing market rental at the time the tenancy agreement was entered into.

Rentals received from OSA are set out as follows:-

	FY2005	FY2006	FY2007	1 July 2007 up to Latest Practicable Date
Rental paid (S$'000)	–	83	112	133
% of Group's turnover	–	0.20	0.20	0.22
% of Group's NTA	–	0.10	0.10	0.31

We do not intend to renew the current lease upon expiry.

(e) Advances from our Executive Directors, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee

Between 1998 and 1999, Hai Leck (Vietnam) had received advances of VND2,975,727 and VND1,105,380 from our Executive Chairman, Mr Cheng Buck Poh @ Chng Bok Poh and our Chief Executive Officer, Mr Lee See Kee respectively. These advances were made to finance the business activities of Hai Leck (Vietnam) and were interest-free, unsecured and with no fixed terms of repayment.

Details of the balance outstanding to Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee were as follows:-

	As at 30 June 2005 (VND)	As at 30 June 2006 (VND)	As at 30 June 2007 (VND)	As at the Latest Practicable Date
Mr Cheng Buck Poh @ Chng Bok Poh	2,975,727	2,975,727	2,975,727	–
Mr Lee See Kee	1,105,380	1,105,380	1,105,380	–

The highest amounts outstanding to Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee over the last three financial years ended 30 June 2005, 2006 and 2007 are VND2,975,727 and VND1,105,380 respectively.

As at the Latest Practicable Date, the amounts owing to Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee have been fully repaid.

ONGOING INTERESTED PERSON TRANSACTIONS

(a) Provision of Services by Tele-centre

We have since April 2005 engaged Tele-centre to provide private branch exchange maintenance and customer contact solution services to our Group where Tele-centre handles and directs all incoming telephone calls on our behalf. The amounts paid to Tele-centre for the past three financial years ended 30 June 2005, 2006 and 2007 and up to the Latest Practicable Date are set out below:-

	FY2005	FY2006	FY2007	1 July 2007 to the Latest Practicable Date
Value of transactions (S$'000)	1	7	42	46
% of Group's turnover	0.01	0.01	0.06	0.08
% of Group's NTA	0.01	0.01	0.05	0.11

Tele-centre will continue to provide these services to our Group. For the current financial year, the average amount paid to Tele-centre monthly is approximately S$4,200. These transactions with Tele-centre are conducted on an arm's length basis and entered into between the parties on normal commercial terms.

(b) Lease of Premises to Highlander Power

Highlander Power leases part of the premises at 12 Tuas Drive 1, Singapore 638679 for use as an office premise and warehouse. Under the tenancy agreement dated 1 July 2007, the term of the lease is for one year commencing 1 July 2007 at a monthly rental of S$6,200. The current monthly rental was determined based on the prevailing market rental at the time the tenancy agreement was entered into.

Rentals received from Highlander Power are set out as follows:-

	FY2005	FY2006	FY2007	1 July 2007 up to Latest Practicable Date
Rentals received (S$'000)	–	–	–	68
% of Group's turnover	–	–	–	0.11
% of Group's NTA	–	–	–	0.16

We do not intend to renew the current lease upon expiry.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future transactions with interested persons shall comply with the requirements of the Listing Manual. As required by Paragraph 9(e) of Appendix 2.2 to the Listing Manual, our Company has adopted a set of new Articles of Association which requires a director to abstain from voting in any contract or arrangement in which he has a material personal interest.

Our Audit Committee will review all interested person transactions to ensure that they are transacted on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of our Shareholders. It will adopt the following procedures when reviewing interested person transactions:-

(a) When purchasing items from or engaging the services of an interested person, two other quotations from non-interested persons will be obtained for comparison, when available and practicable, to ensure that such interested person transactions are on normal commercial terms not prejudicial to the interests of our Company and our minority Shareholders. The purchase price or fee for services will not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration. In addition, the credit terms obtained from an interested person shall not be less favourable than those obtained from unrelated third parties;

(b) When selling items or supplying services to an interested person, the price and terms of two other successful sales of a similar nature with non-interested persons will be used for comparison, when available or practicable, to ensure that such interested person transactions are on normal commercial terms not prejudicial to the interests of our Company and our minority Shareholders. The sale price or fee for the supply of services will not be lower than the lowest sale price or fee of the two other successful transactions with non-interested persons and the credit terms extended to an interested person shall not be more favourable than those extended to unrelated third parties;

(c) When renting properties from or to an interested person, our Director shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures, such as, making relevant inquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary). The rent payable will be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant inquiries.

Our Audit Committee will review all interested person transactions, if any, at least quarterly to ensure that they are carried out at arm's length and in accordance with the procedures outline above. It will take into account all relevant non-qualitative factors. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisors or valuers to provide additional information pertaining to the transaction under review.

New guidelines and review procedures will be drawn up and adopted if the periodic reviews by our Audit Committee show that the existing guidelines and procedures have become inappropriate and are no longer sufficient to ensure that the interested person transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

In the event that a member of our Audit Committee is interested in any interested person transactions, he shall abstain from participating in the review and/or approval of that particular transaction. In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of our internal controls. Our Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if deemed necessary by the Listing Manual.

ADDITIONAL PROCEDURES FOR ALL INTERESTED PERSON TRANSACTIONS

Our Company has also implemented the following procedures for the identification of interested persons and the recording of all interested person transactions:-

(a) Interested person transactions less than or equal to 5.0% of our Company's latest audited NTA will be reviewed and approved by our Chief Financial Officer (who shall not be an interested person in respect of the particular transaction) prior to entering into the transaction;

(b) Interested person transactions more than 5.0% of our Company's latest audited NTA will be reviewed and approved by majority of the members of the Audit Committee prior to entering into the transaction;

(c) The Chief Financial Officer shall maintain a list of our Directors and Controlling Shareholders (which is to be updated immediately if there are any changes), and disclose the list to relevant personnel (such as those in charge of sale and procurement functions and other key executives) to enable identification of interested persons. The master list of interested persons shall be reviewed on an annual basis by the Audit Committee;

(d) The Chief Financial Officer shall sign letters of confirmation from key management personnel, Substantial Shareholders and our Directors on an annual basis as to their interests in any transaction, whether direct or indirect, with our Company;

(e) The Chief Financial Officer shall maintain a register of all interested person transactions which will document details, including the bases on which the transactions are entered into, the quotations obtained to support such bases, the rationale for the transactions; and

(f) Our Audit Committee shall review all interested person transactions on a half-yearly basis, and examine the adequacy of its internal controls. The outcome of such review shall be documented and filed in the Interested Person Transactions Register.

In the event that the Chief Financial Officer is an interested person in respect of a particular transaction, such transaction shall be referred to the Audit Committee and is to be approved by majority of the Audit Committee.

In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of our internal controls. Our Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if deemed necessary by the Listing Manual.

POTENTIAL CONFLICTS OF INTEREST

Save as disclosed below and in the section titled "Interested Person Transactions" of this Prospectus:-

(a) None of our Directors, Controlling 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, Controlling 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; and

(c) None of our Directors, Controlling Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services.

Interest in Hiap Seng

Hiap Seng is in the business of the provision of mechanical engineering services comprising fabrication, installation and plant maintenance for the petroleum and petrochemical industry. It is listed on the Official List of SGX-ST. Immediately after the listing of Hiap Seng, HLE held 37.1% shareholdings in Hiap Seng. Our Executive Chairman and Chief Executive Officer, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee, respectively, also held non-executive directorships in Hiap Seng. As the business activities undertaken by both Hiap Seng and HLE are complementary and form part of the range of services required by the companies in the petroleum and petrochemical industry, Hiap Seng and HLE entered into a deed of co-operation (the "Deed") on 1 June 1999 to mitigate any future potential conflicts of interest. Details of this Deed are contained in Hiap Seng's prospectus dated 8 June 1999.

The Deed contains, *inter alia*, terms and conditions relating to the appointment of HLE by Hiap Seng as its sub-contractor and *vice versa* as well as future business opportunities. The Deed will terminate, save for certain surviving clauses which have no effect on the business operations of HLE, in the event that the shareholding interests of HLE and its Associates in Hiap Seng collectively amount to less than 20%. Pursuant to the disposal of 20.44% shareholding interest in Hiap Seng by HLE between January 2007 and 1 August 2007, the Deed was terminated on 1 August 2007 as HLE held less than 20% of the shareholdings in Hiap Seng. As part of the Restructuring Exercise, the remaining 16.66% shareholdings in Hiap Seng were distributed to Messrs Cheng Buck Poh @ Chng Bok Poh (11.83%), Lee See Kee (2.50%) and Goo Guik Bing (2.33%) by way of distribution *in specie* . Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee had also pursuant thereto, resigned from their directorships in Hiap Seng.

On 30 January 2008, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee and Mdm Goo Guik Bing had irrevocably undertaken to dispose of their shareholding interests held in Hiap Seng in such manner and in such proportion as they deem fit, such that their collective shareholding interests held in Hiap Seng will amount to less than 15.00% by the date of lodgement of this Prospectus. As at the date of this Prospectus, Messrs Cheng Buck Poh @ Chng Bok Poh and Lee See Kee and Mdm Goo Guik Bing have since divested their collective shareholding interests in Hiap Seng down to approximately 14.69%.

Our Directors are of the view that there will not be material potential conflicts of interests with Hiap Seng for the following reasons:-

(i) our Group no longer holds any shareholding interests in Hiap Seng;

(ii) none of our Directors or Controlling Shareholders or their Associates hold any directorships in Hiap Seng and are also not involved in the daily management and operations of Hiap Seng; and

(iii) none of our Directors or Controlling Shareholders or their Associates are controlling shareholders of Hiap Seng.

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 years preceding the date of this Prospectus, been acquired or disposed of by or leased to our Company or our subsidiary or are proposed to be acquired or disposed of by or leased to our Company or our subsidiary. No expert is engaged on a contingent basis by our Company or our subsidiary, or has a material interest, whether direct or indirect, in our Shares, our subsidiary or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Invitation.

INTERESTS OF UNDERWRITERS OR FINANCIAL ADVISORS

In the reasonable opinion of our Directors, the Manager, UOB Asia, and the Underwriter and Placement Agent, UOB, do not have a material relationship with our Company save as disclosed below:-

(a) UOB Asia is the Manager of the Invitation;

(b) UOB is the Underwriter and the Placement Agent;

(c) UOB Asia is a wholly-owned subsidiary of UOB which has provided banking facilities to our Company; and

(d) UOB is the Receiving Banker of the Invitation.

UOB has granted us the following banking facilities:-

Bank	Amount ($)	Facilities
UOB	24,000,000	Overdraft Letters of credit Trust receipts Performance guarantee Standby letters of credit Foreign exchange contracts

We have taken up insurance policies from United Overseas Insurance Ltd, which is a subsidiary of UOB. Details of the insurance policies are as follows:-

Insurance Policy	Coverage	Insured Value
Contractor's all risks	(a) Loss of or damage to new works and raw materials caused by fire, theft, accidental damage and acts of God; and	Two policies for US$250,000 each and one policy for S$4,471,500
	(b) Public liability –	
	(i) accidental bodily injury (including death or disease) to any third party;	Three policies for up to US$5,000,000, S$2,000,000 and S$300,000 respectively, for any one accident
	(ii) accidental loss of or damage to property belonging to a third party	Unlimited for any one period
Workmen's compensation	Liability to pay compensation (a) under the Workmen's Compensation Act (Chapter 354); and (b) at common law	Two policies for up to US$10,000,000 each and one policy for up to S$10,000,000 for any one claim or series of claims arising out of one event

Save as disclosed above, there is no other material relationship between the Manager or the Underwriter or Placement Agent with our Company.

The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore, the Listing Manual and our Articles of Association ("Articles"). These statements summarise the material provisions of our Articles but are qualified in entirety by reference to our Articles, a copy of which is available for inspection at our registered office during normal business hours for a period of six months from the date of this Prospectus.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a pro rata basis to our Shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being based on our Company's issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in 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 the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Shareholders for any time or times if we provide the SGX-ST at least ten clear Market Days' notice. However, the Register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Listing Manual or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of 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 of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed $2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. 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 set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, the chairman of the meeting shall be entitled to treat the first named proxy as the authorised representative to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits and we may satisfy dividends by the issue of Shares to our Shareholders. All dividends are paid pro rata among our Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque, warrant or post office order sent through the post to each Shareholder at his registered address. 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 of Directors may, with approval of our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors 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.

Takeovers

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code"), issued by the Authority pursuant to Section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover 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% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any 6 month period. Under the Singapore 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);

   (iii) the subsidiaries of (i);

   (iv) the fellow subsidiaries of (i);

   (v) the associated companies of (i), (ii), (iii) or (iv); and

   (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);

(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 advisor, including a stockbroker, with its customer in respect of the shareholdings of:-

   (i) the advisor and persons controlling, controlled by or under the same control as the advisor; and

   (ii) all the funds which the advisor manages on a discretionary basis, where the shareholdings of the advisor and any of those funds in the customer total 10% 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); and

(v) companies controlled by any of (i), (ii), (iii) or (iv).

Under the Singapore 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 6 months.

Liquidation or Other Return of Capital

If we liquidate 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 Articles provide that, subject to the Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in the sections relating to “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles 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 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 Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our 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 or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, the Singapore courts may:-

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name of, or on behalf of, by a person or persons and on such terms as the court may direct;

(d) 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; or

(e) provide that we be wound up.

EXCHANGE CONTROL

The following is a description of the exchange controls that exist in the jurisdictions which our Group operates in.

Singapore

There are no Singapore governmental 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.

Malaysia

Based on the exchange control regulations in Malaysia issued by Bank Negara Malaysia in September 1998 and modified thereafter, foreign funds and the profits made therefrom are subject to the following rules:-

(a) the principal amount of the foreign funds brought into Malaysia when repatriated will not attract any levy; and

(b) between 1 February 2001 and 2 May 2001, all profits realised in the utilisation of such foreign funds in portfolio investments, when repatriated within 12 months starting from the month the profits are realised, attracted a standard 10 per cent. levy. With effect from 2 May 2001, the 10 per cent. levy is abolished. No such levy is imposed on the repatriation of profits made from the sale of other types of assets, including real property.

The criteria set by Bank Negara Malaysia in determining whether an investment is considered a portfolio investment include:-

(i) a short-term investment with concern on safety of capital, returns and likelihood of appreciation;

(ii) the investor has no significant influence over the operations of the investee company; and

(iii) the investor holds less than 10 per cent. of the equity or voting rights in the investee group of companies.

Whilst there is no restriction on the repatriation of profits from Malaysia, including dividends, interest, commissions and rental incomes, Bank Negara Malaysia requires documentary evidence to be furnished to the remitting banks to show that the funds to be remitted are not subject to levy.

Thailand

In accordance with the Exchange Controls Act of Thailand, foreign funds and profits made therefrom are subject to the following:-

(a) the remittance of dividends, investment funds, profits, loan repayment and interest payment thereon, after settlement of all applicable taxes in Thailand, are not restricted under the Exchange Control Acts, B.E. 2485 (1942);

(b) in respect of the purchase of foreign currencies in excess of US$20,000 or its equivalent in other currencies, the Bank of Thailand requires that notification form of the remittance to the Exchange Control Officer and documentary evidence shall be furnished to the remitting banks as evidence of the transaction; and

(c) further, in respect of the purchase of foreign currencies for any purpose, the Bank of Thailand requires that documentary evidence shall be furnished to the remitting banks to establish the legitimacy of the transaction.

Under Thai laws, Logthai is required to retain 5% of its annual profits as its reserve fund and may only declare 95% of its annual profits as dividends. In addition, dividends paid are subject to a withholding tax rate of 10%.

Vietnam

Foreign exchange transactions in Vietnam are governed by the Ordinance on Foreign Exchange Control promulgated 13 December 2005 and effective as of 1 June 2006. In the light of the Ordinance on Foreign Exchange Control, all payments and remittances of current transactions between residents and non-residents are free from regulations.

Foreign funds and the profits made are subject to the following rules based on (i) Ordinance on Foreign Exchange Control passed by the Standing Committee of Vietnam National Assembly on 13 December 2005, (ii) Decree 160/2006/ND-CP issued by the Government of Vietnam providing regulations for implementation of Ordinance on foreign exchange control dated 28 December 2006, (iii) Circular 04/2001/TT-NHNN issued by the State Bank of Vietnam providing guidance on foreign exchange control in foreign invested enterprises and business co-operation contracts dated 18 May 2001, and (iv) Circular 26/2004/TT-BTC issued by the Ministry of Finance of Vietnam dated 31 March 2004, providing guidelines on profits remittance tax and refund of corporate income tax upon reinvestment applicable to foreign investors:-

(a) Opening and use of direct investment capital foreign currency accounts

Residents being enterprises with foreign owned capital and foreign parties to business co-operation contracts must open a direct investment capital foreign currency account at an authorised credit institution in order to implement the following revenue and disbursement transactions:-

(i) Receipt of charter capital monetary contributions, receipt of capital for implementation of direct investment and receipt of medium and long-term foreign loan capital;

(ii) Receipt of foreign currency from a foreign currency savings account of a resident being an enterprise with foreign owned capital or a foreign party to a business co-operation contract;

(iii) Disbursement of foreign currency remitted into a foreign currency savings account of a resident being an enterprise with foreign owned capital or a foreign party to a business co-operation contract;

(iv) Disbursement to outside Vietnam of principle, interest and fees on a foreign medium or long-term loan;

(v) Disbursement to outside Vietnam of capital, profit and other legal revenue of a foreign investor; and

(vi) Other revenue and disbursement transactions relating to direct foreign investment activities.

(b) Transfer of capital for a direct investment

All transfers of capital for a direct investment in Vietnam must be conducted via a direct investment capital foreign currency account opened at an authorised credit institution.

(c) Transfer of capital to overseas

(i) Residents being enterprises with foreign owned capital and foreign parties to business co-operation contracts shall be permitted to remit overseas charter capital, capital for implementation of direct investment, loan capital, interest and fees on a foreign loan and other legal revenue relating to direct investment activities in Vietnam via a direct foreign investment capital foreign currency account.

(ii) Residents being enterprises with foreign owned capital and foreign parties to business co-operation contracts shall be permitted to use revenue in VND from foreign direct investment activities in Vietnam to purchase foreign currency at an authorised credit institution and to remit it overseas within a time-limit of thirty (30) days as from the date of purchase of the foreign currency.

(d) Borrowing, repayment and registration of foreign loans by residents being economic organisations and credit institution

(i) Residents being economic organisations and credit institutions which borrow and repay a foreign loan must satisfy the conditions for borrowing and repaying foreign loans, shall register the loan, shall open and use a loan capital account, must repay the foreign loan, shall withdraw capital and shall transfer money to repay the loan, and shall report the status of use of the loan in accordance with regulations of the State Bank.

(ii) All foreign loans of residents being economic institutions and credit institutions must be certified by the State Bank of Vietnam as having been registered.

(iii) Economic organisations must register loans with the State Bank of Vietnam after signing loan agreements with the foreign lender and must implement the reporting regime stipulated by the Governor of the State Bank of Vietnam.

(e) Profit remittance

As of 1 January 2004, with respect to lawful income of foreign economic organisations and foreign individuals earned from investment of capital, upon being transferred abroad or retained outside Vietnam, profits remittance tax shall not be payable.

Singapore Taxation

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

The discussion is limited to a general description of income tax, duty, estate duty and goods and services tax ("GST") consequences in Singapore with respect to the purchase, holding or disposal of the Shares by Singapore investors, and does 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 and dispose of the Shares. Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of purchasing, holding and disposing of the Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

Singapore Income Tax

General

(i) Individual Taxpayers

An individual is tax resident in Singapore in a year of assessment if, in the preceding year, 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 resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore Income Tax on income accrued in or derived from Singapore. All foreign-source income received (except for income received through a partnership in Singapore) in Singapore on or after 1 January 2004 by Singapore tax resident individuals is exempt from Singapore income tax if the Inland Revenue Authority of Singapore is satisfied that the tax exemption would be beneficial to the individual.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's circumstances but currently, is subject to a maximum rate of 20%.

Non-resident individuals, subject to certain exceptions, are subject to Singapore income tax on income accrued in or derived from Singapore.

(ii) Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-source income received or deemed to be received in Singapore from outside Singapore. Foreign-source income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign-source income received or deemed to be received in Singapore from outside Singapore

Up to the year of assessment 2007, the corporate tax rate in Singapore was 20% after allowing for tax exemption on three-quarters of up to the first $10,000 and up to one-half of the next $90,000 of a company's chargeable income. With effect from the year of assessment 2008, the corporate tax rate has been reduced to 18% after allowing for tax exemption on three quarters of up to the first $10,000 and up to one-half of the next $290,000 of a company's chargeable income. The above partial tax exemption does not apply to Singapore franked dividends received by companies.

Dividend Distributions

With effect from 1 January 2003, Singapore adopts the one-tier corporate tax system. Under the one-tier system, the tax collected from corporate profits is final and dividends paid by a Singapore tax resident company to their shareholders are exempt from tax.

During a 5-year transitional period expiring on 31 December 2007, a tax resident company which have not moved to the one-tier system is allowed to pay franked dividends out of their unutilised dividend franking credits as provided under the imputation system. Under the imputation system, the income tax paid by a Singapore tax resident company on its taxable income is deemed to be paid by its shareholders. Where these profits are distributed as dividends (commonly known as franked dividends) to shareholders, the dividends received by the shareholders are net of the corporate income tax paid by the company. Shareholders are taxed on the gross amount of dividends (that is, the amount of net proceeds received plus an amount which the company has deducted from the gross proceeds and paid as corporate income tax). The income tax paid effectively becomes available to shareholders as a tax credit to offset their Singapore income tax liabilities.

Such company will automatically move to the one-tier system when their dividend franking credits are fully utilized prior to 31 December 2007. Such company also have the irrevocable option to move to the one-tier system at an earlier date before the dividend franking credits are exhausted.

Where a company has income that is exempt from tax or receives foreign income, which may be tax exempt (if certain prescribed conditions are met) or relieved from Singapore income tax due to the availability of foreign tax credits, the company may pay tax exempt dividends (referred to as normal exempt dividends) out of such income. Normal exempt dividends paid to shareholders of shares which are not of a preferential nature are free from Singapore tax in the hands of recipient shareholders, whether resident or non-resident for Singapore tax purposes. In the case of a company which is in the one-tier system, such a company can pay tax exempt (1-tier) dividends (instead of normal exempt dividends) out of their exempt profits to shareholders. Hence, dividends paid out of the exempt profits of such companies as tax exempt (1-tier) dividends to all their shareholders, including shareholders of shares of a preferential nature, will not be subject to tax in the hands of these shareholders.

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

Gains on Disposal of the Shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. Hence, gains arising from the disposal of the Shares are not taxable in Singapore unless the Inland Revenue Authority of Singapore regards the seller as carrying on a trade of buying and selling of shares, in which case, the profits on disposal will be construed to be of an income nature and taxable.

Stamp Duty

There is no stamp duty payable on the subscription of the Shares.

Stamp duty is payable on the instrument of transfer of the Shares at the rate of $0.20 for every $100.00 or any part thereof, computed on the consideration or market value of the 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 or the instrument of transfer is executed outside Singapore. If the instrument of transfer is executed outside Singapore, stamp duty is payable if it is received in Singapore.

The above stamp duty is not applicable to scripless transfer of the Shares through the CDP system.

Estate Duty

With effect from 15 February 2008, no estate duty will be leviable in respect of deaths occurring on or after 15 February 2008.

Goods and Services Tax ("GST")

The sale of the Shares by a GST-registered investor through an SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Any GST which is incurred by a GST-registered investor in making such supplies may not be set-off against his liability to account for GST or recovered from the Comptroller of GST unless certain requirements of the GST Act are satisfied.

Where the Shares are sold by a GST-registered investor to a person belonging outside Singapore or through an overseas exchange, the sales would generally be a taxable sale subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business, subject to the provisions of the GST Act, may be set-off against his liability to account for GST or may be recovered from the Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, holding of shares will be subject to GST at the prevailing rate of 7%. Similar services supplied contractually to and for the direct benefit of a person belonging outside Singapore for GST purposes are subject to GST at zero-rate.

Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended form 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 the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Act, as members of the Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities account 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 the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. 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 the SGX-ST 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$20.00 is payable upon the deposit of each instrument of transfer with CDP. A fee of $10.00 is chargeable as stamp duty on such instruments of transfer.

Transactions in the 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 the SGX-ST is payable at the rate of 0.04 per cent. of the transaction value subject to a maximum of S$600 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax of 7%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST 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 agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. The name, age, address, principal occupation and business and working experience of each of our Directors and Executive Officers are set out under the section titled "Directors, Management and Staff – Directors and Executive Officers" this Prospectus.

2. The present and past directorships other than directorships held in our Company (held in the five years preceding the Latest Practicable Date) of each of our Directors, in other companies are as follows:-

Name	Present Directorships	Past Directorships
Cheng Buck Poh @ Chng Bok Poh	Group Companies:	Group Companies:
	Hai Leck (Malaysia) Hai Leck (Vietnam) HLE Industrial Services Logthai	Nil
	Other Companies*:	Other Companies:
	Cheng Capital Holdings	Hai Leck Cambodia Co., Ltd
	Greenbelt Development Sdn Bhd	Hai Leck Engineering Representative Office
	Highlander Power	Heartlands Gourmet Pte. Ltd. (Struck off)
	HL Development	Hiap Seng Engineering Ltd
	HL Development Pte Ltd	L C Medical Products Pte Ltd (Struck off)
	Marland Trading Sdn Bhd	OSA
	Perusahaan HL	Tele-centre
	United Holding	Tele-centre Consultancy Pte Ltd (Struck off)
		Waterfront Development Pte. Ltd. (Struck off)
Lee See Kee	Group Companies:	Group Companies:
	Hai Leck (Malaysia) Hai Leck (Vietnam) HLE Industrial Services Logthai	Nil
	Other Companies*:	Other Companies:
	Highlander Power	Asia Process Industries Pte Ltd
	HL Development	Hai Leck Engineering Representative Office
	Perusahaan HL	Heartlands Gourmet Pte. Ltd. (Struck off)
	United Holding	Hiap Seng Engineering Ltd Hiap Seng-Sanko TPM Pte Ltd HS Compression & Process Pte. Ltd. Logthai-Hiap Seng Engineering Co., Ltd LPTC Engineering Sdn Bhd Nasco-Hiap Seng Engineering Co., Ltd Orion Tuas Shipyard Pte Ltd OSA PT Technic Engineering Sdn Bhd Thermal Limitec Waterfront Development Pte. Ltd. (Struck off)

Name	Present Directorships	Past Directorships
Cheng Li Chen	Group Companies: Hai Leck (Vietnam) HLE Industrial Services Other Companies*: Greenbelt Development Sdn Bhd Highlander Power HL Development Marland Trading Sdn Bhd Perusahaan HL Tele-centre	Group Companies: Nil Other Companies: Heartlands Gourmet Pte Ltd (Struck off) Tele-centre Consultancy Pte Ltd (Struck off) Thermal Limitec
Khaizar Abbas Nomanbhoy	Group Companies: Hai Leck (Vietnam) Other Companies: KRN Consultancy Pte. Ltd.	Group Companies: Nil Other Companies: Accredited Placement International Pte. Ltd. (struck off) HSFR Performance Services Pte Ltd (In liquidation)
Tan Sim Cheng	Group Companies: Nil Other Companies: Kidney Dialysis Foundation Limited. SKF Asia Pacific Pte Ltd	Group Companies: Nil Other Companies: SP Services Limited
Low Seow Chay	Group Companies: Nil Other Companies: Casa Holdings Limited Clean Water Tech Pte. Ltd. Heeton Holdings Limited Hor Kew Corporation Limited LK Technology Holdings Limited	Group Companies: Nil Other Companies: Cyberbay Pte Ltd
Chee Teck Kwong Patrick	Group Companies: Nil Other Companies: China Infrastructure Holdings Limited CSC Holdings Limited Education Solutions International Pte. Ltd. Hengxin Technology Ltd. King's Safetywear Limited PSC Corporation Ltd. PSC Resort Pte Ltd Richland Group Limited Singapore Windsor Holdings Limited Tat Seng Packaging Group Ltd	Group Companies: Nil Other Companies: Cornell Education Group Pte. Ltd. SL International Holdings Pte. Ltd. Sovereign International Consultants Pte Ltd

* The present directorships in other companies are non-executive in nature.

3. The present and past directorships (held in the five years preceding the Latest Practicable Date) of each of our Executive Officers are as follows:-

Name	Present Directorships	Past Directorships
Quek Chiau Beng	Group Companies: Nil Other Companies*: Blue Ocean Envirotech Pte. Ltd. Geecy Industrial Services Singapore Pte. Ltd. IMP Resources Pte. Ltd. IND-SIN Holding Pte. Ltd. Mascot Management Consultancy Pte. Ltd. Shield Resources Pte. Ltd.	Group Companies: Nil Other Companies: Accredited Placement International Pte. Ltd. Main Street Franchise Pte. Ltd. (struck off) Mun Siong Engineering Design & Construction Pte. Ltd. Mun Siong Engineering Private Limited Mun Siong Shipyard Pte Ltd (dissolved) OHM Engineering Pte Ltd OMS Environmental Services Pte Ltd (struck off) OSA Stork Mun Siong Private Limited (dissolved) SWI International Pte Ltd SWI Investment Pte Ltd
Yow Hon Meng	Group Companies: Hai Leck (Vietnam) Other Companies: Nil	Group Companies: Nil Other Companies: Nil
Tay Choon Wah	Group Companies: Nil Other Companies: Nil	Group Companies: Nil Other Companies: FRP-WSC JV Pte Ltd
Mohamad Jufri Erethinavelan	Group Companies: Hai Leck (Malaysia) Other Companies: Marland Trading Sdn Bhd Perusahaan HL	Group Companies: Nil Other Companies: Nil
Cheng Yao Tong	Group Companies: Hai Leck (Vietnam) HLE Other Companies: HL Development Pte Ltd	Group Companies: Nil Other Companies: Nil

* The present directorships in other companies are non-executive in nature.

4. None of our Directors and Executive Officers or Controlling Shareholder:-

(a) has at any time during the last 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 when he was a partner or at any time within 2 years from the date he ceased to be a partner;

(b) has at any time during the last 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 a 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 2 years from 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 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 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 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, or 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 an 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;

(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; or

(k) has 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 governmental agency, whether in Singapore or elsewhere.

Our Executive Chairman, Mr Cheng Buck Poh @ Chng Bok Poh, was the subject of investigations by the Commercial Affairs Department ("CAD") sometime in the 1980s. He was a shareholder of Unilift Engineering Pte Ltd ("Unilift") and had made loans to Unilift (the "Loans"). Subsequent to the cessation of his shareholdings in Unilift, the Loans were repaid to Mr Cheng Buck Poh @ Chng Bok Poh. Mr Cheng Buck Poh @ Chng Bok Poh was subsequently alleged to have had misappropriated the amounts equivalent to the amount of the Loans. The investigations were concluded and no further action was taken by the CAD.

In or about 2000, our Chief Executive Officer, Mr Lee See Kee, assisted the Corrupt Practices Investigation Bureau ("CPIB") in its investigations in respect of allegations that HLE had bribed two of its main contractors. The allegations were denied and no further investigations were carried out by CPIB.

Our Executive Officer, Mr Mohamad Jufri Erethinavelan, was convicted of driving while under the influence of drink in May 2006. His driving licence in Singapore was suspended for a period of 16 months.

Our Chief Financial Officer, Mr Yow Hon Meng, is currently assisting the CAD in an investigation.

5. Our Executive Officer, Mr Quek Chiau Beng, was previously a party to civil legal proceedings in both Australia and Singapore involving a claim for S$160,000 against Mr Phua Swee Pah Jimmy, being monies owed while Mr Quek was holding a junket operator licence issued by the Victorian Casino and Gaming Authority in Australia for each of Crown Casino and Burswood Resort Casino (the "Casinos") (the "Junket Licences"). Judgement was awarded in Mr Quek's favour and Mr Phua has since fully settled the amounts owing under the judgement. Mr Quek has on 1 October 2007 written to the Casinos to terminate the Junket Licences and they have, on 8 October 2007, acknowledged receipt of the same and confirmed that they are processing the termination.

6. The aggregate remuneration paid to our Directors for services rendered in all capacities to our Company and our subsidiaries for the last financial year ended 30 June 2007 was $1,662,000. For the current financial year ending 30 June 2008, the aggregate remuneration payable to Directors by our Group is estimated to be $1,022,000, exclusive of performance bonus.

7. Save as disclosed in the section titled "Service Agreements" of this Prospectus, there are no existing or proposed service contracts between our Executive Directors or Executive Officers and our Company or any of our subsidiaries.

8. There is no shareholding qualification for Directors under the Articles of Association of our Company.

9. Save as disclosed in the section titled "Interested Person Transactions" of this Prospectus, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

10. Save as disclosed in the section titled "Potential Conflicts of Interest", none of our Directors or Executive Officers or Substantial Shareholders of our Company has any substantial interest, direct or indirect, in any company carrying on a similar trade as our Company or our subsidiaries.

11. 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.

12. Save as disclosed in the section titled "Interested Person Transactions", 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.

SHARE CAPITAL

13. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in the Articles of Association of our Company.

14. The changes in the issued and paid-up share capital of our Company and our subsidiaries within the three years preceding the date of this Prospectus are set out below:-

	Date of issue	**Number of shares issued / paid-up capital**	**Issue price/ Consideration / Purpose**	**Resultant issued share capital / paid-up capital**
Hai Leck Holdings Limited	12 December 2007	27,999,997	S$1.00 / Restructuring Exercise	S$28,000,000.00
HLE	19 October 2007	26,000,000	S$1.00 / Restructuring Exercise	S$28,000,000.00

15. Save as disclosed in paragraph 14 above, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, within the three years preceding the date of this Prospectus.

16. No person has been, or is entitled to be, granted an option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries.

MEMORANDUM AND ARTICLES OF ASSOCIATION

17. The nature of our Company's business has been stated earlier in this Prospectus. Our objects can be found in our Memorandum of Association which is available for inspection at our registered office as set out in the section titled "Documents Available for Inspection" of this Prospectus.

    An extract of our Articles of Association relating to, *inter alia*, Directors' powers to vote on contracts in which they are interested, Directors' remuneration, Directors' borrowing powers, Directors' retirement, Directors' share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in Appendix D of this Prospectus. The Articles of Association of our Company is available for inspection at our registered office as set out in the section titled "Documents Available for Inspection" of this Prospectus.

BANK BORROWINGS AND WORKING CAPITAL

18. Save as disclosed in the section titled "Capitalisation and Indebtedness" and in the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007" as set out in Appendix A, Appendix B and Appendix C of this Prospectus respectively, our Group had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities as at the Latest Practicable Date.

19. In the opinion of our Directors, no minimum amount must be raised by the issue of the New Shares in order to provide the sums required to be provided in respect of each of the following:-

    (a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue of the New Shares;

    (b) estimated expenses (including underwriting commission and brokerage) for the Invitation payable by our Company;

    (c) the repayment of any money borrowed by our Company in respect of any of the foregoing matters; and

    (d) working capital.

    Although no minimum amount must be raised by our Company from the Invitation in order to provide for the items set out above, the estimated amount to be provided for the item set out in sub-paragraph (b) is approximately $2.3 million. Such amount is proposed to be provided out of the proceeds of the Invitation or, in the event the Invitation is cancelled, out of our existing banking facilities and/or funds generated from operations. No amounts are to be provided for the items set out in paragraphs (a), (c) and (d) above out of other sources of funding.

20. Our Directors are of the opinion that, after taking into account our present banking facilities, our Group has adequate working capital for our requirements.

MATERIAL CONTRACTS

21. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the Latest Practicable Date and are or may be material:-

    (a) Subscription and shareholders' agreement dated 21 April 2006 between, *inter alia*, Industrial Services and Mr David Martin Thomas, whereby Mr David Martin Thomas was granted the Option to require Industrial Services to transfer 20.0% of the total shareholdings in Thermal Limitec, being 100,000 ordinary shares, to Mr David Martin Thomas at S$1.00 per share, details of which are set out under the section titled "Restructuring Exercise" of this Prospectus.

    (b) Joint venture agreement dated 18 December 2006 between HLE and Mr Luesak KaratKul to incorporate Logthai.

    (c) Contract to Lease Apartment dated 1 May 2007 between Hai Leck (Vietnam) and Ms Ngo Bao Tram, whereby Hai Leck (Vietnam) leased the premises at Apartment No. BA1-12, My Khanh 4, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam from Ms Ngo Bao Tram. The term of the tenancy is for 12 months commencing from 1 May 2007, at a monthly rental of US$1,000.

(d) House Lease Contract dated 24 January 2006 between Hai Leck (Vietnam) and Messrs Pham Ngoc Thao and Phan Thi Tu Lan, whereby Hai Leck (Vietnam) leased the premises at 40 Nguyen Ngoc Loc Street, Ward 14, District 10, Ho Chi Minh City, Vietnam from Messrs Pham Ngoc Thao and Phan Thi Tu Lan. The term of the tenancy is for two years commencing 1 January 2006, at a monthly rental of VND2,389,500.

(e) Tenancy agreement dated 1 July 2007 between our HLE and Highlander Power, whereby HLE leased part of the premises at 12 Tuas Drive 1, Singapore 638679 to Highlander Power. The term of the lease is for one year commencing 1 July 2007, at a monthly rental of S$6,200. Further details are set out under the section titled "Ongoing Interested Person Transactions" of this Prospectus.

(f) Joint venture agreement dated 11 September 2007 between HLE and Logistics-Thailand, whereby Logistics-Thailand became a joint venture partner of HLE in place of Mr Luesak Karatkul as a result of Mr Luesak Karatkul transferring his shareholding interest in Logthai to Logistics-Thailand.

(g) Sale and purchase agreement dated 24 September 2007 between Industrial Services, Mr David Martin Thomas and Thermal Limitec, whereby Mr David Martin Thomas acquired Industrial Services' remaining shareholdings of 40.0% (200,000 ordinary shares) in Thermal Limitec for a cash consideration of S$304,434.40, details of which are set out under the section titled "Restructuring Exercise" of this Prospectus.

(h) Sale and purchase agreement dated 24 September 2007 between HLE and Messrs Dennis William Thomas, Richard Mark Thomas and David Martin Thomas, whereby our Company acquired the remaining 23.64% shareholding interest in Industrial Services comprising an aggregate of 236,338 ordinary shares for an aggregate cash consideration of S$1,536,197, details of which are set out under the section titled "Restructuring Exercise" of this Prospectus.

(i) Sale and purchase agreement dated 15 October 2007 between HLE and United Holding, whereby HLE disposed of 2,000,000 ordinary shares, 1,000,000 ordinary shares and 2,262,000 ordinary shares, representing 100%, 100% and 93.27% of HLE's shareholding interests in each of HL Development, Highlander Power and Tele-centre respectively, details of which are set out under the section titled "Restructuring Exercise" of this Prospectus.

(j) Sale and purchase agreement dated 2 November 2007 between HLE and A&A Material Corporation, whereby HLE disposed of 156,000 ordinary shares, representing HLE's 19.8% shareholding interest in the capital of ASK Singapore Pte Ltd, for a consideration of S$202,000.

(k) House Lease Contract dated 12 November 2007 between Hai Leck (Vietnam) and Ms Dang A Cam, whereby Hai Leck (Vietnam) leased the premises at No. 306/8 Nguyen Thi Minh Khai Street, Ward 5, District 3, Ho Chi Minh City, Vietnam from Ms Dang A Cam The term of the tenancy is for 12 months commencing 10 November 2007, at a monthly rental of VND12,060,000.

(l) Letter of Offer from the JTC dated 26 November 2007, Letter of Acceptance of Offer from HLE dated 6 December 2007 and Building Agreement between JTC and HLE dated 30 May 2008, whereby HLE leased the premises at Tuas View Circuit from the JTC. The term of the lease is for 30 years commencing from 15 December 2007, subject to the terms and conditions of the Building Agreement being complied with, at a monthly rental of $9,597.

(m) Letter of Offer dated 30 November 2007 from the JTC Corporation and Letter of Acceptance of Offer from HLE dated 17 December 2007, whereby HLE renewed the temporary occupation licence for the premises at Banyan Avenue, Private Lot A0609400. The term of the licence is for 12 months commencing from 31 January 2008, at a monthly licence fee of S$2,622. Letter from the JTC Corporation dated 26 June 2008 confirming that the temporary occupation licence has been terminated with effect from 26 June 2008.

(n) Sale and purchase agreement dated 12 December 2007 between our company and Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing, whereby our Company acquired the entire issued and paid-up capital of HLE comprising 28,000,000 ordinary shares. The consideration was satisfied by the issue and allotment of 19,879,999 Shares, 4,199,999 Shares and 3,919,999 Shares to Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing, respectively, details of which are set out under the section titled "Restructuring Exercise" of this Prospectus.

(o) Tenancy agreement dated 27 December 2007 between HLE and OSA, whereby HLE leased part of the premises at 9 Tuas Avenue 1, Singapore 639494 to OSA. The term of the tenancy is for six months commencing 1 January 2008, at a monthly rental of S$11,500. Further details are set out under the section titled "Past Interested Person Transactions" of this Prospectus.

(p) Tenancy agreement dated 23 January 2008 between Industrial Services and Thermal Limitec, whereby Industrial Services leased part of the premises at 78 Joo Koon Circle, Singapore 629099 to Thermal Limitec. The term of the lease is one year commencing 24 September 2007, for a monthly consideration of S$13,200.

(q) Sale and purchase agreement dated 4 January 2008 between HLE and our Planning Manager, Mr Cheng Yao Tong, relating to sale of 4 residential properties in Hainan, the PRC, details of which are set out in the section titled "Past Interested Person Transactions" of this Prospectus.

(r) Tenancy Agreement dated 27 February 2008 between HLE and Tanoto Shipyard Private Limited ("Tanoto"), whereby Tanoto leased the premises at No 1 Jalan Samulun, Singapore 629119 to HLE. The term of the tenancy is for 12 months, at a monthly rental of S$540.

LITIGATION

22. Save as disclosed below, neither our Company nor any of our subsidiaries is engaged in any litigation as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Invitation and our Directors have no knowledge of any proceedings pending or threatened against our Company or any of our subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of our Company or any of our subsidiaries.

(a) Logthai had on 11 April 2007 commenced proceedings against Siam Eastern Development Co., Ltd ("Siam Eastern") for an amount of THB81,148.80 being amount due for non-payment of work done by Logthai. The matter was heard by the Rayong Provincial Court on 4 June 2007, wherein judgement was awarded in favour of Logthai for the sum of THB 92,989.62.

(b) Logthai had on 15 June 2007 commenced proceedings against Visible Engineering Co., Ltd ("Visible") for an amount of THB1,222,191 being an amount due in relation to nine purchase orders from Visible, which Visible had agreed to pay within 30 days of receipt of each invoice issued in respect of the said purchase orders. The matter was heard by the Nonthaburi Provincial Court on 25 April 2008, wherein judgement was awarded on terms agreed by Logthai and Visible. Under the terms of the settlement, Visible agreed to pay a sum amounting to THB736,000 plus interests in monthly instalments of not less than THB50,000 each to Logthai, with the first instalment paid on 30 May 2008. In the event that Visible defaults on any of the instalments, Logthai is entitled to enforce the judgement against Visible. No provisions have been made for the claim.

(c) Logthai had on 21 June 2007 commenced proceedings against Encon Engineering and Construction Co., Ltd ("Encon") for an amount of THB869,324 being amount due for nine purchase orders from Encon which Encon had agreed to pay within 30 days of receipt of each invoice issued for the said purchase orders. The matter was heard by the Phattayai Provincial Court on 1 October 2007. As Encon failed to appear at the Phattayai Provincial Court on 1 October 2007, the Phattayai Provincial Court awarded judgement in favour of Logthai for the sum of THB768,770.30, plus interest.

(d) Tellus Marine Engineering Pte Ltd had on 22 October 2007 commenced proceedings against HLE, claiming a sum of S$10,700, as well as damages, interest and costs, as compensation for loss and damage arising from an accident involving a motor vehicle of HLE. As our insurers failed to file an appearance on behalf of HLE, a default interlocutory judgement was entered against HLE on 3 March 2008.

(e) Stve Pte Ltd had on 6 December 2007 commenced proceedings against HLE, claiming a sum of S$8,164, as well as damages, interest and costs, compensation for loss and damage arising from an accident involving a motor vehicle of HLE. As our insurers failed to file an appearance on behalf of HLE, a default interlocutory judgement was entered against HLE on 11 April 2008.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

23. Pursuant to the Management and Underwriting Agreement dated 14 August 2008 (the "Management and Underwriting Agreement") entered into between our Company, UOB Asia as the Manager and UOB as the Underwriter, our Company appointed UOB Asia to manage and UOB to underwrite the Invitation. UOB Asia will receive a management fee from our Company for its services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, the Underwriter has agreed to underwrite the Offer Shares for a commission of 2.75 per cent. of the Issue Price for each Offer Share payable by our Company pursuant to the Invitation. UOB may, at its absolute discretion appoint one or more sub-underwriters to underwrite the Offer Shares.

UOB was appointed as the Receiving Banker pursuant to a Receiving Bank Letter dated 14 August 2008.

24. Pursuant to the Placement Agreement dated 14 August 2008 (the "Placement Agreement") entered into between our Company and UOB as the Placement Agent, UOB agreed to subscribe for and/or procure subscribers for the Placement Shares for a placement commission of 2.00 per cent. of the Issue Price for each Placement Share, to be paid by our Company. UOB may, at its absolute discretion appoint one or more sub-placement agents for the Placement Shares.

25. Brokerage will be paid by our Company at the rate of 0.25 per cent. of the Issue Price for each Offer Share and 1.00 per cent. of the Issue Price for each Placement Share. In respect of the Offer Shares, the brokerage will be paid to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs. In respect of the Placement Shares, the brokerage will be paid to the Placement Agent in accordance with the Placement Agreement.

26. The Management and Underwriting Agreement may be terminated by UOB Asia and/or UOB at any time on or before the close of the Application List, on the occurrence of certain events including, *inter alia* :-

(a) there shall come to the knowledge of the Manager or the Underwriter any breach of the representations, warranties or undertakings in the Management and Underwriting Agreement or that any of the representations, warranties and undertakings in the Management and Underwriting Agreement is untrue or incorrect;

(b) any event occurring on or after the date of the Management and Underwriting Agreement and prior to 12.00 noon on the date of the close of the Application List which, if it had occurred before the date of the Management and Underwriting Agreement, would have rendered any of the representations, warranties and undertakings in Management and Underwriting Agreement untrue or incorrect in any material respect;

(c) if there shall develop or come into force, from the date of the Management and Underwriting Agreement :-

   (i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise), performance or general affairs of our Company and/or its subsidiaries; or

   (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 or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) in Singapore or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority;

   (iii) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise);

   (iv) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict (whether or not involving financial markets);

   (v) any other occurrence of any nature whatsoever, which event or events shall in the reasonable opinion of UOB Asia (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or overseas; or (2) be likely to materially prejudice the success of the subscription or offer of the New Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or (4) 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 (5) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or (6) result or be likely to result in the issue of a stop order by the Authority pursuant to the SFA; or (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for UOB to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement; or

(d) the issue of a stop order by the Authority in accordance with Section 242 of the SFA (notwithstanding that a supplementary prospectus or a replacement prospectus is subsequently registered with Authority pursuant to Section 241 of the SFA); or

(e) without limiting the generality of the foregoing, if there comes to the notice of UOB Asia (1) any statement contained in this Prospectus or Application Forms relating hereto which in the sole and absolute opinion of UOB Asia has become untrue, incorrect or misleading in any material respect or (2) circumstances or matters have arisen or have been discovered, which would, if this Prospectus was to be issued at that time, constitute in the sole and absolute opinion of UOB Asia, a material omission of such information, and our Company fails to lodge a supplementary or replacement prospectus or document (as the case may be) within a reasonable time after being notified of such a misrepresentation or omission or fails to promptly take such steps as UOB Asia may reasonably require to inform investors of the lodgement of such supplementary prospectus or replacement prospectus or document. In such an event, UOB Asia reserves the right, at its absolute discretion to cancel the Invitation 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 New Shares by ordinary post at the applicant's own risk within 14 days of the termination of the Invitation.

27. The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

28. UOB Asia, our Manager, is a wholly owned subsidiary of UOB. UOB is our Underwriter and Placement Agent and has provided banking facilities to our Company. UOB is also the Receiving Banker of the Invitation. We have taken up insurance policies with United Overseas Insurance Limited, a subsidiary of UOB. Save as disclosed above and in the section titled "Interested Person Transactions – Interests of Underwriters or Financial Advisors" of this Prospectus, we do not have any material relationship with any of the Manager and the Underwriter and Placement Agent.

MISCELLANEOUS

29. The time of opening of the Application List is set out under the section titled "Indicative Timetable for Listing" of this Prospectus.

30. The amount payable on application is \$0.26 for each Offer Share and Placement Share.

31. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Prospectus.

32. The expenses in connection with the Invitation and the application for listing, including underwriting commission, placement commission, brokerage, management fees, auditors' fee, solicitors' fee, and all other incidental expenses in relation to the Invitation can be broken down as follows:-

	$'000
Listing fee and processing fees	75
Professional fees and charges	1,150
Underwriting commission, placement commission and brokerage	663
Miscellaneous expenses	412
Total	**2,300**

33. There have been no public takeover offers by third parties in respect of our Shares or by us in respect of other companies' shares which have occurred during the last and current financial year.

34. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

35. Save as disclosed in the section titled "Management, Underwriting and Placement Agreements" of this Prospectus, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.

36. No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

37. 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 UOB (the "Receiving Banker"). In the ordinary course of business, the Receiving Bank will deploy these monies in the interbank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. 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.

38. Save as disclosed in this Prospectus, 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.

39. Save as disclosed in this Prospectus, 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;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially affected 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.

40. Details, including the name, address and professional qualifications (including membership in a professional body) of the auditors of our Company for the last three financial years are as follows:-

Period	**Name, membership and address**	**Professional body**	**Partner-in-charge / Professional Qualification**
FY2005	Ernst & Young (Certified Public Accountants) One Raffles Quay North Tower Level 18 Singapore 048583	Institute of Certified Public Accountants	Max Loh Khum Whai / Certified Public Accountant
FY2006	Ernst & Young (Certified Public Accountants) One Raffles Quay North Tower Level 18 Singapore 048583	Institute of Certified Public Accountants	Max Loh Khum Whai / Certified Public Accountant

Period	Name, membership and address	Professional body	Partner-in-charge / Professional Qualification
FY2007	Ernst & Young (Certified Public Accountants) One Raffles Quay North Tower Level 18 Singapore 048583	Institute of Certified Public Accountants	Max Loh Khum Whai / Certified Public Accountant

We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.

41. Save as disclosed in the section of this Prospectus titled "Use of Proceeds and Expenses of the Invitation", no property has been purchased or acquired or proposed to be purchased or acquired by our Company or our subsidiaries which is to be paid for wholly or partly out of the proceeds of the Invitation or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus other than property in respect of which the contract for the purchase or acquisition whereof was entered into in our ordinary course of business or in the ordinary course of business of our subsidiaries, such contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.

42. Save as disclosed in this Prospectus, the Directors are not aware of any event which has occurred since the end of 1H2008 which may have a material effect on the financial information provided in the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007" as set out in Appendix A, Appendix B and Appendix C of this Prospectus, respectively.

CONSENTS

43. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007" in the form and context in which they are respectively included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

44. The Manager, the Underwriter and Placement Agent, the Solicitors to the Invitation, the Solicitors to the Manager, the Underwriter and Placement Agent, the Legal Advisors to our Company on Malaysian Law, the Legal Advisors to our Company on Vietnamese Law, the Legal Advisors to our Company on Thai Law, the Share Registrar, the Principal Bankers and the Receiving Banker have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

45. This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group. Our Directors also confirm that the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007", the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" and the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and Six Months Period Ended 31 December 2007" have been stated after due and careful enquiry.

DOCUMENTS AVAILABLE FOR INSPECTION

46. The following documents or copies thereof may be inspected at our registered office at 9 Tuas Avenue 1, Singapore 639494, during normal business hours for a period of six months from the date of registration by the Authority of this Prospectus:-

(a) the Memorandum and Articles of Association of our Company;

(b) the letter from the Auditors and Reporting Accountants on the "Audited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Years Ended 30 June 2005, 2006 and 2007" set out in Appendix A of this Prospectus;

(c) the letter from the Auditors and Reporting Accountants on the "Unaudited Combined Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Period from 1 July 2007 to 31 December 2007" set out in Appendix B of this Prospectus;

(d) the letter from the Auditors and Reporting Accountants on the "Unaudited Proforma Consolidated Financial Statements of Hai Leck Holdings Limited and its Subsidiary Companies for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007" set out in Appendix C of this Prospectus;

(e) the material contracts referred to under the section titled "General and Statutory Information – Material Contracts" of this Prospectus;

(f) the letters of consent referred to under the section titled "General and Statutory Information – Consents" of this Prospectus; and

(g) the Service Agreements referred to under the section titled "Service Agreements" of this Prospectus.

Report on Audited Combined Financial Statements

HAI LECK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

For the Financial Years Ended 30 June 2005, 2006 and 2007

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Hai Leck Holdings Limited and its Subsidiary Companies

Statement by Directors

We, Cheng Buck Poh @ Chng Bok Poh and Lee See Kee, being two of the Directors of Hai Leck Holdings Limited (the "Company"), do hereby state that, in the opinion of the Directors,

(a) the accompanying combined financial statements together with notes thereto, are drawn up so as to present fairly, the state of affairs of the Group as at 30 June 2005, 2006 and 2007 and of the results, changes in equity and cash flows of the Group for the financial years ended on those dates; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors :

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
14 August 2008

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS OF HAI LECK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL YEARS ENDED 30 JUNE 2005, 2006 AND 2007

Independent Auditors' Report on the Audited Combined Financial Statements

14 August 2008

The Board of Directors
Hai Leck Holdings Limited
9 Tuas Drive 1
Singapore 639494

Dear Sirs,

We have audited the accompanying combined financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages A-4 to A-69, which comprise the combined balance sheets of the Group as at 30 June 2005, 2006 and 2007, the combined profit and loss accounts, combined statements of changes in equity and combined cash flow statements of the Group for each of the financial years ended 30 June 2005, 2006 and 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a 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 profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report on the Audited Combined Financial Statements (Cont'd)

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2005, 2006 and 2007 and the results, changes in equity and cash flows of the Group for the years ended on those dates.

This report has been prepared solely in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited for inclusion in the Prospectus. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-Charge: Max Loh Khum Whai

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Profit and Loss Accounts for the Financial Years Ended 30 June 2005, 2006 and 2007

(Amounts in Singapore dollars)

	Note	2007 S$'000	2006 S$'000 (Restated)	2005 S$'000 (Restated)
CONTINUING OPERATIONS				
Revenue	4	62,663	39,158	37,621
Cost of sales		(40,462)	(22,273)	(24,586)
Gross profit		22,201	16,885	13,035
Other income	5	19,677	1,132	1,100
Distribution and selling expenses		(400)	(339)	(488)
Administrative expenses		(11,158)	(10,453)	(8,652)
Other operating expenses		(2,258)	(1,353)	(898)
Interest expense	8	(6)	(6)	(6)
Share of results of associated companies		3,657	2,701	427
Profit before taxation from continuing operations	6	31,713	8,567	4,518
Taxation	9	(1,483)	(1,852)	(1,070)
Profit for the year from continuing operations		30,230	6,715	3,448
DISCONTINUED OPERATIONS				
Profit/(loss) for the year from discontinued operations	10	5,464	(1,812)	333
Profit for the year		35,694	4,903	3,781
Attributable to:				
Equity holders of the Company		34,730	4,543	3,274
Minority interests		964	360	507
		35,694	4,903	3,781
Earnings/(loss) per share				
Basic and diluted – continuing operations (S$)	11	14.83	3.09	1.47
Basic and diluted – discontinued operations (S$)	11	2.54	(0.82)	0.17

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Balance Sheets as at 30 June 2005, 2006 and 2007

(Amounts in Singapore dollars)

	Note	2007 S$'000	2006 S$'000 (Restated)	2005 S$'000 (Restated)
Non-current assets				
Property, plant and equipment	12	11,269	11,247	8,155
Investment properties	13	–	10,085	10,085
Associated companies	15	15,215	17,325	15,225
Other investments	16	156	156	156
Intangible assets	17	258	1,055	811
Deferred tax assets	18	–	–	120
		26,898	39,868	34,552
Current assets				
Inventories	19	703	4,148	3,602
Trade receivables	20	16,571	14,151	9,423
Other receivables and deposits	21	857	1,756	509
Prepayments		130	122	279
Due from associated companies	22	1,859	2,550	2,002
Due from affiliated company (non-trade)		5	20	–
Development properties	23	–	6,957	4,300
Other investments	16	1,255	1,179	1,212
Work-in-progress	24	222	–	88
Cash and bank balances	25	11,591	7,536	7,019
Fixed deposits	25	30,175	11,692	16,813
		63,368	50,111	45,247
Assets classified as held for sale	10	21,598	–	–
		84,966	50,111	45,247
Current liabilities				
Trade and other payables	26	15,702	20,942	9,092
Due to Directors	27	394	–	429
Provision for taxation		3,161	2,079	1,228
Finance lease obligations, current portion	28	89	72	31
		19,346	23,093	10,780
Liabilities directly associated with assets classified as held for sale	10	3,931	–	–
		23,277	23,093	10,780
Net current assets		61,689	27,018	34,467

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Balance Sheets as at 30 June 2005, 2006 and 2007 (Cont'd)

(Amounts in Singapore dollars)

	Note	2007 S$'000	2006 S$'000 (Restated)	2005 S$'000 (Restated)
Non-current liabilities				
Deferred taxation	18	284	433	–
Finance lease obligations, non-current portion	28	47	187	50
		331	620	50
Net assets		88,256	66,266	68,969
Equity attributable to equity holders of the Company				
Share capital	29	2,000	2,000	2,000
Accumulated profits		84,254	62,524	65,912
Fair value adjustment reserve	30	(7)	(7)	–
Translation reserve	31	(181)	114	(210)
		86,066	64,631	67,702
Minority interests		2,190	1,635	1,267
Total equity		88,256	66,266	68,969

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Statements of Changes in Equity for the Financial Years Ended 30 June 2005, 2006 and 2007

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
	Share capital (Note 29) S$'000	**Accumulated profits** S$'000	**Fair value adjustment reserve (Note 30)** S$'000	**Translation reserve (Note 31)** S$'000	**Total reserves** S$'000	**Minority interests** S$'000	**Total equity** S$'000
Balance at 30 June 2004, as previously reported	2,000	62,478	–	(288)	62,190	777	64,967
Prior year adjustments (Note 32)	–	160	–	–	160	–	160
Balance at 30 June 2004, as restated	2,000	62,638	–	(288)	62,350	777	65,127
Net effect of exchange differences	–	–	–	78	78	(17)	61
Net income recognised directly in equity	–	–	–	78	78	(17)	61
Profit for the year, as restated	–	3,274	–	–	3,274	507	3,781
Total recognised income and expenses for the year	–	3,274	–	78	3,352	490	3,842
Balance at 30 June 2005, as restated	2,000	65,912	–	(210)	65,702	1,267	68,969

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Statements of Changes in Equity for the Financial Years ended 30 June 2005, 2006 and 2007 (Cont'd)

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
	Share capital (Note 29) S$'000	Accumulated profits S$'000	Fair value adjustment reserve (Note 30) S$'000	Translation reserve (Note 31) S$'000	Total reserves S$'000	Minority interests S$'000	Total equity S$'000
Balance at 30 June 2005, as previously reported	2,000	65,220	–	(210)	65,010	1,267	68,277
Prior year adjustments (Note 32)	–	692	–	–	692	–	692
Balance at 30 June 2005, as restated	2,000	65,912	–	(210)	65,702	1,267	68,969
Effect of adopting FRS 39	–	69	(69)	–	–	–	–
Balance at 1 July 2005, as restated	2,000	65,981	(69)	(210)	65,702	1,267	68,969
Net effect of exchange differences	–	–	–	324	324	8	332
Net change in fair value adjustment reserve	–	–	62	–	62	–	62
Net income recognised directly in equity	–	–	62	324	386	8	394
Profit for the year, as restated	–	4,543	–	–	4,543	360	4,903
Total recognised income and expenses for the year	–	4,543	62	324	4,929	368	5,297
Dividend on ordinary shares (Note 33)	–	(8,000)	–	–	(8,000)	–	(8,000)
Balance at 30 June 2006, as restated	2,000	62,524	(7)	114	62,631	1,635	66,266

The accompa*nying accounting policies and explanatory notes form an integral part of the audited combined financial statements.*

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Statements of Changes in Equity for the Financial Years ended 30 June 2005, 2006 and 2007 (Cont'd)

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
	Share capital (Note 29) S$'000	**Accumulated profits** S$'000	**Fair value adjustment reserve (Note 30)** S$'000	**Translation reserve (Note 31)** S$'000	**Total reserves** S$'000	**Minority interests** S$'000	**Total equity** S$'000
Balance at 30 June 2006, as previously reported	2,000	61,644	(7)	114	61,751	1,635	65,386
Prior year adjustments (Note 32)	–	880	–	–	880	–	880
Balance at 30 June 2006, as restated	2,000	62,524	(7)	114	62,631	1,635	66,266
Net effect of exchange differences	–	–	–	(295)	(295)	–	(295)
Net income recognised directly in equity	–	–	–	(295)	(295)	–	(295)
Profit for the year	–	34,730	–	–	34,730	964	35,694
Total recognised income and expenses for the year	–	34,730	–	(295)	34,435	964	35,399
Dividend on ordinary shares (Note 33)	–	(13,000)	–	–	(13,000)	(409)	(13,409)
Balance at 30 June 2007	2,000	84,254	(7)	(181)	84,066	2,190	88,256

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Cash Flow Statements for the Financial Years Ended 30 June 2005, 2006 and 2007

(Amounts in Singapore dollars)

	2007 S$'000	**2006** S$'000 (Restated)	**2005** S$'000 (Restated)
Cash flows from operating activities			
Profit before taxation from continuing operations	31,713	8,567	4,518
Profit/(loss) before taxation from discontinued operations (Note 10)	6,503	(1,483)	558
	38,216	7,084	5,076
Adjustments:			
Depreciation of property, plant and equipment	2,418	1,713	1,321
Amortisation of intangible assets	166	10	–
Gain on disposal of property, plant and equipment	(105)	(291)	(64)
Gain on disposal of shares in an associated company	(18,300)	–	–
Gain on disposal of investment properties	(352)	–	–
Gain on disposal of development properties	(5,284)	–	–
Gain on disposal of quoted investments	(56)	(33)	(57)
Impairment loss on property, plant and equipment	21	–	184
(Write-back)/impairment loss on intangible assets	(136)	(82)	59
Impairment loss on quoted investments	–	–	59
Dividend income from unquoted investment	–	(79)	(56)
Currency realignment	(272)	330	145
Interest income	(343)	(248)	(171)
Interest expense	6	6	6
Share of results of associated companies	(3,657)	(2,701)	(427)
Operating profit before working capital changes	12,322	5,709	6,075
Increase in trade and other receivables	(3,552)	(5,818)	(1,278)
Increase in inventories	(52)	(546)	(853)
(Decrease)/increase in trade and other payables	(3,545)	11,852	(563)
(Increase)/decrease in work-in-progress	(222)	88	(234)
Decrease/(increase) in amount due from affiliated company, non-trade	15	(20)	–
Decrease/(increase) in amounts due from associated companies	691	(548)	338
Decrease in amount due to affiliated company	(613)	–	–
Increase/(decrease) in amount due to Directors	188	(429)	12
Increase in development properties	(889)	(2,657)	(152)
Cash generated from operations	4,343	7,631	3,345
Tax paid	(487)	(777)	(922)
Net cash flows generated from operating activities	3,856	6,854	2,423

Hai Leck Holdings Limited and its Subsidiary Companies

Combined Cash Flow Statements for the Financial Years Ended 30 June 2005, 2006 and 2007 (Cont'd)

(Amounts in Singapore dollars)

	2007 S$'000	**2006** S$'000 (Restated)	**2005** S$'000 (Restated)
Cash flows from investing activities			
Interest received	343	248	171
Purchase of property, plant and equipment	(3,015)	(4,907)	(561)
Purchase of shares in an associated company	(6,007)	–	–
Purchase of quoted investments	–	–	(65)
Purchase of unquoted investments	–	(25)	–
Proceeds from disposal of property, plant and equipment	158	682	221
Proceeds from disposal of shares in an associated company	22,524	–	–
Proceeds from disposal of investment properties	7,952	–	–
Proceeds from disposal of development properties	7,580	–	–
Proceeds from disposal of quoted investments	186	153	115
Dividend income from unquoted investment	–	79	56
Additions of intangible assets	–	(172)	–
Dividend from an associated company	7,208	600	300
Net cash inflow on change from associated company to joint venture (Note 15(c)(ii))	1,277	–	–
Capital distributions from quoted investments	–	–	45
Net cash flows generated from/(used in) investing activities	38,206	(3,342)	282
Cash flows from financing activities			
Interest paid	(6)	(6)	(6)
Repayment of bills payable to banks	–	–	(15)
Repayment of finance lease obligations	(176)	(110)	(121)
Dividend paid	(13,000)	(8,000)	–
Dividend paid to minority shareholders of subsidiary companies	(409)	–	–
Net cash flows used in financing activities	(13,591)	(8,116)	(142)
Net increase/(decrease) in cash and cash equivalents	28,471	(4,604)	2,563
Cash and cash equivalents at the beginning of year (Note 25)	19,228	23,832	21,269
Cash and cash equivalents at end of year (Note 25)	47,699	19,228	23,832

During the year, the Group acquired property, plant and equipment with an aggregate cost of S$3,131,000 (2006: S$5,196,000, 2005: S$641,000), of which S$116,000 (2006: S$289,000, 2005: S$80,000) was acquired by means of finance lease.

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

1. Corporate information

The Company is a private limited company which is incorporated in Singapore on 12 September 1998 under the name of Hai Leck Holdings Pte Ltd. On 5 June 2008, the Company changed its name to Hai Leck Holdings Limited in connection with its conversion from a private limited company to a public company limited by shares.

The registered office and the principal place of business of the Company is located at 9 Tuas Drive 1, Singapore 639494.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary companies are set out in Note 14.

2. The Restructuring Exercise

The Group was formed through the Restructuring Exercise in preparation for the Company's listing on the SGX-ST. Pursuant to the Group Restructuring Exercise, the Company acquired its various subsidiary companies and became the investment holding company of the Group.

The Restructuring Exercise involved the following steps:

(a) Sale by Hai Leck Engineering (Private) Limited ("Hai Leck Engineering") of its shareholding interests held in the capital of Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd and Tele-centre Services Pte Ltd (collectively known as the "Divested Companies")

Prior to the Restructuring Exercise, Hai Leck Engineering's shareholdings in the Divested Companies were as follows :

(i) Aggregate of 2,000,000 ordinary shares in Hai Leck Development Pte Ltd, being the entire issued and paid-up capital of Hai Leck Development Pte Ltd, with a net book value of S$2,000,000 as at 30 June 2007;

(ii) Aggregate of 1,000,000 ordinary shares in Highlander Power Systems Pte Ltd, being the entire issued and paid-up capital of Highlander Power Systems Pte Ltd, with a net book value of S$1,000,000 as at 30 June 2007; and

(iii) Aggregate of 2,262,000 ordinary shares in Tele-centre Services Pte Ltd, being 93.27% of the issued and paid-up capital of Tele-centre Services Pte Ltd, with a net book value of S$933,000 as at 30 June 2007,

(collectively known as the "Sale Shares").

Pursuant to a sale and purchase agreement dated 15 October 2007, Hai Leck Engineering disposed of all Sale Shares to United Holding (1975) Pte Ltd, for a consideration of S$3,933,000. The said sale was completed on 6 November 2007.

Following the completion of the above-mentioned sale, Hai Leck Engineering does not have any interest in the Divested Companies and accordingly the financials statements of the abovementioned companies are classified as "Discontinued Operations".

2. The Restructuring Exercise (cont'd)

(b) *Sale of 31,000,000 shares (10.21%) by Hai Leck Engineering in the capital of Hiap Seng Engineering Limited ("Hiap Seng") on 1 August 2007*

On 1 August 2007, Hai Leck Engineering disposed of 31,000,000 shares (10.21%) in the capital of Hiap Seng by way of placement to investors at a consideration of S$1.04 per share. Pursuant to the said disposal, Hai Leck Engineering's shareholding interest in the capital of Hiap Seng was reduced from 26.87% to 16.66%.

(c) *Declaration of distribution in specie by Hai Leck Engineering of its remaining shareholding interest held in the capital of Hiap Seng*

Pursuant to the articles of association of Hai Leck Engineering, Hai Leck Engineering may from time to time declare a dividend to be paid out of its profits. Pursuant to the disposal in Note 2(b) above, Hai Leck Engineering held an aggregate of 50,617,429 shares in Hiap Seng, being 16.66% of the issued and paid-up capital of Hiap Seng, with an aggregate market value of S$40,240,856 as at 15 October 2007 (the "Distributed Shares").

By way of a distribution in specie, all the Distributed Shares were distributed to the Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the individual shareholders of Hai Leck Engineering on 15 October 2007. The distribution was effected in proportion to the existing shareholdings of Messrs Cheng Buck Poh (71.00%), Lee See Kee (15.00%) and Goo Guik Bing (14.00%) in Hai Leck Engineering. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the above-mentioned distribution in specie, Hai Leck Engineering does not have any interest in Hiap Seng.

(d) *Winding up of Perusahaan Hai Leck Sdn Bhd ("Perusahaan HL")*

Perusahaan HL is a wholly-owned subsidiary company of HLE and was incorporated for the purposes of holding properties. Pursuant to the Restructuring Exercise, the land at Lot 3158 Mukim Bandar, District of Muar, Johor, Malaysia of approximately 1.1382 hectares held by Perusahaan HL was sold to unrelated third parties at a consideration of MYR1,225,125. The carrying value of the land was MYR 523,000. The sale was completed on 16 October 2007 and the gain on disposal of MYR 702,125 was recognised in the profit and loss account of Perusahaan HL in FY2008. Perusahaan HL is in the process of being wound up.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

2. The Restructuring Exercise (cont'd)

(e) *Acquisition of the remaining 23.64% shareholding interest in Industrial Services Pte Ltd ("Industrial Services") by Hai Leck Engineering*

Pursuant to a sale and purchase agreement dated 24 September 2007, Hai Leck Engineering acquired the remaining 23.64% shareholding interest in Industrial Services comprising an aggregate of 236,338 ordinary shares for an aggregate cash consideration of S$1,536,197 based on a willing-buyer willing-seller basis taking into account, inter alia, the following factors:

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Industrial Services of S$7,505,000 as at 30 September 2007.

(f) *Sale of Thermal Limitec Pte Ltd ("Thermal Limitec")*

Pursuant to a subscription and shareholders' agreement dated 21 April 2006, David Martin Thomas was granted a call option to require Industrial Services to transfer 20.00% of the total shareholdings in Thermal Limitec, being 100,000 ordinary shares, to David Martin Thomas at $1.00 per share (the "Option"). The Option was exercised on 24 September 2007 and the sale of the shareholdings was completed on 24 September 2007.

Pursuant to a sale and purchase agreement dated 24 September 2007, David Martin Thomas acquired Industrial Services' remaining shareholdings of 40.00% (representing 200,000 ordinary shares) in Thermal Limitec at a consideration of S$304,434. The consideration was based on a willing-buyer willing-seller basis taking into account, inter alia, the following factors:

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Thermal Limitec of S$709,000 as at 30 September 2007.

The said sale was completed on 24 September 2007.

Following the completion of the above-mentioned sale, Industrial Services does not have any equity interest in Thermal Limitec.

Hai Leck Holdings Lmited and its Subsidiary Companies

Notes to the Combined Financial Statements

2. The Restructuring Exercise (cont'd)

(g) *Capitalisation by Hai Leck Engineering of S$26,000,000 from accumulated profits*

On 19 October 2007, Hai Leck Engineering capitalised S$26,000,000 from accumulated profits for a bonus issue of 26,000,000 fully paid ordinary shares to its existing shareholders according to their respective shareholdings in Hai Leck Engineering (the "Bonus Issue"). Pursuant to the Bonus Issue, Hai Leck Engineering has an issued and paid-up share capital of S$28,000,000.

(h) *Dividend by the Group of S$82,914,000*

On 29 June 2007 and 19 October 2007, HLE declared interim dividends amounting to S$50,000,000 and S$28,874,000, respectively, in respect of FY2007 to the then existing shareholders of HLE, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing. Out of the dividend of S$78,874,000, S$20,000,000 and S$2,774,000, totalling S$22,774,000, were paid out of the fixed deposits and cash and bank balances held by the Group as at 30 June 2007 respectively.

On 31 January 2008, the Company declared an interim dividend amounting to S$4,040,000, in respect of FY2008, to the then existing shareholders, namely, Messr Cheng Buck Poh @ Chng Bok Poh, Cheng Capital Holdings and Messr Lee See Kee.

(i) *Share swap exercise between the Company and Hai Leck Engineering*

Pursuant to an agreement dated 7 November 2007, the Company acquired the entire issued and paid-up share capital of Hai Leck Engineering comprising 28,000,000 ordinary shares. The purchase consideration was satisfied by the issue of 27,999,997 fully paid Shares to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the shareholders of Hai Leck Engineering, as follows :

Name	Number of Hai Leck Engineering Shares	Shareholding in Hai Leck Engineering (%)	Number of Shares issued
Cheng Buck Poh	19,880,000	71	19,879,999
Lee See Kee	4,200,000	15	4,199,999
Goo Guik Bing	3,920,000	14	3,919,999
Total	28,000,000	100	27,999,997

Mr Cheng Buck Poh and Mdm Goo Guik Bing renounced 10,640,000 Shares (38%) and 3,920,000 Shares (14%), respectively, to Cheng Capital Holdings which is held by Messrs Cheng Buck Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)).

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

2. The Restructuring Exercise (cont'd)

At the date of this report, the Group structure is as shown below :

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group %
Subsidiary companies			
Held by the Company			
Hai Leck Engineering (Private) Limited.*	Scaffolding, corrosion prevention and complementary general civil engineering works	Singapore	100
Held by Hai Leck Engineering Pte Ltd			
Industrial Services Pte. Ltd.*	Thermal insulation including refractories and passive fireproofing services	Singapore	100
Hai Leck Corporation Sdn Bhd (formerly known as Perusahaan Hai Leck Hiap Seng Sdn.Bhd)**	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Malaysia	100
Hai Leck (VN) Engineering Co., Ltd***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering works	Vietnam	100
Joint venture			
Held by Hai Leck Engineering Pte Ltd			
Logthai - Hai Leck Engineering Co.,Ltd****	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	49

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore

** Audited by Gow & Tan, Chartered Accountants, Malaysia

*** Audited by KPMG, Certified Public Accountants, Vietnam

**** Audited by Audit Teams, Certified Public Accountants, Thailand

3. Summary of significant accounting policies

3.1 Basis of preparation

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The combined financial statements are prepared under the historical cost convention, except for investment properties and available-for-sale quoted investments that have been measured at their fair values.

The combined financial statements are presented in Singapore Dollars (SGD or S$) and all values are rounded to the nearest thousand (S$'000) except when otherwise stated.

3.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group during the financial years ended 30 June 2005, 2006 and 2007, except for the changes in accounting policies discussed below:

(i) Adoption of new FRS

FRS 103, Business Combinations, FRS 36 (revised), Impairment of assets and FRS 38 (revised), Intangible assets

The Group adopted FRS 103 prospectively on 1 July 2004. The effect of the adoption of FRS 103 by the Group has impacted the recognition of restructuring provisions in connection with acquisitions. The Group is now only permitted to recognise an existing liability contained in the acquiree's financial statements on acquisition. Previously, this type of restructuring provision could be recognised by the acquirer regardless of whether the acquiree had recognised the liability.

Additionally, the adoption of FRS 103 has resulted in the Group ceasing annual goodwill amortisation and commencing testing for impairment at the cash-generating unit level annually (unless an event occurs during the year which requires the Group to test more frequently) from 1 January 2005. The transitional provisions of FRS 103 have required the Group to eliminate at 1 July 2004, the carrying amount of the accumulated amortisation of S$2,812,000 with a corresponding decrease in goodwill.

Moreover, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Until 30 June 2004, intangible assets were considered to have a finite useful life with a rebuttable presumption that the life would not exceed twenty years from the date when the asset was available for use.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(i) Adoption of new FRS (cont'd)

On 1 July 2005, the Group adopted the following standards mandatory for annual financial periods beginning on or after 1 January 2005.

FRS 39, Financial Instruments: Recognition and Measurement

The Group adopted FRS 39 prospectively on 1 July 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method. At 1 July 2005, differences between the carrying values and fair values of financial assets at fair value through profit or loss were recognised in accumulated profits while the differences between carrying values and fair values of available-for-sale financial assets were recognised in the fair value adjustment reserve. For investments carried at amortised cost, any differences between the carrying values and amortised costs as at 1 July 2005 were recognised in accumulated profits.

At 1 July 2005, financial liabilities within the scope of FRS 39 were measured at amortised cost using the effective interest rate method. Any difference between the carrying values and amortised costs as at 1 July 2005 were recognised in accumulated profits.

Under the transitional provisions of FRS 39, the change in accounting policy on 1 July 2005 resulted in a net debit adjustment of S$69,000 to the Group's fair value adjustment reserve.

Other new FRS mandatory for annual financial periods beginning on or after 1 January 2005 but do not apply to the activities of the Group include:

- FRS 102, Share-based Payment
- FRS 105, Non-current Assets Held for Sale and Discontinued Operations

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(ii) Adoption of revised FRS

The Group adopted the following revised standards mandatory for annual financial periods beginning on or after 1 January 2005.

FRS 1 *(revised)*	Presentation of Financial Statements
FRS 2 *(revised)*	Inventories
FRS 8 *(revised)*	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 *(revised)*	Events after the Balance Sheet Date
FRS 16 *(revised)*	Property, Plant and Equipment
FRS 17 *(revised)*	Leases
FRS 19 *(amendment)*	Employee Benefits (effective for periods on or after 1 January 2006)
FRS 21 *(revised)*	The Effects of Changes in Foreign Exchange Rates (effective for periods on or after 1 January 2005)
FRS 21 *(revised)*	The Effects of Changes in Foreign Exchange Rates (effective for periods on or after 1 January 2006)
FRS 24 *(revised)*	Related Party Disclosures
FRS 27 *(revised)*	Consolidated and Separate Financial Statements
FRS 32 *(revised)*	Financial Instruments: Disclosure and Presentation (effective for periods on or after 1 January 2005)
FRS 32 *(amendment)*	Financial Instruments: Disclosure and Presentation (effective for periods on or after 1 January 2006)
FRS 33 *(revised)*	Earnings Per Share
FRS 39 *(amendment)*	Financial Instruments; Recognition and Measurement (effective for periods on or after 1 January 2006)
FRS 106	Exploration for and Evaluation of Mineral Resources
INT FRS 104	Determining Whether an Agreement Contains a Lease
INT FRS 105	Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds
INT FRS 106	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
INT FRS 107	Applying the Restatement Approach Under FRS 29, Financial Reporting in Hyperinflationary Economics
INT FRS 108	Scope of FRS 102, Share-based Payment
INT FRS 109	Reassessment of Embedded Derivatives

The adoption of these FRS did not result in any significant change in accounting policies.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(iii) FRS and INT FRS not yet effective

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)	1 January 2007
FRS 1	:	Presentation of Financial Statements (Revised Presentation)	1 January 2009
FRS 40	:	Investment Property	1 January 2007
FRS 102	:	Amendments to FRS 102 - Vesting Conditions and Cancellations	1 January 2009
FRS 107	:	Financial Instruments : Disclosures	1 January 2007
FRS 108	:	Operating Segments	1 January 2009
INT FRS 111	:	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 - The Limited on a Defined Benefit Asset, Minimum Funding Requirements and Their Interactions	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 as indicated below.

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual periods beginning 1 July 2007.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(iv) Withdrawal of Recommended Accounting Practice ("RAP") 9

With effect from 1 January 2008, RAP 9, IPO Costs, has been withdrawn. Companies that have applied RAP 9 previously will have to change their accounting policy relating to IPO costs for financial statements covering periods beginning on or after 1 January 2008, with changes in the accounting policy to be applied retrospectively.

3.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Depreciation of property, plant and equipment**

  The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 33 years. The carrying amount of the Group's property, plant and equipment at 30 June 2007 was S$12,173,000 (2006: S$11,247,000, 2005: S$8,155,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

- **Income taxes**

  The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be 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 tax payable at 30 June 2007 was S$4,247,000 (2006: S$2,079,000, 2005: S$1,228,000).

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(i) Key sources of estimation uncertainty (cont'd)

- **Project and maintenance revenue**

The Group recognises project and maintenance revenue to the extent of project and maintenance costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is determined based on surveys of work performed.

Significant judgement is required in determining the stage of completion, the extent of the project and maintenance costs incurred, the estimated total project and maintenance revenues and costs, as well as the recoverability of the project and maintenance services. Total project and maintenance revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

Revenue from project and maintenance revenue for the year ended 30 June 2007 was S$62,241,000 (2006: S$38,731,000, 2005: S$37,078,000).

(ii) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies.

- **Impairment of financial and non-financial assets**

The Group follows the guidance of FRS 39 and FRS 36 in determining when a financial or non-financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset or recoverable amount of a non-financial asset is less than its cost; and the financial health of and near-term business outlook for the financial or non-financial asset, including factors such as industry performance, changes in technology and operational and financing cash flows.

3.4 Functional and foreign currency

(i) Functional currency

The management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

3. Summary of significant accounting policies (cont'd)

3.4 Functional and foreign currency (cont'd)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the combined balance sheet and recognised in the combined profit and loss account on disposal of the subsidiary company. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

(iii) Foreign currency translation

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate ruling at that balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss amount as a component of the gain or loss on disposal.

3. Summary of significant accounting policies (cont'd)

3.5 Subsidiary companies and combined financial statements

(i) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

(ii) Combined financial statements

The combined financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

The combined financial statements of the Group for the financial years ended 30 June 2005, 2006 and 2007 have been prepared in accordance with the principles of merger accounting as the Restructuring Exercise described in Note 2 is a legal reorganisation of entities and businesses under common control. Under this method, the Company has been treated as the holding company of its subsidiary companies for the financial years presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the years ended 30 June 2005, 2006 and 2007 have been presented as if the subsidiary companies have been part of the Group since 1 July 2004. The assets and liabilities are combined at their existing carrying values and no goodwill is recorded.

3.6 Affiliated company

An affiliated company is a company, not being a subsidiary or an associated company, in which the Directors or shareholders of the Company have a significant equity interest or exercise significant influence.

3. Summary of significant accounting policies (cont'd)

3.7 Associated company

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investment in associated companies is accounted for using the equity method. Under the equity method, the investment in associated companies is carried in the combined balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of the profit or loss of the associated companies is recognised in the combined profit and loss account. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated companies. The associated companies are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated companies.

Any excess of the Group's share of the net fair value of the associated companies' identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated companies' profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated companies.

In the Company's separate financial statements, investment in associated companies is accounted for at cost less impairment losses.

Dividend income is accrued on the basis of dividends declared by the investee companies.

3.8 Joint venture

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its combined financial statements. The financial statements of the joint venture are prepared for the same reporting year as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

3. Summary of significant accounting policies (cont'd)

3.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Rate of depreciation (%)
Machineries and scaffold materials	10 - 20
Motor vehicles	20
Office equipment	10
Truck, cranes and forklifts	20
Leasehold premises	3
Workshop tools and equipment	20 - 30
Computers	33 - 100
Electrical appliances, air-conditioners, furniture and fittings and renovation	10 - 33

No depreciation is provided on freehold land. Improvements to leasehold premises are depreciated over the remaining life of the lease. 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 residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

3.10 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise.

3. Summary of significant accounting policies (cont'd)

3.10 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of retirement or disposal.

3.11 Development properties

Development properties are properties which are held with the intention of sale in the ordinary course of business and classified as current assets. Development properties are stated at the lower of cost and net realisable value. Cost includes costs of land, construction cost, interest expense and other direct expenditures and related overheads incurred during construction.

3.12 Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

3. Summary of significant accounting policies (cont'd)

3.12 Intangible assets (cont'd)

(i) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the 'other operating expenses' line item in the profit and loss account.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

- **Club membership**

  Club membership is stated at cost less impairment losses and is amortised over 30 years on a straight-line basis.

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

3. Summary of significant accounting policies (cont'd)

3.13 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

3.14 Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Except for loans and receivables and available-for-sale financial assets, the Company does not have any other financial assets.

3. Summary of significant accounting policies (cont'd)

3.14 Financial assets (cont'd)

- **Loans and receivables**

  Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

  The Group classifies the following financial assets as loans and receivables:

  - cash and bank balances
  - trade and other receivables, including amounts due from associated and affiliated companies.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

  For available-for-sale financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

  For available-for-sale financial assets where there is no active market, and where fair value cannot be reliably measured, they are measured at cost.

  The Group classifies the following financial assets as available-for-sale financial assets:

  - quoted investments, at fair value
  - unquoted investments, at cost

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Summary of significant accounting policies (cont'd)

3.16 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

3.17 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

3.18 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials – purchase costs on a first-in, first-out basis; and

- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads but excluding borrowing costs. These costs are assigned on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3. Summary of significant accounting policies (cont'd)

3.19 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

3.20 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

3. Summary of significant accounting policies (cont'd)

3.22 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

3.23 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Project and maintenance revenue

Revenue from project and maintenance services are recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on surveys of work performed.

Where the project and maintenance outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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3. Summary of significant accounting policies (cont'd)

3.24 Revenue (cont'd)

(ii) Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Group turnover excludes intercompany transactions.

(iii) Management fees

Management fees are recognised upon the rendering of management and consultation services to and acceptance by customers.

(iv) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

(v) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.25 Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

3. Summary of significant accounting policies (cont'd)

3.25 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

- In respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. Revenue

	2007	**2006**	**2005**
	S$'000	S$'000 (Restated)	S$'000 (Restated)
Project revenue	32,462	15,345	14,265
Maintenance revenue	29,779	23,386	22,813
Sale of goods/services rendered	422	427	543
	62,663	39,158	37,621

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5. Other income

	2007 S$'000	**2006** S$'000	**2005** S$'000
Interest income			
- fixed deposits	309	280	253
- others	23	1	–
Gain on disposal of shares in an associated company*	18,300	–	–
Gain on disposal of property, plant and equipment	78	290	39
Rental income	163	38	50
Test-centre income	48	–	–
Dividend income from unquoted investment	–	23	56
Other income	756	500	702
	19,677	1,132	1,100

* This comprises quoted investment in Hiap Seng Engineering Limited.

6. Profit before taxation from continuing operations

Profit before taxation from discontinued operations (Note 10)

Profit from continuing and discontinued operations are determined after charging the following:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Foreign exchange loss	114	26	3
Operating lease expenses	232	288	521
Impairment loss on intangible assets	–	–	59
Impairment loss on quoted investments	–	–	59
Impairment loss on property, plant and equipment	21	–	184
Dividend income from unquoted investment	–	(79)	(56)
Interest income			
- fixed deposits	(320)	(235)	(171)
- others	(23)	(13)	–
Gain on disposal of property, plant and equipment	(105)	(291)	(64)
Gain on disposal of investment properties	(352)	–	–
Gain on disposal of development properties	(5,284)	–	–
Gain on disposal of quoted investments	(56)	(33)	(57)
Write-back of impairment loss on intangible assets	(136)	(82)	–
Amortisation of intangible assets	166	10	–
Depreciation of property, plant and equipment	2,418	1,713	1,321
Employee benefits (Note 7)	18,319	14,806	14,255

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7. Employee benefits

	2007 S$'000	**2006** S$'000 (Restated)	**2005** S$'000 (Restated)
Employee benefits expense (including executive directors)			
Wages, salaries, bonuses	14,737	12,975	12,576
Central Provident Fund contributions	983	915	811
Others	2,599	916	868
	18,319	14,806	14,255

8. Interes expense

	2007 S$'000	**2006** S$'000	**2005** S$'000
Interest expense:			
- bank overdraft	–	–	2
- hire purchase	4	4	4
- others	2	2	–
	6	6	6

9. Taxation

	2007 S$'000	**2006** S$'000	**2005** S$'000
Current taxation – continuing operations			
- current year	1,576	1,422	994
- underprovision in respect of prior year	40	62	19
Deferred taxation – continuing operations			
- current year	(133)	267	57
- underprovision in respect of prior year	–	101	–
Income tax attributable to continuing operations	1,483	1,852	1,070
Income tax attributable to discontinued operations (Note 10)	1,039	329	225
Tax expense	2,522	2,181	1,295

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Notes to the Combined Financial Statements

9. Taxation (cont'd)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	2007 S$'000	2006 S$'000 (Restated)	2005 S$'000 (Restated)
Profit before taxation from continuing operations	31,713	8,567	4,518
Profit/(loss) before taxation from discontinued operations (Note 10)	6,503	(1,483)	558
Accounting profit before income tax	38,216	7,084	5,076
Tax at Singapore statutory tax rate of 18% (2006: 20%, 2005: 20%)	6,879	1,417	1,015
Adjustments:			
- Effect of partial tax exemption	(78)	(11)	(11)
- Non-deductible expenses in determining taxable income	65	156	254
- Income not subject to tax	(3,213)	–	–
- Underprovision in respect of prior year's taxation	40	433	163
- Deferred tax assets not recognised	62	255	52
- Utilisation of previously unrecognised tax losses	(282)	–	–
- Effect of change in tax rate	(37)	–	–
- Share of tax of associated companies	(853)	(434)	(100)
- Others	(61)	365	(78)
	2,522	2,181	1,295

As at 30 June 2007, the Group had unutilised tax losses of approximately S$2,520,000 (2006: S$2,511,000, 2005: S$1,381,000) available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Singapore Income Tax Act.

10. Discontinued operations

On 30 June 2007, pursuant to the Restructuring Exercise, the Group announced the decision of the Board of Directors to discontinue and divest its shareholding interests held in the capital of Divested Companies (Note 2(a)), wind up Perusahaan Hai Leck Sdn Bhd (Note 2(d)) and dispose of its entire shareholding interests in Thermal Limitec Pte Ltd to a minority shareholder (Note 2(f)). In conjunction with the above divestments, the Group also disposed of other assets comprising the investment properties and 3 club memberships to certain Directors and other external parties.

The divestment of the Divested Companies, disposal of Thermal Limitec Pte Ltd and disposal of other assets are due to be completed between 24 September 2007 to 6 November 2007. As at 30 June 2007, the assets and liabilities of the discontinued operations are classified as a disposal group held for sale.

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10. Discontinued operations (cont'd)

The major classes of assets and liabilities of the discontinued operations classified as held for sale as at 30 June are as follows:

	2007 S$'000	2006 S$'000	2005 S$'000
Assets:			
Property, plant and equipment (Note 12)	904	–	–
Investment properties (Note 13)	2,485	–	–
Intangible assets (Note 17)	767	–	–
Inventories	3,497	–	–
Trade receivables	2,201	–	–
Other receivables and deposits	184	–	–
Prepayments	77	–	–
Development properties	5,550	–	–
Cash and bank balances (Note 25)	5,269	–	–
Fixed deposits (Note 25)	664	–	–
Assets classified as held for sale	21,598	–	–
Liabilities:			
Trade and other payables	2,766	–	–
Provision for taxation	1,086	–	–
Finance lease obligations	63	–	–
Deferred taxation	16	–	–
Liabilities directly associated with assets classified as held for sale	3,931	–	–
Net assets directly associated with disposal group	17,667	–	–

The results of the discontinued operations for the year ended 30 June are as follows:

	2007 S$'000	2006 S$'000	2005 S$'000
Revenue	18,636	10,095	10,707
Cost of sales	(6,853)	(2,160)	(5,909)
Gross profit	11,783	7,935	4,798
Other income	499	329	78
Distribution and selling expenses	(275)	(310)	(141)
Administrative expenses	(5,120)	(9,113)	(3,804)
Other operating expenses	(384)	(324)	(373)
Profit/(loss) before taxation from discontinued operations	6,503	(1,483)	558
Taxation	(1,039)	(329)	(225)
Profit/(loss) for the year from discontinued operations	5,464	(1,812)	333

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10. Discontinued operations (cont'd)

The cash flows attributable to the discontinued operations are as follows:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Operating	(11,223)	384	697
Investing	14,957	(271)	(457)
Financing	28	(15)	(8)
Net cash inflows	3,762	98	232

11. Earnings/(loss) per share

(a) Continuing operations

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and loss account and share data used in the computation of basic and diluted earnings per share from continuing operations for the years ended 30 June:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Profit for the year attributable to ordinary equity holders of the Company	34,730	4,543	3,274
Less:			
- Profit/(loss) for the year from discontinued operations	5,464	(1,812)	333
- Attributable to minority interests	(394)	173	–
- Profit/(loss) from discontinued operations attributable to ordinary equity holders of the Company	5,070	(1,639)	333
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	29,660 [2]	6,182	2,941
Weighted average number of ordinary shares[1]	2,000	2,000	2,000

11. Earnings/(loss) per share (cont'd)

(a) Continuing operations (cont'd)

(1) For comparative purposes, earnings per share for the years reported on have been computed based on the profit after tax attributable to ordinary equity holders of the Company divided by the pre-invitation share capital of 2,000,000 shares.

(2) Based on the assumption that the Group had wholly acquired Industrial Services Pte Ltd since 1 July 2006 as stated in Note 2(e), the profit from continuing operations attributable to ordinary equity holders of the Company and the basic and diluted earnings per share is presented below :

	2007 S$'000
Profit from continuing operations attributable to ordinary equity holders of the Company	30,230
Basic and diluted earnings per share – continuing operations (S$)	15.12

(b) Discontinued operations

The basic and diluted earnings/(loss) per share from discontinued operations are calculated by dividing the 'profit/(loss) from discontinued operations attributable to ordinary equity holders of the Company' by the 'Weighted average number of ordinary shares'. These profit and loss account and share data are presented above in Note 11(a).

12. Property, plant and equipment

	Freehold Land S$'000	Leasehold premises S$'000	Machineries and scaffold materials S$'000	Motor vehicles S$'000	Office equipment S$'000	Workshop tools and equipment S$'000	Truck, cranes and forklifts S$'000	Computers S$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation S$'000	Total S$'000
Cost										
At 1.7.2004	325	9,061	2,101	2,513	463	745	1,370	714	1,137	18,429
Additions	–	–	168	64	81	7	179	119	23	641
Disposals	(103)	(18)	–	(104)	(2)	–	(42)	(4)	–	(273)
Exchange difference	10	14	194	–	–	2	–	–	–	220
At 30.6.2005 and 1.7.2005	232	9,057	2,463	2,473	542	754	1,507	829	1,160	19,017
Additions	–	–	3,758	836	43	268	181	51	59	5,196
Disposals	–	–	(383)	(1,128)	–	–	–	(57)	(28)	(1,596)
At 30.6.2006 and 1.7.2006	232	9,057	5,838	2,181	585	1,022	1,688	823	1,191	22,617
Arising from change of associated company to joint venture (Note 15(c)(i))	–	–	–	310	–	–	–	–	–	310
Additions	–	–	1,880	–	118	521	398	204	10	3,131
Disposals	–	–	–	(240)	(8)	(8)	(29)	(191)	(13)	(489)
Attributable to discontinued operations	(232)	–	(458)	(417)	(197)	(764)	(15)	(489)	(660)	(3,232)
At 30.6.2007	–	9,057	7,260	1,834	498	771	2,042	347	528	22,337

12. Property, plant and equipment (cont'd)

	Freehold Land S$'000	Leasehold premises S$'000	Machineries and scaffold materials S$'000	Motor vehicles S$'000	Office equipment S$'000	Workshop tools and equipment S$'000	Truck, cranes and forklifts S$'000	Computers S$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation S$'000	Total S$'000
Accumulated depreciation and impairment losses										
At 1.7.2004 as restated	–	2,732	1,398	1,840	267	621	1,362	636	606	9,462
Charge for the year	–	262	309	257	72	85	77	103	156	1,321
Impairment loss	–	–	184	–	–	–	–	–	–	184
Disposals	–	(18)	–	(54)	(1)	–	(40)	(4)	–	(117)
Exchange difference	–	3	8	–	1	–	–	–	–	12
At 30.6.2005 and 1.7.2005	–	2,979	1,899	2,043	339	706	1,399	735	762	10,862
Charge for the year	–	261	796	216	87	111	36	77	129	1,713
Disposals	–	–	(126)	(1,025)	–	–	–	(48)	(6)	(1,205)
At 30.6.2006 and 1.7.2006	–	3,240	2,569	1,234	426	817	1,435	764	885	11,370
Charge for the year	–	263	1,052	385	30	278	149	123	138	2,418
Disposals	–	–	–	(203)	(8)	(2)	(29)	(188)	(6)	(436)
Attributable to discontinued operations	–	–	(371)	(140)	(208)	(650)	–	(365)	(594)	(2,328)
Impairment loss	–	–	–	21	–	–	–	–	–	21
Translation difference	–	–	43	17	(29)	(6)	–	(2)	–	23
At 30.6.2007	–	3,503	3,293	1,314	211	437	1,555	332	423	11,068

12. Property, plant and equipment (cont'd)

	Freehold Land S$'000	Leasehold premises S$'000	Machineries and scaffold materials S$'000	Motor vehicles S$'000	Office equipment S$'000	Workshop tools and equipment S$'000	Truck, cranes and forklifts S$'000	Computers S$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation S$'000	Total S$'000
Net carrying value										
At 30.6.2007	–	5,554	3,967	520	287	334	487	15	105	11,269
At 30.6.2006	232	5,817	3,269	947	159	205	253	59	306	11,247
At 30.6.2005	232	6,078	564	430	203	48	108	94	398	8,155

(b) Motor vehicles with a net carrying value of S$66,000 (2006: S$354,000, 2005: S$89,000) were acquired by the Group under finance leases.

(c) A subsidiary company's leasehold factory building with a net carrying value of S$108,000 (2006: S$162,000, 2005: S$216,000) at 78 Joo Koon Circle is leased from Jurong Town Corporation for thirty plus thirty years from 1 August 1980.

The leasehold factory building was mortgaged to a bank for banking facilities.

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13. Investment properties

	2007 S$'000	**2006** S$'000	**2005** S$'000
At beginning of the year	10,085	10,085	10,085
Disposals	(7,600)	–	–
Attributable to discontinued operations	(2,485)	–	–
At end of the year	–	10,085	10,085

The investment properties are stated at Director's valuation on 30 June 2005, 2006 and 2007. The valuations have been carried out on the basis of open market valuations.

14. Subsidiary companies

Details of subsidiary companies for the years as at 30 June 2005, 2006 and 2007 are as follows:

Name of company	**Principal activities**	**Country of incorporation and place of business**	**Percentage of equity held by the Group**		
			2007 %	**2006** %	**2005** %
Held by the Company					
Continuing operations					
Hai Leck Engineering Pte Ltd*	Scaffolding, corrosion prevention and complementary general civil engineering services	Singapore	100	100	100
Continuing operations					
Industrial Services Pte. Ltd.*	Thermal insulation including refractories and passive fireproofing services	Singapore	76	76	71
Hai Leck (VN) Engineering Co., Ltd***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Vietnam	100	100	100
Hai Leck Corporation Sdn Bhd (formerly known as Perusahaan Hai Leck Hiap Seng Sdn. Bhd)****	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering services	Malaysia	100	100	100

14. Subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2007 %	2006 %	2005 %
Discontinued operations					
Hai Leck Development Pte Ltd*	Property development, investment and general contractors	Singapore	100	100	100
Highlander Power Systems Pte. Ltd.*	Investment trading and manufacturing of industrial machinery and equipment	Singapore	100	100	100
Tele-Centre Services Pte Ltd*	Carrying on the business of a call centre and related business in telecommunications and information technology	Singapore	93	93	93
Perusahaan Hai Leck Sdn. Bhd.**	Dormant	Malaysia	99.9	99.9	99.9
Hai Leck Cambodia Co., Ltd.@	Providing contracting services and supplier of electric power generators	Cambodia	–	100	100
Held by Industrial Services Pte Ltd					
Discontinued operations					
Thermal Limitec Pte Ltd*	Manufacturing and installation of passive fireproofing systems	Singapore	60	60	–
Held by Tele-Centre Services Pte Ltd					
Discontinued operations					
Tele-Centre Consultancy Pte Ltd*****	Dormant	Singapore	–	100	100
Held by Hai Leck Development Pte Ltd					
Discontinued operations					
Waterfront Development Pte Ltd*****	Dormant	Singapore	–	100	100

*   Audited by Ernst & Young LLP, Certified Public Accountants, Singapore
**   Audited by Y.L. Chee, Loh & Associates, Chartered Accountants, Malaysia
***   Audited by KPMG, Certified Public Accountants, Vietnam
**** Audited by Gow & Tan, Chartered Accountants, Malaysia
***** Audited by Lim Wan Chat & Co, Singapore
@   Audit is not required by the laws of the country of incorporation

Hai Leck Holdings Limited and its Subsidiary Companies

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15. Associated companies

These comprise:

	2007 S$'000	2006 S$'000 (Restated)	2005 S$'000 (Restated)
Quoted equity shares, at cost	7,216	3,950	3,950
Unquoted equity shares, at cost	–	111	111
Share of post-acquisition reserves (net of dividends received)	5,414	10,658	9,236
Unamortised negative goodwill recognised in opening accumulated profits on adoption of FRS 103	2,585	2,585	1,907
Foreign currency adjustments	–	21	21
Carrying amount of investment	15,215	17,325	15,225
Market value of quoted equity shares	84,000	23,650	14,265

(a) Details of the associated companies held by a subsidiary company as at 30 June 2005, 2006 and 2007 are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2007 %	2006 %	2005 %
Hiap Seng Engineering Ltd*	Engineering and construction works	Singapore	26.9	37.1	37.1
Logthai - Hai Leck Engineering Co.,Ltd** (Note15(c)(i))	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	–	49	49

* Audited by PricewaterhouseCoopers, Certified Public Accountants, Singapore

** Audited by Audit Teams, Certified Public Accountants, Thailand

15. Associated companies (cont'd)

(b) The summarised financial information of the associated companies based on the audited financial statements for the years ended 31 March 2005, 2006 and 2007 (being the latest financial information available) are as follows:

Associated companies	2007 S$'000	2006 S$'000	2005 S$'000
Assets and liabilities:			
Current assets	85,429	64,042	47,306
Non-current assets	16,485	11,723	11,181
Total assets	101,914	75,765	58,487
Current liabilities	40,361	26,724	14,232
Non-current liabilities	3,237	1,825	1,890
Total liabilities	43,598	28,549	16,122
Results:			
Turnover	180,789	112,356	69,340
Profit for the year	15,457	6,130	1,443

(c) Details of the joint venture held by a subsidiary company as at 30 June 2005, 2006 and 2007 are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2007 %	2006 %	2005 %
Logthai - Hai Leck Engineering Co.,Ltd* (Note15(c)(i))	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	49	–	–

* Audited by Audit Teams, Certified Public Accountants, Thailand

(i) On 1 July 2006, the Group entered into a joint venture agreement with the other shareholder in Thailand that provides both parties with joint control over the financial and operating policies of Logthai - Hai Leck Engineering Co. Ltd ("Logthai"). By virtue of the joint venture agreement, Logthai, previously an associated company, became a joint venture. Under FRS 31, Interests in Joint Venture, the Group recognises its interests in Logthai's financial positions and results using proportionate consolidation as of 1 July 2006, and ceased to equity account for Logthai's results as an associated company.

Hai Leck Holdings Limited and its Subsidiary Companies

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15. Associated companies (cont'd)

(c) Details of the joint venture held by a subsidiary company as at 30 June 2005, 2006 and 2007 are as follows:

(ii) Effect of change from associated company to joint venture

The carrying value of the identifiable assets and liabilities of Logthai as at the date of change from an associated company to a joint venture mentioned in Note 15(c)(i) were:

	Recognised upon change $'000
Property, plant and equipment	310
Quoted investments	206
Trade and other receivables	439
Cash and bank balances	1,002
Fixed deposit	275
	2,232
Trade and other payables	(1,071)
Due to an affiliated company	(613)
Due to a Director	(206)
	(1,890)
Net identifiable assets	342
Amount previously recorded as associated company	(342)
	–
Add: Proportionate interest in cash and cash equivalents of joint venture	1,277
Net cash inflow on change from associated company to joint venture	1,277

15. Associated companies (cont'd)

(d) The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, revenue and income related to the Group's interests in the jointly-controlled entity are as follows:

Joint venture	2007 S$'000	2006 S$'000	2005 S$'000
Assets and liabilities:			
Current assets	1,466	–	–
Non-current assets	273	–	–
Total assets	1,739	–	–
Current liabilities and total liabilities	1,053	–	–
Results:			
Turnover	1,946	–	–
Profit for the year	307	–	–

16. Other investments

	2007 S$'000	2006 S$'000	2005 S$'000
Current:			
Available-for-sale financial assets			
Shares (quoted), at fair value	223	154	212
Shares (unquoted), at cost	32	25	–
Bonds (unquoted), at cost	1,000	1,000	1,000
	1,255	1,179	1,212
Non-current:			
Available-for-sale financial assets			
Shares (unquoted), at cost	156	156	156

Quoted shares and unquoted shares

These quoted and unquoted shares are non-redeemable, non-cumulative preference shares.

Unquoted bonds

These unquoted bonds have an average effective interest rate of 4.5% (2006: 4.5%, 2005: 4.5%) per annum.

17. Intangible assets

	Goodwill S$'000	Club membership S$'000	Total $'000
Cost			
At 1 July 2004	3,261	579	3,840
Elimination of accumulated amortisation	(2,812)	–	(2,812)
At 30 June and 1 July 2005	449	579	1,028
Additions	–	172	172
At 30 June and 1 July 2006	449	751	1,200
Attributable to discontinued operations	(449)	(493)	(942)
At 30 June 2007	–	258	258
Accumulated amortisation and impairment losses			
At 1 July 2004	2,812	158	2,970
Elimination of accumulated amortisation	(2,812)	–	(2,812)
Impairment loss	–	59	59
At 30 June and 1 July 2005	–	217	217
Amortisation for the year	–	10	10
Write-back of impairment loss	–	(82)	(82)
At 30 June and 1 July 2006	–	145	145
Amortisation for the year	–	166	166
Write-back of impairment loss	–	(136)	(136)
Attributable to discontinued operations	–	(175)	(175)
At 30 June 2007	–	–	–
Net carrying amount			
At 30 June 2007	–	258	258
At 30 June 2006	449	606	1,055
At 30 June 2005	449	362	811

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units ("CGU") identified according to each individual business unit, for impairment testing.

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17. Intangible assets (cont'd)

Carrying amount of goodwill allocated to each CGU:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Tele-Centre Pte Ltd	–	401	401
Industrial Services Pte Ltd	–	48	48
	–	449	449

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Discount and growth rate is assumed as Nil% (2006: 4.5%, 2005: 4.5%) and Nil% (2006: 3%, 2005: 3%) per annum for value-in-use calculations respectively.

18. Deferred taxation

Deferred tax (liabilities)/assets relate to the following:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Deferred tax liabilities			
Excess of net carrying value over tax written down value of property, plant and equipment	(374)	(694)	(152)
Deferred tax assets			
Provisions	90	19	19
Unutilised tax losses	–	242	253
Gross deferred tax assets	90	261	272
Net deferred tax (liabilities)/assets	(284)	(433)	120

19. Inventories

	2007 S$'000	**2006** S$'000	**2005** S$'000
Raw materials	49	211	5
Work-in-progress	–	1,697	1,343
Finished goods	654	2,240	2,254
Total inventories at lower of cost and net realisable value	703	4,148	3,602

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20. Trade receivables

	2007 S$'000	**2006** S$'000	**2005** S$'000
Trade receivables	16,832	14,550	9,524
Less: Allowance for doubtful receivables	(261)	(399)	(101)
	16,571	14,151	9,423

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

As at 30 June 2005, 2006 and 2007, trade receivables are denominated in the following currencies:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Singapore dollars	16,129	14,387	9,518
United States dollars	703	163	6
	16,832	14,550	9,524

Allowance for doubtful receivables

For the year ended 30 June 2007, an impairment loss of S$29,000 (2006: S$298,000, 2005: S$Nil) was recognised in the profit and loss account subsequent to a debt recovery assessment performed on trade receivables as at 30 June 2007.

21. Other receivables and deposits

	2007 S$'000	**2006** S$'000	**2005** S$'000
Other receivables	380	552	599
Deposits	278	194	111
Interest receivable	33	40	32
Staff advances	58	42	111
Tax recoverable	108	28	44
Due from a minority shareholder of a subsidiary company	–	1,000	37
Less: Allowance for doubtful receivables			
- other receivables	–	(100)	(425)
	857	1,756	509

21. Other receivables and deposits (cont'd)

As at 30 June 2005, 2006 and 2007, other receivables and deposits are denominated in the following currencies:

	2007 S$'000	2006 S$'000	2005 S$'000
Singapore dollars	857	1,755	509
United States dollars	–	1	–
	857	1,756	509

22. Due from associated companies

	2007 S$'000	2006 S$'000	2005 S$'000
Due from associated companies			
- Trade balances	1,826	1,292	745
- Non-trade balances	33	1,258	1,257
	1,859	2,550	2,002

The amounts due from associated companies are unsecured, interest-free and repayable on demand.

23. Development properties

	2007 S$'000	2006 S$'000	2005 S$'000
Leasehold land and buildings, at cost	–	6,957	4,300

24. Work-in-progress

	2007 S$'000	2006 S$'000	2005 S$'000
This comprises:			
Aggregate project costs incurred to-date	222	–	88

25. Cash and cash equivalents

	2007 S$'000	2006 S$'000	2005 S$'000
Continuing operations			
Cash and bank balances	11,591	7,536	7,019
Fixed deposits	30,175	11,692	16,813
Discontinued operations (Note 10)			
Cash and bank balances	5,269	–	–
Fixed deposits	664	–	–
	47,699	19,228	23,832

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.375% to 0.6% (2006: 0.375% to 0.6%, 2005: 0.375% to 0.5%) per annum. Fixed deposits are made for varying periods of between 1 month and 12 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rates of fixed deposits range from 0.1875% to 4% (2006: 0.1875% to 4%, 2005: 0.1875% to 4%) per annum.

As at 30 June 2005, 2006 and 2007, cash and cash equivalents are denominated in the following currencies:

	2007 S$'000	2006 S$'000	2005 S$'000
Singapore dollars	45,809	18,468	22,743
United States dollars	1,890	760	1,089
	47,699	19,228	23,832

26. Trade and other payables

	2007 S$'000	2006 S$'000	2005 S$'000
Trade payables	12,268	9,022	5,396
Other payables	2,093	3,338	1,571
Accrued operating expenses	1,341	8,582	2,125
	15,702	20,942	9,092

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

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26. Trade and other payables (cont'd)

As at 30 June 2005, 2006 and 2007, trade and other payables are denominated in the following currencies:

	2007 S$'000	**2006** S$'000	**2005** S$'000
Singapore dollars	13,622	19,990	8,111
United States dollars	2,080	952	981
	15,702	20,942	9,092

27. Due to Directors

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand.

28. Finance lease obligations

The Group has finance leases for certain items of plant and equipment and furniture and fixtures. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The average discount rate implicit in the leases is 2.5% (2006: 2.5%, 2005: 2.5%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum payments 2007 S$'000	**Present value of payments 2007** S$'000	**Minimum payments 2006** S$'000	**Present value of payments 2006** S$'000	**Minimum payments 2005** S$'000	**Present value of payments 2005** S$'000
Not later than one year	99	89	79	72	34	31
Later than one year but not later than five years	51	47	203	187	55	50
Total minimum lease payments	150	136	282	259	89	81
Less : Amounts representing finance charges	(14)	–	(23)	–	(8)	–
Present value of minimum lease payments	136	136	259	259	81	81

29. Share capital

	2007		2006		2005	
	No. of shares ('000)	S$'000	**No. of shares** ('000)	S$'000	**No. of shares** ('000)	S$'000
Ordinary shares issued and fully paid						
At beginning and end of the year	2,000	2,000	2,000	2,000	2,000	2,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" were abolished and on that date, the shares of the Company ceased to have a par value.

30. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	2007 S$'000	**2006** S$'000	**2005** S$'000
At beginning of the year as previously reported	(7)	–	–
Effects of adopting FRS 39 (Note 3.2(i))	–	(69)	–
At beginning of the year as restated	(7)	(69)	–
Net change in the reserve	–	62	–
At end of the year	(7)	(7)	–

31. Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	2007 S$'000	**2006** S$'000	**2005** S$'000
At beginning of the year	114	(210)	(288)
Net effect of exchange differences	(295)	324	78
At end of the year	(181)	114	(210)

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

32. Prior year adjustments

	2007 S$'000	**2006** S$'000	**2005** S$'000
Effect of prior year adjustments on accumulated profits			
At beginning of the year, as previously reported	61,644	65,220	62,478
Prior year adjustments:			
- Understatement of share of results of associated companies (Note 32(a))	880	692	620
- Change in depreciation policy from reducing balance method to straight-line method (Note 32(b))	–	–	(460)
	880	692	160
At beginning of the year, as restated	62,524	65,912	62,638
Effect of prior year adjustment on profit and loss accounts			
Share of results of associated companies, as previously reported	–	2,513	355
Prior year adjustments:			
Understatement of share of results of associated companies (Note 32(a))	–	188	72
Share of results of associated companies, as restated	–	2,701	427

(a) In the prior years, the Group had not recognised its share of results of an associated company, Logthai - Hai Leck Engineering Co. Ltd, based on its audited financial statements. Accordingly, adjustments have been made to record the actual share of results of the associated company with comparatives restated.

(b) In 2005, the Group changed its accounting policy to depreciate machinery, motor vehicles, office equipment and truck, cranes and forklifts from the reducing balance method to the straight line method. This is to better reflect the expected pattern of consumption of the future economic benefits embodied in these property, plant and equipment.

33. Dividend

	2007 S$'000	**2006** S$'000	**2005** S$'000
Declared and paid during the year:			
Dividend on ordinary shares:			
Interim tax exempt (2006 and 2005: tax exempt) (one-tier) dividend paid in respect of the previous financial year of S$6.50 (2006: S$4.00, 2005: S$Nil) per share	13,000	8,000	–

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

34. Related party information

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Related party transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year on terms agreed between the parties:

Related parties

	2007 S$'000	**2006** S$'000	**2005** S$'000
Sales to an associated company	(5,396)	(853)	(3,139)
Purchases from an associated company	–	13	3
Provision of bank guarantee in respect of a director	225	225	225
Rental income from affiliated company	(112)	(83)	–

(b) Compensation of key management personnel

	2007 S$'000	**2006** S$'000	**2005** S$'000
Central Provident Fund contributions	22	45	35
Directors' remuneration	1,295	1,543	728
Directors' fees	200	220	200
Total compensation paid to key management personnel	1,517	1,808	963
Comprise amounts paid to:			
- Directors of the company	1,517	1,808	963

35 Non-cancellable operating lease commitments

The Group has various operating lease agreements for leasehold premises and office equipment. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	2007 S$'000	**2006** S$'000	**2005** S$'000
Future minimum lease payments			
- not later than one year	1,047	231	408
- one year through five years	181	139	475
- later than five years	–	–	345
	1,228	370	1,228

36. Financial risk management objectives and policies

The Group's principal financial instruments comprise investment securities, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the years under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's finance lease liabilities. The Group's policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable banks.

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency.

The Group's policy is to manage its exposure to foreign currency risk by matching its sales denominated in SGD and United States Dollars with its purchases in the same currencies.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft facilities and finance leases.

(d) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables (including related party balances) and investment securities, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group or the Company.

37. Financial instruments

(a) Fair values

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount approximates fair value due to their nature and liquidity.

Trade receivables, other receivables and deposits, trade and other payables, amounts due from associated, joint venture and affiliated companies and amounts due to Directors

The carrying amounts approximate fair values because these assets and liabilities are of short-term maturity.

Quoted and unquoted investments

The fair values of quoted investments are estimated based on quoted market prices for these investments. The carrying value of quoted investments approximates their fair values. For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

Lease obligations

It is not practicable to estimate the fair value of the Group's long-term finance leases because of the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amount recorded at the balance sheets date approximates its fair value.

37. Financial instruments (cont'd)

(b) Interest rate risk

The following tables sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Note	Within 1 year S$'000	1-2 year S$'000	2-3 years S$'000	3-4 years S$'000	4-5 years S$'000	More than 5 years S$'000	Total S$'000
2007								
Fixed rate								
Short-term deposits	25	30,839	–	–	–	–	–	30,839
Unquoted bonds	16	1,000	–	–	–	–	–	1,000
Obligations under finance leases	28	89	47	–	–	–	–	136
Floating rate								
Cash at bank	25	16,860	–	–	–	–	–	16,860
2006								
Fixed rate								
Short-term deposits	25	11,692	–	–	–	–	–	11,692
Unquoted bonds	16	1,000	–	–	–	–	–	1,000
Obligations under finance leases	28	72	138	28	15	6	–	259
Floating rate								
Cash at bank	25	7,536	–	–	–	–	–	7,536

37. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

The following tables sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

	Note	Within 1 year S$'000	1-2 year S$'000	2-3 years S$'000	3-4 years S$'000	4-5 years S$'000	More than 5 years S$'000	Total S$'000
2005								
Fixed rate								
Short-term deposits	25	16,813	–	–	–	–	–	16,813
Unquoted bonds	16	1,000	–	–	–	–	–	1,000
Obligations under finance leases	28	31	15	15	15	5	–	81
Floating rate								
Cash at bank	25	7,019	–	–	–	–	–	7,019

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are not subject to interest rate risks.

38. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's primary format for reporting segment information is business segments, with each segment representing a product and service category. The Group's business segments is organised into three main business segments, namely:

(i) Project services

Project services comprise scaffolding and corrosion prevention, complemented by general civil engineering services and thermal insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

Scaffolding services pertain to erection of scaffolds which are a temporary framework used to support workmen in the construction or repair of buildings and other large structures.

Corrosion prevention involves using high pressure blasting equipment and cleaning processes to remove surface contaminants from metal surfaces ("Surface Preparation") before the application of a coat of paint onto clean surfaces of metal structures ("Coating").

Thermal protection and insulation refers to methods and processes used to reduce heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

(ii) Maintenance services

Maintenance services pertain to routine and/or turnaround maintenance service for the abovementioned specialist engineering services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

(iii) Others

Others pertain to products and services provided by the non-core businesses of the Group. These include investment trading and manufacturing of industrial machinery and equipment, property development, general contracting, supply of electric power generators, call centre service and related business in telecommunications and information technology.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

38. Segment information (cont'd)

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

38. Segment information (cont'd)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 30 June 2005, 2006 and 2007.

	Continued operations						Discontinued operations								
	Project services			Maintenance services			Others			Eliminations			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue:															
Sales to externa customers	32,462	15,345	14,265	30,201	23,813	23,356	18,636	10,095	10,707	–	–	–	81,299	49,253	48,328
Inter-segment sales	–	–	–	4,008	3,333	2,525	–	–	–	(4,008)	(3,333)	(2,525)	–	–	–
Total revenue	32,462	15,345	14,265	34,209	27,146	25,881	18,636	10,095	10,707	(4,008)	(3,333)	(2,525)	81,299	49,253	48,328
Results:															
Segment results	13,925	2,073	1,413	14,137	3,799	2,684	6,503	(1,483)	558	–	–	–	34,565	4,389	4,655
Finance costs													(6)	(6)	(6)
Share of results of associated companies													3,657	2,701	427
Profit before taxation													38,216	7,084	5,076
Taxation													(2,522)	(2,181)	(1,295)
Profit for the year													35,694	4,903	3,781

38. Segment information (cont'd)

(a) Business segments (cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 30 June 2005, 2006 and 2007.

	Continued operations						Discontinued operations								
	Project services			Maintenance services			Others			Eliminations			Total		
	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000
Assets and liabilities:															
Segment assets	43,933	23,597	20,343	46,606	37,306	30,436	21,598	26,349	21,568	(15,488)	(14,598)	(7,893)	96,649	72,654	64,454
Investments in associated companies													15,215	17,325	15,225
Unallocated assets													–	–	120
Total assets													111,864	89,979	79,799
Segment liabilities	8,029	8,809	3,560	8,790	12,178	5,196	3,931	21,193	15,263	(587)	(20,979)	(14,417)	20,163	21,201	9,602
Unallocated liabilities													3,445	2,512	1,228
Total liabilities													23,608	23,713	10,830
Other segment information:															
Capital expenditure:															
Property, plant and equipment	1,376	2,980	176	1,485	1,699	319	270	517	146	–	–	–	3,131	5,196	641
Intangible assets	–	172	–	–	–	–	–	–	–	–	–	–	–	172	–
Depreciation	1,077	592	414	1,046	839	571	295	282	336	–	–	–	2,418	1,713	1,321
Amortisation	86	4	–	80	6	–	–	–	–	–	–	–	166	10	–
Impairment losses	–	–	–	–	–	–	21	–	243	–	–	–	21	–	243

38. Segment information (cont'd)

(b) Geographic segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the years ended 30 June 2005, 2006 and 2007.

	Singapore			Others			Eliminations			Total		
	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000	2007 S$'000	2006 S$'000	2005 S$'000
Revenue:												
Sales to external customers	78,648	48,947	48,086	2,651	306	242	–	–	–	81,299	49,253	48,328
Inter-segment sales	4,008	3,333	2,525	–	–	–	(4,008)	(3,333)	(2,525)	–	–	–
Total revenue	82,656	52,280	50,611	2,651	306	242	(4,008)	(3,333)	(2,525)	81,299	49,253	48,328
Other segment information:												
Segment assets	92,576	67,180	53,203	18,500	20,072	19,144	(14,427)	(14,598)	(7,893)	96,649	72,654	64,454
Investments in associated companies										15,215	17,325	15,225
Unallocated assets										–	–	120
Total assets										111,864	89,979	79,799
Capital expenditure:												
Property, plant and equipment	3,131	5,182	634	–	14	7	–	–	–	3,131	5,196	641
Intangible assets	–	172	–	–	–	–	–	–	–	–	172	–

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Combined Financial Statements

39. Events after balance sheet date

Save as those events disclosed elsewhere in Note 2 and other notes to the combined financial statements, no other item, transaction or event of a material or unusual nature has arisen subsequent to 30 June 2007.

40. Comparative figures

Comparatives in the financial statements have been changed from the previous year to take into account the prior year adjustments (Note 32):

	Restated 2006 S$'000	**Previous 2006** S$'000	**Restated 2005** S$'000	**Previous 2005** S$'000
Presented in the Balance Sheet				
Associated companies and joint venture	17,325	16,445	15,225	14,533
Presented in the Profit and Loss Account				
Share of results of associated companies	2,701	2,513	427	355

41. Authorisation of financial statements

The financial statements for the year ended 30 June 2005, 2006 and 2007 were authorised for issue in accordance with a resolution of the Directors on 14 August 2008.

Report on Unaudited Combined Financial Statements

HAI LECK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

For the Financial Period from 1 July 2007 to 31 December 2007

APPENDIX B – UNAUDITED COMBINED FINANCIAL STATEMENTS OF HAI LECK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL PERIOD FROM 1 JULY 2007 TO 31 DECEMBER 2007

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Statement by Directors

We, Cheng Buck Poh @ Chng Bok Poh and Lee See Kee, being two of the Directors of Hai Leck Holdings Limited (the "Company"), do hereby state that, in the opinion of the Directors,

(a) the accompanying combined financial statements together with notes thereto, are drawn up so as to present fairly, the state of affairs of the Group as at 31 December 2007 and of the results, changes in equity and cash flows of the Group for the financial period from 1 July 2007 to 31 December 2007; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors :

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
14 August 2008

Report on Review of Unaudited Combined Financial Statements

14 August 2008

The Board of Directors
Hai Leck Holdings Limited
9 Tuas Drive 1
Singapore 639494

Dear Sirs,

Introduction

We have reviewed the accompanying combined financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages B-3 to B-64 which comprise the combined balance sheet of the Group as at 31 December 2007, the combined profit and loss account, combined statement of changes in equity and combined cash flow statement of the Group for the financial period from 1 July 2007 to 31 December 2007, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Singapore Financial Reporting Standard FRS 34 Interim Financial Reporting ("FRS 34"). Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of 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 combined financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 December 2007 and of its results, changes in equity and cash flows for the six-month period then ended in accordance with FRS 34.

For the purpose of this report, the comparative figures for the corresponding period ended 31 December 2006 were extracted from the unaudited combined management financial information. The unaudited combined management financial information of the Group for the period ended 31 December 2006 is the responsibility of the management of the Company. We have not performed a review of these financial information.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-Charge: Max Loh Khum Whai

Combined Profit and Loss Account for the Financial Period from 1 July 2007 to 31 December 2007

(Amounts in Singapore dollars)

	Note	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
CONTINUING OPERATIONS			
Revenue	4	33,643	28,672
Cost of sales		(20,293)	(18,228)
Gross profit		13,350	10,444
Other income	5	27,553	641
Distribution and selling expenses		(287)	(187)
Administrative expenses		(6,371)	(5,321)
Other operating expenses		(1,099)	(957)
Interest expense	8	(8)	(4)
Share of results of associated companies		978	2,338
Profit before taxation from continuing operations	6	34,116	6,954
Taxation	9	(1,162)	(824)
Profit for the period from continuing operations		32,954	6,130
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	10	10,864	1,588
Profit for the period		43,818	7,718
Attributable to:			
Equity holders of the Company		43,707	6,526
Minority interests		111	1,192
		43,818	7,718
Earnings per share			
Basic and diluted – continuing operations (S$)	11	1.17	0.20
Basic and diluted – discontinued operations (S$)	11	0.39	0.04

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Combined Balance Sheet as at 31 December 2007

(Amounts in Singapore dollars)

	Note	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Non-current assets			
Property, plant and equipment	12	16,281	11,269
Investment properties	13	–	–
Associated company	15	–	15,215
Other investments	16	–	156
Intangible assets	17	255	258
		16,536	26,898
Current assets			
Inventories	19	538	703
Trade receivables	20	12,137	16,571
Other receivables and deposits	21	2,444	857
Prepayments		27	130
Due from associated company	22	–	1,859
Due from affiliated companies	23	1,900	5
Other investments	16	1,238	1,255
Work-in-progress	24	1,081	222
Cash and bank balances	25	9,451	11,591
Fixed deposits	25	14,798	30,175
		43,614	63,368
Assets classified as held for sale	10	–	21,598
		43,614	84,966
Current liabilities			
Trade and other payables	26	13,184	15,702
Due to Directors	27	–	394
Provision for taxation		3,730	3,161
Finance lease obligations, current portion	28	65	89
		16,979	19,346
Liabilities directly associated with assets classified as held for sale	10	–	3,931
		16,979	23,277
Net current assets		26,635	61,689

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Combined Balance Sheet as at 31 December 2007

(Amounts in Singapore dollars)

	Note	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Non-current liabilities			
Deferred taxation	18	284	284
Finance lease obligations, non-current portion	28	15	47
		299	331
Net assets		42,872	88,256
Equity attributable to equity holders of the Company			
Share capital	29	28,000	2,000
Accumulated profits		15,034	84,254
Fair value adjustment reserve	30	–	(7)
Translation reserve	31	(162)	(181)
		42,872	86,066
Minority interests		–	2,190
Total equity		42,872	88,256

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Combined Statement of Changes in Equity for the Financial Period from 1 July 2007 to 31 December 2007

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
	Share capital (Note 29) S$'000	Accumulated profits S$'000	Fair value adjustment reserve (Note 30) S$'000	Translation reserve (Note 31) S$'000	Total reserves S$'000	Minority interests S$'000	Total equity S$'000
Balance at 30 June 2006, as previously reported	2,000	61,644	(7)	114	61,751	1,635	65,386
Prior year adjustments (Note 32)	–	880	–	–	880	–	880
Balance at 30 June 2006, as restated	2,000	62,524	(7)	114	62,631	1,635	66,266
Net effect of exchange differences	–	–	–	(315)	(315)	(25)	(340)
Net loss recognised directly in equity	–	–	–	(315)	(315)	(25)	(340)
Profit for the period	–	6,526	–	–	6,526	1,192	7,718
Total recognised income and expenses for the period	–	6,526	–	(315)	6,211	1,167	7,378
Balance at 31 December 2006	2,000	69,050	(7)	(201)	68,842	2,802	73,644

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Combined Statement of Changes in Equity for the Financial Period from 1 July 2007 to 31 December 2007 (Cont'd)

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
	Share capital (Note 29) S$'000	**Accumulated profits** S$'000	**Fair value adjustment reserve (Note 30)** S$'000	**Translation reserve (Note 31)** S$'000	**Total reserves** S$'000	**Minority interests** S$'000	**Total equity** S$'000
(Unaudited period ended 31 December 2007)							
Balance at 30 June 2007	2,000	84,254	(7)	(181)	84,066	2,190	88,256
Net effect of exchange differences	–	–	–	19	19	–	19
Fair value adjustment of quoted investment in associated company distributed as dividend in specie	–	32,188	–	–	32,188	–	32,188
Net income recognised directly in equity	–	32,188	–	19	32,207	–	32,207
Profit for the period	–	43,707	–	–	43,707	111	43,818
Total recognised income and expenses for the period	–	75,895	–	19	75,914	111	76,025
Acquisition of minority interests in a subsidiary company	–	–	–	–	–	(1,909)	(1,909)
Disposal of subsidiary companies (Note 10)	–	–	7	–	7	(392)	(385)
Capitalisation of accumulated profits to share capital	26,000	(26,000)	–	–	(26,000)	–	–
Dividend on ordinary shares (Note 33)	–	(119,115)	–	–	(119,115)	–	(119,115)
Balance at 31 December 2007	28,000	15,034	–	(162)	14,872	–	42,872

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Combined Cash Flow Statement for the Financial Period from 1 July 2007 to 31 December 2007

(Amounts in Singapore dollars)

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Cash flows from operating activities		
Profit before taxation from continuing operations	34,116	6,954
Profit before taxation from discontinued operations (Note 10)	13,364	1,719
	47,480	8,673
Adjustments:		
Depreciation of property, plant and equipment	1,092	1,111
Amortisation of intangible assets	3	–
Gain on disposal of property, plant and equipment	(4)	(111)
Gain on disposal of shares in an associated company	(25,948)	–
Gain on disposal of investment properties	(337)	–
Gain on disposal of development properties	(14,087)	–
Gain on disposal of other investments	(61)	–
Loss on disposal of subsidiary companies	1,558	–
Currency realignment	207	(364)
Interest income	(316)	(102)
Interest expense	8	4
Share of results of associated companies	(978)	(2,338)
Operating profit before working capital changes	8,617	6,873
Decrease/(increase) in trade and other receivables	3,375	(3,632)
Decrease in inventories	1,171	114
Increase in work-in-progress	(859)	–
Increase in amount due from affiliated company, non-trade	(1,895)	15
Decrease in amounts due from associated companies	1,859	230
Decrease in trade and other payables	(2,844)	(4,108)
Increase in amounts due to Directors	2,006	408
Cash generated from/(used in) operations	11,430	(100)
Tax paid	(4,085)	(709)
Net cash flows generated from/(used in) operating activities	7,345	(809)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Combined Cash Flow Statement for the Financial Period from 1 July 2007 to 31 December 2007 (Cont'd)

(Amounts in Singapore dollars)

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Cash flows from investing activities		
Interest received	316	102
Purchase of property, plant and equipment	(5,935)	(1,949)
Purchase of development properties	–	(886)
Proceeds from disposal of property, plant and equipment	61	164
Proceeds from disposal of shares in an associated company	32,013	–
Proceeds from disposal of investment properties	2,422	4,171
Proceeds from disposal of development properties	19,637	–
Proceeds from disposal of unquoted investments	234	–
Proceeds from sale of intangible assets	767	–
Purchase of quoted investments	–	(96)
Purchase of shares in a subsidiary company	(1,909)	–
Net cash outflow on disposal of subsidiary companies (Note 10)	(1,397)	–
Dividend from an associated company	2,075	1,502
Net cash inflow on change from associated company to joint venture (Note 15(c)(ii))	–	1,277
Net cash flows generated from investing activities	48,284	4,285
Cash flows from financing activities		
Interest paid	(8)	(4)
Repayment of finance lease obligations	(173)	(368)
Dividend paid	(78,874)	–
Dividend paid to minority shareholders of subsidiary companies	(24)	–
Net cash flows used in financing activities	(79,079)	(372)
Net (decrease)/increase in cash and cash equivalents	(23,450)	3,104
Cash and cash equivalents at the beginning of period (Note 25)	47,699	19,228
Cash and cash equivalents at end of period (Note 25)	24,249	22,332

During the period, the Group acquired property, plant and equipment with an aggregate cost of S$6,051,000 (2006: S$2,238,000), of which S$116,000 (2006: S$289,000) was acquired by means of finance lease.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Combined Financial Statements

1. Corporate Information

The Company is a private limited company which is incorporated in Singapore on 12 September 1998 under the name of Hai Leck Holdings Pte Ltd. On 5 June 2008, the Company changed its name to Hai Leck Holdings Limited in connection with its conversion from a private limited company to a public company limited by shares.

The registered office and the principal place of business of the Company is located at 9 Tuas Drive 1, Singapore 639494.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary companies are set out in Note 14.

2. The Restructuring Exercise

The Group was formed through the Restructuring Exercise in preparation for the Company's listing on the SGX-ST. Pursuant to the Group Restructuring Exercise, the Company acquired its various subsidiary companies and became the investment holding company of the Group.

The Restructuring Exercise involved the following steps:

(a) Sale by Hai Leck Engineering (Private) Limited ("Hai Leck Engineering") of its shareholding interests held in the capital of Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd and Tele-centre Services Pte Ltd (collectively known as the "Divested Companies")

Prior to the Restructuring Exercise, Hai Leck Engineering's shareholdings in the Divested Companies were as follows :

(i) Aggregate of 2,000,000 ordinary shares in Hai Leck Development Pte Ltd, being the entire issued and paid-up capital of Hai Leck Development Pte Ltd, with a net book value of S$2,000,000 as at 30 June 2007;

(ii) Aggregate of 1,000,000 ordinary shares in Highlander Power Systems Pte Ltd, being the entire issued and paid-up capital of Highlander Power Systems Pte Ltd, with a net book value of S$1,000,000 as at 30 June 2007; and

(iii) Aggregate of 2,262,000 ordinary shares in Tele-centre Services Pte Ltd, being 93.27% of the issued and paid-up capital of Tele-centre Services Pte Ltd, with a net book value of S$933,000 as at 30 June 2007,

(collectively known as the "Sale Shares").

Pursuant to a sale and purchase agreement dated 15 October 2007, Hai Leck Engineering disposed of all Sale Shares to United Holding (1975) Pte Ltd, for a consideration of S$3,933,000. The said sale was completed on 6 November 2007.

Following the completion of the above-mentioned sale, Hai Leck Engineering does not have any interest in the Divested Companies and accordingly, the financial results of the abovementioned companies are classified as "Discontinued Operations".

Notes to the Combined Financial Statements

2. The Restructuring Exercise (cont'd)

(b) *Sale of 31,000,000 shares (10.21%) by Hai Leck Engineering in the capital of Hiap Seng Engineering Limited ("Hiap Seng") on 1 August 2007*

On 1 August 2007, Hai Leck Engineering disposed of 31,000,000 shares (10.21%) in the capital of Hiap Seng by way of placement to investors at a consideration of S$1.04 per share. Pursuant to the said disposal, Hai Leck Engineering's shareholding interest in the capital of Hiap Seng was reduced from 26.87% to 16.66%.

(c) *Declaration of distribution in specie by Hai Leck Engineering of its remaining shareholding interest held in the capital of Hiap Seng*

Pursuant to the articles of association of Hai Leck Engineering, Hai Leck Engineering may from time to time declare a dividend to be paid out of its profits. Pursuant to the disposal in Note 2(b) above, Hai Leck Engineering held an aggregate of 50,617,429 shares in Hiap Seng, being 16.66% of the issued and paid-up capital of Hiap Seng, with an aggregate market value of S$40,240,856 as at 15 October 2007 (the "Distributed Shares").

By way of a distribution in specie, all the Distributed Shares were distributed to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the individual shareholders of Hai Leck Engineering on 15 October 2007. The distribution was effected in proportion to the existing shareholdings of Messrs Cheng Buck Poh (71.00%), Lee See Kee (15.00%) and Goo Guik Bing (14.00%) in Hai Leck Engineering. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the above-mentioned distribution in specie, Hai Leck Engineering does not have any equity interest in Hiap Seng.

(d) *Winding up of Perusahaan Hai Leck Sdn Bhd ("Perusahaan HL")*

Perusahaan HL is a wholly-owned subsidiary company of HLE and was incorporated for the purposes of holding properties. Pursuant to the Restructuring Exercise, the land at Lot 3158 Mukim Bandar, District of Muar, Johor, Malaysia of approximately 1.1382 hectares held by Perusahaan HL was sold to unrelated third parties at a consideration of MYR1,225,125. The carrying value of the land was MYR 523,000. The sale was completed on 16 October 2007 and the gain on disposal of MYR 702,125 was recognised in the profit and loss account of Perusahaan HL in FY2008. Perusahaan HL is in the process of being wound up.

(e) *Acquisition of the remaining 23.64% shareholding interest in Industrial Services Pte Ltd ("Industrial Services") by Hai Leck Engineering*

Pursuant to a sale and purchase agreement dated 24 September 2007, Hai Leck Engineering acquired the remaining 23.64% shareholding interest in Industrial Services comprising an aggregate of 236,338 ordinary shares for an aggregate cash consideration of S$1,536,197 based on a willing-buyer willing-seller basis *taking into account, inter alia, the following factors:*

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Industrial Services of S$7,505,000 as at 30 September 2007.

Notes to the Combined Financial Statements

2. The Restructuring Exercise (cont'd)

(f) Sale of Thermal Limitec Pte Ltd ("Thermal Limitec")

Pursuant to a subscription and shareholders' agreement dated 21 April 2006, David Martin Thomas was granted a call option to require Industrial Services to transfer 20.00% of the total shareholdings in Thermal Limitec, being 100,000 ordinary shares, to David Martin Thomas at $1.00 per share (the "Option"). The Option was exercised on 24 September 2007 and the sale of the shareholdings was completed on 24 September 2007.

Pursuant to a sale and purchase agreement dated 24 September 2007, David Martin Thomas acquired Industrial Services' remaining shareholdings of 40.00% (representing 200,000 ordinary shares) in Thermal Limitec at a consideration of S$304,434. The consideration was based on a willing-buyer willing-seller basis *taking into account, inter alia, the following factors:*

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Thermal Limitec of S$709,000 as at 30 September 2007.

The said sale was completed on 24 September 2007.

Following the completion of the above-mentioned sale, Industrial Services does not have any equity interest in Thermal Limitec.

(g) Capitalisation by Hai Leck Engineering of S$26,000,000 from accumulated profits

On 19 October 2007, Hai Leck Engineering capitalised S$26,000,000 from accumulated profits for a bonus issue of 26,000,000 fully paid ordinary shares to its existing shareholders according to their respective shareholdings in Hai Leck Engineering (the "Bonus Issue"). Pursuant to the Bonus Issue, Hai Leck Engineering has an issued and paid-up share capital of S$28,000,000.

(h) Dividend by the Group of S$82,914,000

On 29 June 2007 and 19 October 2007, HLE declared interim dividends amounting to S$50,000,000 and S$28,874,000, respectively, in respect of FY2007 to the then existing shareholders of HLE, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing. Out of the dividend of S$78,874,000, S$20,000,000 and S$2,774,000, totalling S$22,774,000, were paid out of the fixed deposits and cash and bank balances held by the Group as at 30 June 2007 respectively.

On 31 January 2008, the Company declared an interim dividend amounting to S$4,040,000, in respect of FY2008, to the then existing shareholders, namely, Messr Cheng Buck Poh @ Chng Bok Poh, Cheng Capital Holdings and Messr Lee See Kee.

2. The Restructuring Exercise (cont'd)

(i) Share swap exercise between the Company and Hai Leck Engineering

Pursuant to an agreement dated 7 November 2007, the Company acquired the entire issued and paid-up share capital of Hai Leck Engineering comprising 28,000,000 ordinary shares. The purchase consideration was satisfied by the issue of 27,999,997 fully paid shares to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the shareholders of Hai Leck Engineering, as follows:

Name	Number of Hai Leck Engineering Shares	Shareholding in Hai Leck Engineering (%)	Number of Shares issued
Cheng Buck Poh	19,880,000	71	19,879,999
Lee See Kee	4,200,000	15	4,199,999
Goo Guik Bing	3,920,000	14	3,919,999
Total	28,000,000	100	27,999,997

Mr Cheng Buck Poh and Mdm Goo Guik Bing renounced 10,640,000 Shares (38%) and 3,919,999 Shares (14%), respectively, to Cheng Capital Holdings which is held by Messrs Cheng Buck Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)).

2. The Restructuring Exercise (cont'd)

At the date of this report, the Group structure is as shown below :

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group %
Subsidiary companies			
Held by the Company			
Hai Leck Engineering (Private) Limited.*	Scaffolding, corrosion prevention and complementary general civil engineering works	Singapore	100
Held by Hai Leck Engineering Pte Ltd			
Industrial Services Pte. Ltd.*	Thermal insulation including refractories and passive fireproofing services	Singapore	100
Hai Leck Corporation Sdn Bhd (formerly known as Perusahaan Hai Leck Hiap Seng Sdn Bhd)**	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Malaysia	100
Hai Leck (VN) Engineering Co., Ltd***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering works	Vietnam	100
Joint venture			
Held by Hai Leck Engineering Pte Ltd			
Logthai - Hai Leck Engineering Co.,Ltd****	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	49

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore

** Audited by Gow & Tan, Chartered Accountants, Malaysia

*** Audited by KPMG, Certified Public Accountants, Vietnam

**** Audited by Audit Teams, Certified Public Accountants, Thailand

3. Summary of significant accounting policies

3.1 Basis of preparation

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The combined financial statements are prepared under the historical cost convention, except for investment properties and available-for-sale quoted investments that have been measured at their fair values.

The combined financial statements are presented in Singapore Dollars (SGD or S$) and all values are rounded to the nearest thousand (S$'000) except when otherwise stated.

3.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group during the financial periods, except for the changes in accounting policies discussed below:

(i) Adoption of new and revised FRS

With effect from 1 July 2007, the Group has adopted all the new and revised FRS that are mandatory for financial years beginning on or after 1 July 2007. The adoption of these FRS has no significant impact to the Group.

(ii) FRS and INT FRS not yet effective

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Presentation of Financial Statements (Revised Presentation)	1 January 2009
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 102	:	Amendments to FRS 102 - Vesting Conditions and Cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interactions	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(iii) Withdrawal of Recommended Accounting Practice ("RAP") 9

With effect from 1 January 2008, RAP 9, IPO Costs, has been withdrawn. Companies that have applied RAP 9 previously will have to change their accounting policy relating to IPO costs for financial statements covering periods beginning on or after 1 January 2008, with changes in the accounting policy to be applied retrospectively.

3.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Depreciation of property, plant and equipment**

  The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 33 years. The carrying amount of the Group's property, plant and equipment at 31 December 2007 was S$16,281,000 (30 June 2007: S$12,173,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

- **Income taxes**

  The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be 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 tax payable at 31 December 2007 was S$3,730,000 (30 June 2007: S$4,247,000).

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(i) Key sources of estimation uncertainty (cont'd)

- **Project and maintenance revenue**

  The Group recognises project and maintenance revenue to the extent of project and maintenance costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is determined based on surveys of work performed.

  Significant judgement is required in determining the stage of completion, the extent of the project and maintenance costs incurred, the estimated total project and maintenance revenue and costs, as well as the recoverability of the project and maintenance services. Total project and maintenance revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

  Revenue from project and maintenance services for the financial period ended 31 December 2007 was S$33,643,000 (31 December 2006: S$28,672,000).

(ii) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies.

- **Impairment of financial and non-financial assets**

  The Group follows the guidance of FRS 39 and FRS 36 in determining when a financial or non-financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset or recoverable amount of a non-financial asset is less than its cost; and the financial health of and near-term business outlook for the financial or non-financial asset, including factors such as industry performance, changes in technology and operational and financing cash flows.

3.4 Functional and foreign currency

(i) Functional currency

The management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

3. Summary of significant accounting policies (cont'd)

3.4 Functional and foreign currency (cont'd)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the combined balance sheet and recognised in the combined profit and loss account on disposal of the subsidiary company. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

(iii) Foreign currency translation

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate ruling at that balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the period, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss amount as a component of the gain or loss on disposal.

3. Summary of significant accounting policies (cont'd)

3.5 Subsidiary companies and combined financial statements

(i) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

(ii) Combined financial statements

The combined financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

The combined financial statements of the Group for the financial period ended 31 December 2007 have been prepared in accordance with the principles of merger accounting as the Restructuring Exercise described in Note 2 is a legal reorganisation of entities and businesses under common control. Under this method, the Company has been treated as the holding company of its subsidiary companies for the financial periods presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the financial periods have been presented as if the subsidiary companies have been part of the Group since 1 July 2006. The assets and liabilities are combined at their existing carrying values and no goodwill is recorded.

3.6 Affiliated company

An affiliated company is a company, not being a subsidiary or an associated company, in which the Directors or shareholders of the Company have a significant equity interest or exercise significant influence.

3. Summary of significant accounting policies (cont'd)

3.7 Associated company

An associated company is an entity, not being a subsidiary company or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investment in associated companies is accounted for using the equity method. Under the equity method, the investment in associated companies is carried in the combined balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. The Group's share of the profit or loss of the associated companies is recognised in the combined profit and loss account. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated companies. The associated companies are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated companies.

Any excess of the Group's share of the net fair value of the associated companies' identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated companies' profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated companies.

In the Company's separate financial statements, investment in associated companies is accounted for at cost less impairment losses.

Dividend income is accrued on the basis of dividends declared by the investee companies.

3.8 Joint venture

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its combined financial statements. The financial statements of the joint venture are prepared for the same reporting period as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

3. Summary of significant accounting policies (cont'd)

3.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Rate of depreciation (%)
Machineries and scaffold materials	10 - 20
Motor vehicles	20
Office equipment	10
Truck, cranes and forklifts	20
Leasehold premises	3
Workshop tools and equipment	20 - 30
Computers	33 - 100
Electrical appliances, air-conditioners, furniture and fittings and renovation	10 - 33

No depreciation is provided on freehold land. Improvements to leasehold premises are depreciated over the remaining life of the lease. 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 residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the period the asset is derecognised.

3.10 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the period in which they arise.

3. Summary of significant accounting policies (cont'd)

3.10 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the period of retirement or disposal.

3.11 Development properties

Development properties are properties which are held with the intention of sale in the ordinary course of business and classified as current assets. Development properties are stated at the lower of cost and net realisable value. Cost includes costs of land, construction cost, interest expense and other direct expenditures and related overheads incurred during construction.

3.12 Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

3. Summary of significant accounting policies (cont'd)

3.12 Intangible assets

(i) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible asstes

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the 'other operating expenses' line item in the profit and loss account.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

- **Club membership**

  Club membership is stated at cost less impairment losses and is amortised over 30 years on a straight-line basis.

3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

3. Summary of significant accounting policies (cont'd)

3.13 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

3.14 Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

3. Summary of significant accounting policies (cont'd)

3.14 Financial assets (cont'd)

Except for loans and receivables and available-for-sale financial assets, the Group does not have any other financial assets.

- **Loans and receivables**

  Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

  The Group classifies the following financial assets as loans and receivables :

  - cash and bank balances
  - trade and other receivables, including amounts due from associated and affiliated companies.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

  For available-for-sale financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

  For available-for-sale financial assets where there is no active market, and where fair value cannot be reliably measured, they are measured at cost.

  The Group classifies the following financial assets as available-for-sale financial assets:

  - quoted investments, at fair value
  - unquoted investments, at cost

3. Summary of significant accounting policies (cont'd)

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

3.17 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

3. Summary of significant accounting policies (cont'd)

3.18 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials – purchase costs on a first-in, first-out basis; and
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads but excluding borrowing costs. These costs are assigned on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.19 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

3.20 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

3. Summary of significant accounting policies (cont'd)

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

3.22 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

3.23 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

3. Summary of significant accounting policies (cont'd)

3.23 Leases (cont'd)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Project and maintenance revenue

Revenue from project and maintenance services are recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on surveys of work performed.

Where the project and maintenance contracts outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Group turnover excludes intercompany transactions.

(iii) Management fees

Management fees are recognised upon the rendering of management and consultation services to and acceptance by customers.

3. Summary of significant accounting policies (cont'd)

3.24 Revenue (cont'd)

(iv) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

(v) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.25 Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

Notes to the Combined Financial Statements

3. Summary of significant accounting policies (cont'd)

3.25 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. Revenue

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Project revenue	18,991	11,995
Maintenance revenue	14,652	16,677
	33,643	28,672

5. Other income

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Interest income		
- fixed deposits	293	101
- others	23	1
Gain on disposal of shares in an associated company*	25,948	–
Gain on disposal of other investments	61	–
Rental income	167	70
Test-centre income	3	8
Other income	1,058	461
	27,553	641

* This comprises quoted investment in Hiap Seng Engineering Limited.

Notes to the Combined Financial Statements

6. Profit before taxation from continuing operations
Profit before taxation from discontinued operations (Note 10)

Profit from continuing and discontinued operations are determined after charging/(crediting) the following:

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Operating lease expenses	661	313
Gain on disposal of property, plant and equipment	(4)	(111)
Gain on disposal of investment properties	(337)	–
Gain on disposal of development properties	(14,087)	–
Loss on disposal of subsidiary companies	1,558	–
Amortisation of intangible assets	3	–
Depreciation of property, plant and equipment	1,092	1,111
Employee benefits (Note 7)	9,150	7,944
Write-back of impairment loss on intangible assets	–	(136)

7. Employee benefits

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Employee benefits expense (including executive directors)		
Wages, salaries, bonuses	7,814	7,143
Central Provident Fund contributions	335	300
Others	1,001	501
	9,150	7,944

8. Interest expense

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Interest expense:		
- hire purchase	8	4

Notes to the Combined Financial Statements

9. Taxation

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Current taxation – continuing operations		
- current year	1,162	824
Income tax attributable to continuing operations	1,162	824
Income tax attributable to discontinued operations (Note 10)	2,500	131
Tax expense	3,662	955

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Profit before taxation from continuing operations	34,116	6,954
Profit before taxation from discontinued operations (Note 10)	13,364	1,719
Accounting profit before income tax	47,480	8,673
Tax at Singapore statutory tax rate of 18% (2006: 20%)	8,546	1,735
Adjustments:		
- Effect of partial tax exemption	(84)	(56)
- Non-deductible expenses in determining taxable income	70	–
- Share of tax of associated companies	(176)	(473)
- Income not subject to tax	(4,702)	–
- Others	8	(251)
	3,662	955

10. Discontinued operations

On 30 June 2007, pursuant to the Restructuring Exercise, the Group announced the decision of the Board of Directors to discontinue and divest its shareholding interests held in the capital of Divested Companies (Note 2(a)), wind up Perusahaan Hai Leck Sdn Bhd (Note 2(d)) and dispose of its entire shareholding interests in Thermal Limitec to a minority shareholder (Note 2(f)). In conjunction with the above divestments, the Group disposed of other assets comprising the investment properties and 3 club memberships to certain Directors and other external parties.

The disposal of Thermal Limitec was completed on 24 September 2007. The divestment of the Divested Companies and disposal of other assets were completed between 15 October 2007 to 6 November 2007.

The major classes of assets and liabilities of the discontinued operations classified as held for sale as at 30 June 2007 are as follows :

	30 June 2007 (Audited) S$'000
Assets:	
Property, plant and equipment (Note 12)	904
Investment properties	2,485
Intangible assets	767
Inventories	3,497
Trade receivables	2,201
Other receivables and deposits	184
Prepayments	77
Development properties	5,550
Cash and bank balances (Note 25)	5,269
Fixed deposits (Note 25)	664
Assets classified as held for sale	21,598
Liabilities:	
Trade and other payables	2,766
Provision for taxation	1,086
Finance lease obligations	63
Deferred taxation	16
Liabilities directly associated with assets classified as held for sale	3,931
Net assets directly associated with disposal group	17,667

Notes to the Combined Financial Statements

10. Discontinued operations (cont'd)

The results of the discontinued operations for the financial periods ended 31 December are as follows:

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Revenue	21,864	5,711
Cost of sales	(6,595)	(2,377)
Gross profit	15,269	3,334
Other income	379	391
Distribution and selling expenses	(17)	(114)
Administrative expenses	(1,647)	(1,738)
Other operating expenses	(620)	(154)
Profit before taxation from discontinued operations	13,364	1,719
Taxation	(2,500)	(131)
Profit for the period from discontinued operations	10,864	1,588

The cash flows attributable to the discontinued operations are as follows:

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Operating	(9,922)	(2,824)
Investing	21,490	3,123
Financing	(17,501)	(11)
Net cash (outflows)/inflows	(5,933)	288

10. Discontinued operations (cont'd)

The effect on the Group's cash flows arising from the disposal of the Divested Companies is shown in the statement of cash flows as a single item. The fair values of the assets and liabilities disposed of are set out below:

	Disposal
	S$'000
Property, plant and equipment	607
Inventories	2,491
Trade and other receivables	2,439
Cash and bank balances	5,634
Trade and other payables	(4,841)
Other liabilities	(174)
Fair value of net assets disposed	6,156
Minority interest	(361)
Loss on disposal of subsidiary companies	(1,558)
Total consideration	4,237
Less: Cash and bank balances	(5,634)
Net cash outflow on disposal of subsidiary companies	(1,397)

11. Earnings per share

(a) Continuing operations

Basic earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the Combined Financial Statements

11. Earnings per share (cont'd)

(a) Continuing operations (cont'd)

The following tables reflect the profit and loss account and share data used in the computation of basic and diluted earnings per share from continuing operations for the financial periods ended 31 December:

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	**1 July 2006 to 31 December 2006 (Unaudited)** S$'000
Profit for the period attributable to ordinary equity holders of the Company	43,707	6,526
Less:		
- Profit for the period from discontinued operations	10,864	1,588
- Attributable to minority interests	16	(559)
- Profit from discontinued operations attributable to ordinary equity holders of the Company	10,880	1,029
Profit from continuing operations attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	32,827	5,497
Weighted average number of ordinary shares [(1)]	28,000,000	28,000,000

(1) For comparative purposes, earnings per share for the financial periods reported on have been computed based on the profit after tax attributable to ordinary equity holders of the Company divided by the pre-invitation share capital (before share split) of 28,000,000 shares.

(b) Discontinued operations

The basic and diluted earnings per share from discontinued operations are calculated by dividing the 'profit from discontinued operations attributable to ordinary equity holders of the Company' by the 'Weighted average number of ordinary shares'. The profit and loss account and share data are presented above in Note 11(a).

12. Property, plant and equipment

Audited	Freehold Land S$'000	Leasehold premises S$'000	Machineries and scaffold materials S$'000	Motor vehicles S$'000	Office equipment S$'000	Workshop tools and equipment S$'000	Truck, cranes and forklifts S$'000	Computers S$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation S$'000	Total S$'000
Cost										
At 1.7.2006	232	9,057	5,838	2,181	585	1,022	1,688	823	1,191	22,617
Arising from change of associated company to joint venture (Note 15(c)(i))	–	–	–	310	–	–	–	–	–	310
Additions	–	–	1,880	–	118	521	398	204	10	3,131
Disposals	–	–	–	(240)	(8)	(8)	(29)	(191)	(13)	(489)
Attributable to discontinued operations	(232)	–	(458)	(417)	(197)	(764)	(15)	(489)	(660)	(3,232)
At 30.6.2007	–	9,057	7,260	1,834	498	771	2,042	347	528	22,337
Accumulated depreciation and impairment losses										
At 1.7.2006	–	3,240	2,569	1,234	426	817	1,435	764	885	11,370
Charge for the year	–	263	1,052	385	30	278	149	123	138	2,418
Disposals	–	–	–	(203)	(8)	(2)	(29)	(188)	(6)	(436)
Attributable to discontinued operations	–	–	(371)	(140)	(208)	(650)	–	(365)	(594)	(2,328)
Impairment loss	–	–	–	21	–	–	–	–	–	21
Translation difference	–	–	43	17	(29)	(6)	–	(2)	–	23
At 30.6.2007	–	3,503	3,293	1,314	211	437	1,555	332	423	11,068
Net carrying value										
At 30.6.2007	–	5,554	3,967	520	287	334	487	15	105	11,269

Notes to the Combined Financial Statements

12. Property, plant and equipment (cont'd)

Unaudited	**Freehold Land** S$'000	**Leasehold premises** S$'000	**Machineries and scaffold materials** S$'000	**Motor vehicles** S$'000	**Office equipment** S$'000	**Workshop tools and equipment** S$'000	**Truck, cranes and forklifts** S$'000	**Computers** S$'000	**Electrical appliances, air-conditioners, furniture and fittings and renovation** S$'000	**Total** S$'000
Cost										
At 1.7.2007	–	9,057	7,260	1,834	498	771	2,042	347	528	22,337
Additions	–	3,566	1,485	131	32	538	117	31	151	6,051
Disposal	–	–	–	(13)	–	–	–	–	–	(13)
At 31.12.2007	–	12,623	8,745	1,952	530	1,309	2,159	378	679	28,375
Accumulated depreciation and impairment losses										
At 1.7.2007	–	3,503	3,293	1,314	211	437	1,555	332	423	11,068
Charge for the period	–	122	492	141	22	183	82	8	42	1,092
Disposal	–	–	–	(13)	–	–	–	–	–	(13)
Translation difference	–	–	–	(53)	–	–	–	–	–	(53)
At 31.12.2007	–	3,625	3,785	1,389	233	620	1,637	340	465	12,094
Net carrying value										
At 31.12.2007	–	8,998	4,960	563	297	689	522	38	214	16,281

Notes to the Combined Financial Statements

12. Property, plant and equipment (cont'd)

(a) Motor vehicles with a net carrying value of S$56,000 (30 June 2007: S$66,000) were acquired by the Group under finance leases.

(b) A subsidiary company's leasehold factory building with a net carrying value of S$82,000 (30 June 2007: S$108,000) at 78 Joo Koon Circle is leased from Jurong Town Corporation for thirty plus thirty years from 1 August 1980.

The leasehold factory building was mortgaged to a bank for banking facilities.

13. Investment properties

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
At beginning of the period/year	–	10,085
Disposals	–	(7,600)
Attributable to discontinued operations	–	(2,485)
At end of the period/year	–	–

The investment properties were stated at Director's valuation on 30 June 2007. The valuations had been carried out on the basis of open market valuations.

14. Subsidiary companies

Details of subsidiary companies as at 31 December and 30 June 2007 are as follows:

Name of company	**Principal activities**	**Country of incorporation and place of business**	**Percentage of equity held by the Group**	
			31 December 2007	**30 June 2007**
Held by the Company			%	%
Continuing operations				
Hai Leck Engineering Pte Ltd*	Scaffolding, corrosion prevention and complementary general civil engineering services	Singapore	100	100

Notes to the Combined Financial Statements

14. Subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 December 2007	30 June 2007
Held by Hai Leck Engineering Pte Ltd			%	%
Continuing operations				
Industrial Services Pte. Ltd.*	Thermal insulation including refractories and passive fireproofing services	Singapore	100	76
Hai Leck (VN) Engineering Co., Ltd***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Vietnam	100	100
Hai Leck Corporation Sdn Bhd (formerly known as Perusahaan Hai Leck Hiap Seng Sdn Bhd)****	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering services	Malaysia	100	100
Discontinued operations				
Hai Leck Development Pte Ltd*	Property development, investment and general contractors	Singapore	–	100
Highlander Power Systems Pte. Ltd.*	Investment trading and manufacturing of industrial machinery and equipment	Singapore	–	100
Tele-Centre Services Pte Ltd*	Carrying on the business of a call centre and related business in telecommunications and information technology	Singapore	–	93
Perusahaan Hai Leck Sdn. Bhd.**	Dormant	Malaysia	–	99.9

Notes to the Combined Financial Statements

14. Subsidiary companies (cont'd)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 December 2007 %	30 June 2007 %
Held by Industrial Services Pte Ltd				
Discontinued operations				
Thermal Limitec Pte Ltd*	Manufacturing and installation of passive fireproofing systems	Singapore	–	60

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore
** Audited by Y.L. Chee, Loh & Associates, Chartered Accountants, Malaysia
*** Audited by KPMG, Certified Public Accountants, Vietnam
**** Audited by Gow & Tan, Chartered Accountants, Malaysia

15. Associated company

These comprise:

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Quoted equity shares, at cost	–	7,216
Share of post-acquisition reserves (net of dividends received)	–	5,414
Unamortised negative goodwill recognised in opening accumulated profits on adoption of FRS 103	–	2,585
Carrying amount of investment	–	15,215
Market value of quoted equity shares	–	84,000

(a) Details of the associated company held by a subsidiary company as at 31 December and 30 June 2007 are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 December 2007 %	30 June 2007 %
Hiap Seng Engineering Ltd*	Engineering and construction works	Singapore	–	26.9

* Audited by PricewaterhouseCoopers, Certified Public Accountants, Singapore

15. Associated company (cont'd)

(b) The summarised financial information of the associated company based on the unaudited financial statements for the financial periods ended 30 September 2006 and 2007 and audited financial statements for the year ended 31 March 2007 (being the latest audited financial information available) are as follows:

Associated company	30 September 2007 (Unaudited) S$'000	31 March 2007 (Unaudited) S$'000
Assets and liabilities:		
Current assets	95,024	85,429
Non-current assets	16,612	16,485
Total assets	111,636	101,914
Current liabilities	58,042	40,361
Non-current liabilities	2,882	3,237
Total liabilities	60,924	43,598

	1 April 2007 to 30 September 2007 (Unaudited) S$'000	1 April 2006 to 30 September 2006 (Unaudited) S$'000
Results:		
Turnover	48,416	42,792
Profit for the period	1,948	3,738

(c) Details of the joint venture held by a subsidiary company as at 31 December and 30 June 2007 are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 31 December 2007 %	30 June 2007 %
Logthai - Hai Leck Engineering Co.,Ltd* (Note15(c)(i))	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	49	49

* Audited by Audit Teams, Certified Public Accountants, Thailand

Notes to the Combined Financial Statements

15. Associated company (cont'd)

(c) Details of the joint venture held by a subsidiary company as at 31 December and 30 June 2007 are as follows (cont'd):

(i) On 1 July 2006, the Group entered into a joint venture agreement with the other shareholder in Thailand that provides both parties with joint control over the financial and operating policies of Logthai - Hai Leck Engineering Co. Ltd ("Logthai"). By virtue of the joint venture agreement, Logthai, previously an associated company, became a joint venture. Under FRS 31, Interests in Joint Venture, the Group recognises its interests in Logthai's financial position and results using proportionate consolidation as of 1 July 2006, and ceased to equity account for Logthai's results as an associated company.

(ii) Effect of change from associated company to joint venture

The carrying value of the identifiable assets and liabilities of Logthai as at the date of change from an associated company to a joint venture mentioned in Note 15(c)(i) were:

	Recognised upon change
	S$'000
Property, plant and equipment	310
Quoted investments	206
Trade and other receivables	439
Cash and bank balances	1,002
Fixed deposit	275
	2,232
Trade and other payables	(1,071)
Due to an affiliated company	(613)
Due to a Director	(206)
	(1,890)
Net identifiable assets	342
Amount previously recorded as associated company	(342)
	–
Add: Proportionate interest in cash and cash equivalents of joint venture	1,277
Net cash inflow on change from associated company to joint venture	1,277

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15. Associated company (cont'd)

(d) The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, revenue and income related to the Group's interests in the jointly-controlled entity are as follows:

Joint venture	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Assets and liabilities:		
Current assets	1,640	1,466
Non-current assets	290	273
Total assets	1,930	1,739
Current liabilities, representing total liabilities	1,100	1,053

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Results:		
Turnover	877	597
Profit for the period	168	129

16. Other investments

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Current:		
Available-for-sale financial assets		
Shares (quoted), at fair value	238	223
Shares (unquoted), at cost	–	32
Bonds (unquoted), at cost	1,000	1,000
	1,238	1,255
Non-current:		
Available-for-sale financial assets		
Shares (unquoted), at cost	–	156

Notes to the Combined Financial Statements

16. Other investments (cont'd)

Quoted shares and unquoted shares

These quoted and unquoted shares are non-redeemable, non-cumulative preference shares. The unquoted shares were fully disposed during the financial period.

Unquoted bonds

These unquoted bonds have an average effective interest rate of 4.5% (30 June 2007: 4.5%) per annum.

17. Intangible assets

Audited	**Goodwill** S$'000	**Club membership** S$'000	**Total** S$'000
Cost			
At 1 July 2006	449	751	1,200
Attributable to discontinued operations	(449)	(493)	(942)
At 30 June 2007	–	258	258
Accumulated amortisation and impairment losses			
At 1 July 2006	–	145	145
Amortisation for the year	–	166	166
Write-back of impairment loss	–	(136)	(136)
Attributable to discontinued operations	–	(175)	(175)
At 30 June 2007	–	–	–
Net carrying amount			
At 30 June 2007	–	258	258
Unaudited			
Cost			
At 1 July 2007 and 31 December 2007	–	258	258
Accumulated amortisation and impairment losses			
At 1 July 2007	–	–	–
Amortisation for the period	–	3	3
At 31 December 2007	–	3	3
Net carrying amount			
At 31 December 2007	–	255	255

18. Deferred taxation

Deferred tax liabilities relate to the following:

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Deferred tax liabilities		
Excess of net carrying value over tax written down value of property, plant and equipment	374	374
Deferred tax assets		
Provisions	(90)	(90)
Net deferred tax liabilities	284	284

19. Inventories

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Raw materials	46	49
Finished goods	492	654
Total inventories at lower of cost and net realisable value	538	703

20. Trade receivables

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Trade receivables	12,299	16,832
Less: Allowance for doubtful receivables	(162)	(261)
	12,137	16,571

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

20. Trade receivables (cont'd)

As at 31 December and 30 June 2007, trade receivables are denominated in the following currencies:

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Singapore dollars	11,881	15,747
Thai Baht	418	382
United States dollars	–	703
	12,299	16,832

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$2,648,000 (30 June 2007: S$1,024,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Unaudited) S$'000
Trade receivables past due :		
Lesser than 30 days	2,648	847
More than 60 days	–	177
	2,648	1,024

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance account used to record the impairment is as follows:

	Individually impaired	
	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Trade debtors - nominal amounts	162	261
Less: Allowance for impairment	(162)	(261)
	–	–
Movement in allowance account:		
At beginning of period/year	261	261
Write-back	(99)	–
At end of period/year	162	261

20. Trade receivables (cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Allowance for doubtful debts

For the period ended 31 December 2007, an impairment loss of S$99,000 (30 June 2007: S$Nil) is written back as "other operating expenses" in the profit and loss account subsequent to a debt recovery assessment performed on trade debtors as at 31 December 2007.

21. Other receivables and deposits

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Other receivables	1,496	380
Deposits	721	278
Interest receivable	3	33
Staff advances	167	58
Tax recoverable	57	108
	2,444	857

Staff advances are unsecured and non-interest bearing.

As at 31 December and 30 June 2007, other receivables and deposits are denominated in the following currencies:

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Singapore dollars	1,741	649
Thai Baht	703	208
	2,444	857

22. Due from associated company

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Due from associated company		
- Trade balances	–	1,826
- Non-trade balances	–	33
	–	1,859

As at 30 June 2007, the amount due from associated company was unsecured, interest-free and repayable on demand.

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23. Due from affiliated companies

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Due from affiliated companies		
- Trade balances	1,895	–
- Non-trade balances	5	5
	1,900	5

The amounts due from affiliated companies are unsecured, interest-free and repayable on demand.

24. Work-in-progress

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
This comprises:		
Aggregate project costs incurred to-date	1,081	222

25. Cash and cash equivalents

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Continuing operations		
Cash and bank balances	9,451	11,591
Fixed deposits	14,798	30,175
Discontinued operations (Note 10)		
Cash and bank balances	–	5,269
Fixed deposits	–	664
	24,249	47,699

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.10% (30 June 2007: 0.38% to 0.60%) per annum. Fixed deposits are made for varying periods of between 1 month and 12 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rates of fixed deposits range from 2.19% to 2.44% (30 June 2007: 0.19% to 4.00%) per annum.

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25. Cash and cash equivalents (cont'd)

As at 31 December and 30 June 2007, cash and cash equivalents are denominated in the following currencies:

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
Singapore dollars	23,885	45,172
Thai Baht	281	637
United States dollars	83	1,890
	24,249	47,699

26. Trade and other payables

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
Trade payables	9,712	12,268
Other payables	643	2,093
Accrued operating expenses	2,829	1,341
	13,184	15,702

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

As at 31 December and 30 June 2007, trade and other payables are denominated in the following currencies:

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
Singapore dollars	12,094	12,569
United States dollars	–	2,080
Thai Baht	1,050	1,053
Euro dollars	40	–
	13,184	15,702

Notes to the Combined Financial Statements

27. Due to Directors

As at 30 June 2007, the amounts owing were non-trade in nature, unsecured, interest-free and repayable on demand. As at 31 December 2007, the amounts were fully settled during the financial period.

28. Finance lease obligations

The Group has finance leases for certain items of plant and equipment and furniture and fixtures. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The average discount rate implicit in the leases is 2.50% (30 June 2007: 2.50%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum payments 31 December 2007 (Unaudited)	**Present value of payments 31 December 2007 (Unaudited)**	**Minimum payments 30 June 2007 (Audited)**	**Present value of payments 30 June 2007 (Audited)**
	S$'000	S$'000	S$'000	S$'000
Not later than one year	73	65	99	89
Later than one year but not later than five years	15	15	51	47
Total minimum lease payments	88	80	150	136
Less : Amounts representing finance charges	(8)	–	(14)	–
Present value of minimum lease payments	80	80	136	136

29. Share capital

	31 December 2007 (Unaudited)		**30 June 2007 (Audited)**	
	No. of shares ('000)	S$'000	**No. of shares** ('000)	S$'000
Ordinary shares issued and fully paid				
At beginning of the period/year	2,000	2,000	2,000	2,000
Capitalisation of accumulated profits to share capital	26,000	26,000	–	–
At end of the period/year	28,000	28,000	2,000	2,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

30. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
At beginning of the period/year	(7)	(7)
Net effect of change in fair value adjustment	7	–
At end of the period/year	–	(7)

31. Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
At beginning of the period/year	(181)	114
Net effect of exchange differences	19	(295)
At end of the period/year	(162)	(181)

32. Prior year adjustment

	30 June 2006 (Audited) S$'000
Effect of prior year adjustments on accumulated profits	
At beginning of the period, as previously reported	61,644
Prior year adjustments:	
- Understatement of share of results of associated companies (Note 31(a))	880
At beginning of the period, as restated	62,524

(a) In the prior years, the Group had not recognised its share of results of an associated company, Logthai - Hai Leck Engineering Co. Ltd, based on its audited financial statements. Accordingly, adjustments have been made to record the actual share of results of the associated company with comparatives restated.

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33. Dividend

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Declared during the period/year:		
Dividend on ordinary shares:		
Interim tax exempt (30 June 2007: tax exempt) (one-tier) dividend paid in respect of the previous financial year of S$39.43 (30 June 2007: S$6.50) per share	78,874	13,000
Distribution in specie (Note 2c)	40,241	–
	119,115	13,000

34. Related party information

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Related party transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the period on terms agreed between the parties:

Related parties	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Sales to an associated company	–	2,411
Sales to an affiliated company	2,248	–

(b) Compensation of key management personnel

	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Central Provident Fund contributions	19	10
Directors' remuneration	539	747
Total compensation paid to key management personnel	558	757
Comprise amounts paid to:		
- Directors of the Company	470	666

35. Non-cancellable operating lease commitments

The Group has various operating lease agreements for leasehold premises and office equipment. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Future minimum lease payments		
- not later than one year	1,047	1,047
- one year through five years	181	181
	1,228	1,228

36. Financial risk management objectives and policies

The Group's principal financial instruments comprise investment securities, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient, and has been throughout the years under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their finance lease liabilities which the policy is to obtain the most favourable interest rates available. The Group does not have other interest risk exposure arising from other financial instruments.

31 December 2007 (Unaudited)	Within 1 year S$'000	1 to 5 years S$'000	Over 5 years S$'000
Fixed rate			
Obligations under finance leases	65	15	–
Floating rate			
Fixed deposits	14,798	–	–
Cash at bank	9,451	–	–

36. Financial risk management objectives and policies (cont'd)

(a) Interest rate risk (cont'd)

30 June 2007 (Audited)	Within 1 year S$'000	1 to 5 years S$'000	Over 5 years S$'000
Fixed rate			
Obligations under finance leases	89	47	–
Floating rate			
Fixed deposits	30,175	–	–
Cash at bank	11,591	–	–

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposure.

The Group's policy is to manage its exposure to foreign currency risk by matching its sales denominated in SGD and United States Dollars with its purchases in the same currencies.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations including Malaysia, Thailand and Vietnam. The Group's net investments in these operations are not hedged as these are considered to be long-term in nature.

Foreign exchange risk is deemed not significant by the management as the Group's transactions are mainly in SGD. It is the Group's policy not to trade in derivative contracts.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

	31 December 2007 (Unaudited)			30 June 2007 (Audited)		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
Trade and other payables	13,184	–	13,184	15,702	–	15,702
Due to Directors	–	–	–	394	–	394
Finance lease obligations	65	15	80	89	47	136
	13,249	15	13,264	16,185	47	16,232

36. Financial risk management objectives and policies (cont'd)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables (including related party balances) and investment securities, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	31 December 2007 (Unaudited) S$'000	**30 June 2007 (Audited)** S$'000
By country:		
Singapore	11,881	15,746
Thailand	418	382
Others	–	704
	12,299	16,832

At the balance sheet date, approximately 61% (2006: 63%) of the Group's trade receivables were due from 5 major customers who are multi-national corporations located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and other investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 (Trade receivables).

37. Fair values of financial instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount approximates fair value due to their nature and liquidity.

Trade receivables, other receivables and deposits, trade and other payables, amounts due from associate and affiliated companies and amounts due to Directors

The carrying amounts approximate fair values because these assets and liabilities are of short-term maturity.

Quoted and unquoted investments

The fair values of quoted investments are estimated based on quoted market prices for these investments. The carrying values of quoted investments approximates their fair values. For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

Lease obligations

It is not practicable to estimate the fair value of the Group's long-term finance leases because of the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amount recorded at the balance sheet date approximates its fair value.

38. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period and year ended 31 December and 30 June 2007 respectively.

38. Capital Management (cont'd)

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Finance lease obligations (Note 28)	80	136
Gross debt	80	136
Equity attributable to equity holders of the Company	42,872	86,066
Less : Fair value adjustment reserve	–	(7)
Total capital	42,872	86,059
Capital and gross debt	42,952	86,195
Gearing ratio	0.2%	0.2%
Cash and cash equivalents	24,249	47,699
Gross debts	(13,264)	(15,838)
Net cash position	10,985	31,861

39. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group's primary format for reporting segment information is business segments, with each segment representing a product and service category. The Group's business segments is organised into three main business segments, namely:

(i) Project services

Project services comprise scaffolding and corrosion prevention, complemented by general civil engineering services and thermal insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

39. Segment information (cont'd)

(i) Project services (cont'd)

Scaffolding services pertain to erection of scaffolds which are a temporary framework used to support workmen in the construction or repair of buildings and other large structures.

Corrosion prevention involves using high pressure blasting equipment and cleaning processes to remove surface contaminants from metal surfaces ("Surface Preparation") before the application of a coat of paint onto clean surfaces of metal structures ("Coating").

Thermal protection and insulation refers to methods and processes used to reduce heat transfer and involves either (i) hot insulation, which is the prevention of heat loss from pipes, vessels and other process equipment, or (ii) cold insulation, which is the prevention of pipes, vessels and other process equipment from rising in temperature by maintaining the temperature of the cold fluids in these pipes, vessels and other process equipment.

(ii) Maintenance services

Maintenance services pertain to routine and/or turnaround maintenance service for the abovementioned specialist engineering services. Routine maintenance is carried out on a daily basis without shutting down the operations of the facilities. Turnaround maintenance is carried out periodically and requires the facilities to temporarily shut-down for major clean-up works, replacements and/or additions of pipings and equipment.

(iii) Others

Others pertain to products and services provided by the non-core businesses of the Group. These include investment trading and manufacturing of industrial machinery and equipment, property development, general contracting, supply of electric power generators, call centre service and related business in telecommunications and information technology.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

39. **Segment information (cont'd)**

(a) **Business segments**

(i) The following table presents revenue and results information regarding the Group's business segments for the financial periods ended 31 December 2006 and 2007.

	Continued operations				Discontinued operations					
	Project services		Maintenance services		Others		Eliminations		Total	
	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000
Revenue:										
Sales to external customers	18,991	11,995	14,652	16,677	21,864	5,711	–	–	55,507	34,383
Inter-segment sales	–	–	3,145	3,060	–	–	(3,145)	(3,060)	–	–
Total revenue	18,991	11,995	17,797	19,737	21,864	5,711	(3,145)	(3,060)	55,507	34,383
Results:										
Segment results	17,112	1,944	16,034	2,676	13,364	1,719	–	–	46,510	6,339
Finance costs									(8)	(4)
Share of result of associated company									978	2,338
Profit before taxation									47,480	8,673
Taxation									(3,662)	(955)
Profit for the period									43,818	7,718

39. Segment information (cont'd)

(a) Business segments (cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments as at 30 June and 31 December 2007.

	Continued operations				Discontinued operations					
	Project services		Maintenance services		Others		Eliminations		Total	
	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Assets and liabilities:										
Segment assets	35,475	43,933	33,356	46,606	–	21,598	(8,681)	(15,488)	60,150	96,649
Investments in associated company									–	15,215
Total assets									60,150	111,864
Segment liabilities	8,119	8,029	7,869	8,790	–	3,931	(2,413)	(587)	13,575	20,163
Unallocated liabilities									3,703	3,445
Total liabilities									17,278	23,608
Other segment information:										
Capital expenditure:										
Property, plant and equipment	3,130	1,376	2,921	1,485	–	270	–	–	6,051	3,131
Depreciation	568	1,077	524	1,046	–	295	–	–	1,092	2,418
Amortisation	3	86	–	80	–	–	–	–	3	166
Impairment losses	–	–	–	–	–	21	–	–	–	21

39. Segment information (cont'd)

(b) Geographic segments

The following table presents revenue, capital expenditure and certain assets information regarding the Group's geographical segments for the financial periods ended 31 December 2006 and 2007.

	Singapore		Other		Eliminations		Total	
	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2006 to 31 December 2006 (Unaudited) S$'000	1 July 2007 to 31 December 2007 (Unaudited) S$'000	1 July 2007 to 31 December 2006 (Unaudited) S$'000
Revenue:								
Sales to external customers, representing total revenue	54,437	32,955	1,070	1,428	–	–	55,507	34,383
	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000	31 December 2007 (Unaudited) S$'000	30 June 2007 (Audited) S$'000
Other segment information:								
Segment assets	64,960	92,576	3,874	18,500	(8,684)	(14,427)	60,150	96,649
Investments in associated company							–	15,215
Total assets							60,150	111,864
Capital expenditure: Property, plant and equipment	6,047	3,131	4	–	–	–	6,051	3,131

40. Events after balance sheet date

Save for those events disclosed elsewhere in Note 2 and other notes to the combined financial statements, no other item, transaction or event of a material or unusual nature has arisen subsequent to 31 December 2007.

41. Prior period comparatives

Prior period comparative financial information for the period from 1 July to 31 December 2006 have not been reviewed or audited.

42. Authorisation of financial statements

The financial statements for the financial period from 1 July 2007 to 31 December 2007 were authorised for issue in accordance with a resolution of the Directors on 14 August 2008.

Report on Unaudited Proforma Consolidated Financial Statements

HAI LECK HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES

For The Financial Year Ended 30 June 2007
And The Six Months Period Ended 31 December 2007

APPENDIX C – UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS OF HAI LECK HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007 AND THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2007

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Independent Auditors' Report on the Unaudited Proforma Consolidated Financial Statements

14 August 2008

The Board of Directors
Hai Leck Holdings Limited
9 Tuas Drive 1
Singapore 639494

Dear Sirs:

We report on the unaudited proforma consolidated financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages C-3 to C-27, which have been prepared, for illustrative purposes only based on certain assumptions and after making certain adjustments to show what :

(a) the financial results and cash flows of the Group for the financial year ended 30 June 2007 and the six months period ended 31 December 2007 would have been if the restructuring exercise as stated in Note 2 to the unaudited proforma financial information had occurred since 1 July 2006.

(b) the financial positions of the Group as at 30 June 2007 and 31 December 2007 would have been if the restructuring exercise had occurred on those dates.

The unaudited proforma consolidated financial statements, because of their nature, may not give a true picture of the Group's actual financial position, financial results and cash flows.

The unaudited proforma consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on the unaudited proforma consolidated financial statements based on our work.

We carried out our procedures in accordance with Singapore Statement of Auditing Practice 24, Auditors and Public Offering Documents. Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited proforma consolidated financial statements to the audited/unaudited combined financial statements of the Company and its subsidiary companies, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial statements with the management of the Company.

Independent Auditors' Report on the Unaudited Proforma Consolidated Financial Statements (Cont'd)

In our opinion:

(a) the unaudited proforma consolidated financial statements have been properly prepared:

  (i) in a manner consistent with the accounting policies of the Group, which are in accordance with Singapore Financial Reporting Standards; and

  (ii) on the basis as set out in Note 3 to the unaudited proforma consolidated financial statements.

(b) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial statements is appropriate for the purpose of preparing such financial statements.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-Charge: Max Loh Khum Whai

Hai Leck Holdings Limited and its Subsidiary Companies

Unaudited Proforma Consolidated Profit and Loss Accounts for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007

(Amounts in Singapore dollars)

	Note	**Year ended 30 June 2007** S$'000	**Six months period ended 31 December 2007** S$'000
Revenue	5	62,663	33,643
Cost of sales		(40,462)	(20,293)
Gross profit		22,201	13,350
Other income	6	1,377	1,605
Distribution and selling expenses		(400)	(287)
Administrative expenses		(11,158)	(6,371)
Other operating expenses		(2,258)	(1,099)
Interest expense		(6)	(8)
Profit before taxation	7	9,756	7,190
Taxation	9	(1,483)	(1,162)
Profit for the year/period		8,273	6,028
Attributable to:			
Equity holders of the Company		8,273	6,028
Earnings per share			
Basic and diluted (S$) [(2)]		0.30	0.22

Notes

(1) The financial results of the Proforma Group have been prepared on the basis that the Proforma Group has been in existence throughout the year/period.

(2) Earnings per share ("EPS") have been computed based on the profit attributable to equity holders of the Proforma Group divided by the pre-invitation share capital of 28,000,000 ordinary shares.

The accompanying accounting policies and explanatory notes form an integral part of the unaudited proforma consolidated financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Unaudited Proforma Consolidated Balance Sheets as at 30 June 2007 and 31 December 2007

(Amounts in Singapore dollars)

	Note	As at 30 June 2007 S$'000	As at 31 December 2007 S$'000
Non-current assets			
Property, plant and equipment		11,269	16,281
Other investments		156	–
Intangible assets		258	255
		11,683	16,536
Current assets			
Inventories		703	538
Trade receivables		16,571	12,137
Other receivables and deposits	10	1,887	2,444
Prepayments		130	27
Due from affiliated companies	11	2,201	1,900
Other investments		1,255	1,238
Work-in-progress		222	1,081
Cash and bank balances	12	8,817	5,411
Fixed deposits	12	10,175	14,798
		41,961	39,574
Current liabilities			
Trade and other payables	13	15,918	13,184
Due to affiliated companies (non-trade)	11	111	–
Finance lease obligations, current portion		89	65
Provision for taxation		3,161	3,730
		19,279	16,979
Net current assets		22,682	22,595
Non-current liabilities			
Deferred taxation		284	284
Finance lease obligations, non-current portion		47	15
		331	299
Net assets		34,034	38,832
Equity attributable to equity holders of the Company			
Share capital	14	28,000	28,000
Accumulated profits		6,198	10,994
Translation reserve		(164)	(162)
Total equity		34,034	38,832

The accompanying accounting policies and explanatory notes form an integral part of the unaudited proforma consolidated financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Unaudited Proforma Consolidated Cash Flow Statements for the Financial Year Ended 30 June 2007 and the Six Months Period Ended 31 December 2007

(Amounts in Singapore dollars)

	Year ended 30 June 2007 S$'000	Six months period ended 31 December 2007 S$'000
Cash flows from operating activities		
Profit before taxation	9,756	7,190
Adjustments:		
Depreciation of property, plant and equipment	2,068	1,092
Amortisation of intangible assets	166	3
Gain on disposal of other investments	–	(61)
Gain on disposal of property, plant and equipment	(105)	–
Gain on disposal of quoted investment	(56)	–
Gain on disposal of intangible assets	(30)	–
Impairment loss on property, plant and equipment	21	–
Write-back of loss on intangible assets	(136)	–
Currency realignment	65	(51)
Interest income	(332)	(316)
Interest expense	6	8
Operating profit before working capital changes	11,423	7,865
(Increase)/decrease in trade and other receivables	(3,310)	3,980
Increase in work-in-progress	(222)	(859)
(Increase)/decrease in inventories	(217)	165
Decrease in amounts due from affiliated companies	17,296	301
Decrease in trade and other payables	(8,056)	(3,966)
Decrease in amounts due to affiliated companies	(560)	–
Decrease in amounts due to Directors	(206)	(111)
Cash generated from operations	16,148	7,375
Tax paid	(502)	(593)
Net cash flows generated from operating activities	15,646	6,782
Cash flows from investing activities		
Interest received	332	316
Purchase of property, plant and equipment	(2,744)	(5,935)
Proceeds from disposal of other investments	–	234
Proceeds from disposal of property, plant and equipment	125	–
Proceeds from disposal of quoted investment	186	–
Proceeds from disposal of intangible assets	348	–
Net cash inflow on change from an associated company to a joint venture	1,277	–
Net cash flows used in investing activities	(476)	(5,385)
Cash flows from financing activities		
Interest paid	(6)	(8)
Dividend paid	(13,000)	–
Repayment of finance lease obligations	(229)	(172)
Net cash flows used in financing activities	(13,235)	(180)
Net increase in cash and cash equivalents	1,935	1,217
Cash and cash equivalents at the beginning of year/period	17,057	18,992
Cash and cash equivalents at end of year/period (Note 12)	18,992	20,209

The accompanying accounting policies and explanatory notes form an integral part of the unaudited proforma consolidated financial statements.

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for Unaudited Proforma Consolidated Profit and Loss Accounts

(Amounts in Singapore dollars)

Year ended 30 June 2007	**Audited Combined Profit and Loss Account** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Profit and Loss Account** S$'000
CONTINUING OPERATIONS			
Revenue	62,663		62,663
Cost of sales	(40,462)		(40,462)
Gross profit	22,201		22,201
Other income	19,677	(18,300) (1)	1,377
Distribution and selling expenses	(400)		(400)
Administrative expenses	(11,158)		(11,158)
Other operating expenses	(2,258)		(2,258)
Interest expense	(6)		(6)
Share of results of associated company	3,657	(3,657) (1)	–
Profit before taxation from continuing operations	31,713		9,756
Taxation	(1,483)		(1,483)
Profit for the year from continuing operations	30,230		8,273
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	5,464	(5,464) (1) (4) (6)	–
Profit for the year	35,694		8,273
Attributable to:			
Equity holders of the company	34,730	(26,457) (1) (5) (6)	8,273
Minority interests	964	(964) (1) (5) (6)	–
	35,694		8,273
Earnings per share			
Basic and diluted – continuing operations (S$)	14.83	(14.53) (1) (5) (6)	0.30
Basic and diluted – discontinued operations (S$)	2.54	(2.54) (1) (5) (6)	–

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for Unaudited Proforma Consolidated Profit and Loss Accounts (Cont'd)

(Amounts in Singapore dollars)

Six months period ended 31 December 2007	**Unaudited Combined Profit and Loss Account** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Profit and Loss Account** S$'000
CONTINUING OPERATIONS			
Revenue	33,643		33,643
Cost of sales	(20,293)		(20,293)
Gross profit	13,350		13,350
Other income	27,553	(25,948) (1)	1,605
Distribution and selling expenses	(287)		(287)
Administrative expenses	(6,371)		(6,371)
Other operating expenses	(1,099)		(1,099)
Interest expense	(8)		(8)
Share of results of associated company	978	(978) (1)	–
Profit before taxation from continuing operations	34,116		7,190
Taxation	(1,162)		(1,162)
Profit for the period from continuing operations	32,954		6,028
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations	10,864	(10,864) (1) (4) (6)	–
Profit for the period	43,818		6,028
Attributable to:			
Equity holders of the company	43,707	(37,679) (1) (5) (6)	6,028
Minority interests	111	(111) (1) (5) (6)	–
	43,818		6,028
Earnings per share			
Basic and diluted – continuing operations (S$)	14.57	(14.35) (1) (5) (6)	0.22
Basic and diluted – discontinued operations (S$)	5.42	(5.42) (1) (5) (6)	–

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for the Unaudited Proforma Consolidated Balance Sheets

(Amounts in Singapore dollars)

As at 30 June 2007	**Audited Combined Balance Sheet** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Balance Sheet** S$'000
Non-current assets			
Property, plant and equipment	11,269		11,269
Associated companies	15,215	(15,215) (2) (3)	–
Other investments	156		156
Intangible assets	258		258
	26,898		11,683
Current assets			
Inventories	703		703
Trade receivables	16,571		16,571
Other receivables and deposits	857	1,030 (6)	1,887
Prepayments	130		130
Due from associated companies	1,859	(1,859) (2)	–
Due from affiliated companies	5	2,196 (2)	2,201
Other investments	1,255		1,255
Work-in-progress	222		222
Cash and bank balances	11,591	(2,774) (9)	8,817
Fixed deposits	30,175	(20,000) (9)	10,175
	63,368		41,961
Assets classified as held for sale	21,598	(21,598) (2) (4) (6) (7)	–
	84,966		41,961
Current liabilities			
Trade and other payables	15,702	216 (2) (6)	15,918
Due to Directors	394	(394) (2)	–
Due to affiliated companies	–	111 (2)	111
Provision for taxation	3,161		3,161
Finance lease obligations, current portion	89		89
	19,346		19,279
Liabilities directly associated with assets classified as held for sale	3,931	(3,931) (2) (4) (6)	–
	23,277		19,279
Net current assets	61,689		22,682

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for Unaudited Proforma Consolidated Balance Sheets (Cont'd)

(Amounts in Singapore dollars)

As at 30 June 2007	**Audited Combined Balance Sheet** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Balance Sheet** S$'000
Non-current liabilities			
Deferred taxation	284		284
Finance lease obligations, non-current portion	47		47
	331		331
Net assets	88,256		34,034
Equity attributable to equity holders of the Company			
Share capital	2,000	26,000 (8)	28,000
Accumulated profits	84,254	(78,056) (2) (3) (4) (6) (8) (9)	6,198
Fair value adjustment reserve	(7)	7 (2)	–
Translation reserve	(181)	17 (2)	(164)
	86,066		34,034
Minority interests	2,190	(2,190) (2) (5) (6)	–
Total equity	88,256		34,034

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for Unaudited Proforma Consolidated Balance Sheets (Cont'd)

(Amounts in Singapore dollars)

As at 31 December 2007	**Unaudited Combined Balance Sheet** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Balance Sheet** S$'000
Non-current assets			
Property, plant and equipment	16,281		16,281
Intangible assets	255		255
	16,536		16,536
Current assets			
Inventories	538		538
Trade receivables	12,137		12,137
Other receivables and deposits	2,444		2,444
Prepayments	27		27
Due from affiliated companies	1,900		1,900
Other investments	1,238		1,238
Work-in-progress	1,081		1,081
Cash and bank balances	9,451	(4,040) [9]	5,411
Fixed deposits	14,798		14,798
	43,614		39,574
Current liabilities			
Trade and other payables	13,184		13,184
Finance lease obligations, current portion	65		65
Provision for taxation	3,730		3,730
	16,979		16,979
Net current assets	26,635		22,595

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for Unaudited Proforma Consolidated Balance Sheets (Cont'd)

(Amounts in Singapore dollars)

As at 31 December 2007	**Unaudited Combined Balance Sheet** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Balance Sheet** S$'000
Non-current liabilities			
Deferred taxation	284		284
Finance lease obligations, non-current portion	15		15
	299		299
Net assets	42,872		38,832
Equity attributable to equity holders of the Company			
Share capital	28,000		28,000
Accumulated profits	15,034	(4,040) (9)	10,994
Translation reserve	(162)		(162)
Total equity	42,872		38,832

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for the Unaudited Proforma Consolidated Cash Flow Statements

(Amounts in Singapore dollars)

Year ended 30 June 2007	Audited Combined Cash Flow S$'000	Proforma Adjustments S$'000	Unaudited Proforma Consolidated Cash Flow S$'000
Cash flows from operating activities			
Profit before taxation from continuing operations	31,713	(21,957) (1)	9,756
Profit before taxation from discontinued operations	6,503	(6,503) (1) (4) (6)	–
	38,216		9,756
Adjustments:			
Depreciation of property, plant and equipment	2,418	(350) (1)	2,068
Amortisation of intangible assets	166		166
Gain on disposal of property, plant and equipment	(105)		(105)
Gain on disposal of shares in an associated company	(18,300)	18,300 (1)	–
Gain on disposal of investment properties	(352)	352 (1)	–
Gain on disposal of development properties	(5,284)	5,284 (1)	–
Gain on disposal of quoted investments	(56)		(56)
Gain on disposal of intangible assets	–	(30) (1)	(30)
Impairment loss on property, plant and equipment	21		21
Write-back of loss on intangible assets	(136)		(136)
Currency realignment	(272)	337 (1)	65
Interest income	(343)	11 (1)	(332)
Interest expense	6		6
Share of results of associated companies	(3,657)	(3,657) (1)	–
Operating profit before working capital changes	12,322		11,423
Increase in trade and other receivables	(3,552)	242 (1) (4) (6)	(3,310)
Increase in inventories	(52)	(165) (1) (4) (6)	(217)
Increase in work-in-progress	(222)		(222)
Decrease in amounts due from affiliated companies	15	17,281 (1) (4) (6)	17,296
Decrease in amounts due from associated companies	691	(691) (1) (4) (6)	–
Decrease in trade and other payables	(3,545)	(4,511) (1) (4) (6)	(8,056)
Decrease in amounts due to affiliated companies	(613)	53 (1) (4) (6)	(560)
Increase/(decrease) in amounts due to Directors	188	(394) (1) (4) (6)	(206)
Increase in development properties	(889)	889 (1) (4) (6)	–
Cash generated from operations	4,343		16,148
Tax paid	(487)	(15) (1) (4) (6)	(502)
Net cash flows generated from operating activities	3,856		15,646

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for the Unaudited Proforma Consolidated Cash Flow Statements (Cont'd)

(Amounts in Singapore dollars)

Year ended 30 June 2007	Audited Combined Cash Flow S$'000	Proforma Adjustments S$'000	Unaudited Proforma Consolidated Cash Flow S$'000
Cash flows from investing activities			
Interest received	343	(11) [1]	332
Purchase of property, plant and equipment	(3,015)	271 [1]	(2,744)
Purchase of shares in an associated company	(6,007)	6,007 [1]	–
Proceeds from disposal of property, plant and equipment	158	(33) [1]	125
Proceeds from disposal of shares in an associated company	22,524	(22,524) [1]	–
Proceeds from disposal of investment properties	7,952	(7,952) [1]	–
Proceeds from disposal of development properties	7,580	(7,580) [1]	–
Proceeds from disposal of quoted investments	186		186
Proceeds from disposal of intangible assets	–	348 [1]	348
Dividend from an associated company	7,208	(7,208) [1]	–
Net cash inflow on change from an associated company to a joint venture	1,277		1,277
Net cash flows generated from/(used in) investing activities	38,206		(476)
Cash flows from financing activities			
Interest paid	(6)		(6)
Dividend paid	(13,000)		(13,000)
Repayment of finance lease obligations	(176)	(53) [1]	(229)
Dividend paid to minority shareholders of subsidiary companies	(409)	409 [1]	–
Net cash flows used in financing activities	(13,591)		(13,235)
Net increase in cash and cash equivalents	28,471		1,935
Cash and cash equivalents at the beginning of year	19,228	(2,171) [1] [4] [6]	17,057
Cash and cash equivalents at end of year	47,699		18,992

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for the Unaudited Proforma Consolidated Cash Flow Statements (Cont'd)

(Amounts in Singapore dollars)

Six months period ended 31 December 2007	**Unaudited Combined Cash Flow** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Cash Flow** S$'000
Cash flows from operating activities			
Profit before taxation from continuing operations	34,116	(26,926) [1]	7,190
Profit before taxation from discontinued operations	13,364	(13,364) [1] [4] [6]	–
	47,480		7,190
Adjustments:			
Depreciation of property, plant and equipment	1,092		1,092
Amortisation of intangible assets	3		3
Gain on disposal of property, plant and equipment	(4)	4 [1]	–
Gain on disposal of shares in an associated company	(25,948)	25,948 [1]	–
Gain on disposal of investment properties	(337)	337 [1]	–
Gain on disposal of development properties	(14,087)	14,087 [1]	–
Gain on disposal of other investments	(61)		(61)
Loss on disposal of subsidiary companies	1,558	(1,558) [1] [6]	–
Currency realignment	207	(258) [1]	(51)
Interest income	(316)		(316)
Interest expense	8		8
Share of results of associated companies	(978)	978 [1]	–
Operating profit before working capital changes	8,617		7,865
Decrease in trade and other receivables	3,375	605 [1] [4] [6]	3,980
(Increase)/decrease in work-in-progress	(859)		(859)
Decrease/(increase) in inventories	1,171	(1,006) [1] [4] [6]	165
(Increase)/decrease in amount due from affiliated company, non-trade	(1,895)	2,196 [1] [4] [6]	301
Decrease in amounts due from associated companies	1,859	(1,859) [1] [4] [6]	–
Decrease in trade and other payables	(2,844)	(1,122) [1] [4] [6]	(3,966)
Increase/(decrease) in amounts due to Directors	2,006	(2,117) [1] [4] [6]	(111)
Cash generated from operations	11,430		7,375
Tax paid	(4,085)	3,492 [1] [4] [6]	(593)
Net cash flows generated from operating activities	7,345		6,782

Hai Leck Holdings Limited and its Subsidiary Companies

Statements of Adjustments for the Unaudited Proforma Consolidated Cash Flow Statements (Cont'd)

(Amounts in Singapore dollars)

Six months period ended 31 December 2007	**Unaudited Combined Cash Flow** S$'000	**Proforma Adjustments** S$'000	**Unaudited Proforma Consolidated Cash Flow** S$'000
Cash flows from investing activities			
Interest received	316		316
Purchase of property, plant and equipment	(5,935)		(5,935)
Proceeds from disposal of shares in other investments	–		234
Proceeds from disposal of property, plant and equipment	61	(61) (1)	–
Proceeds from disposal of shares in an associated company	32,013	(32,013) (1)	–
Proceeds from disposal of investment properties	2,422	(2,422) (1)	–
Proceeds from disposal of development properties	19,637	(19,637) (1)	–
Proceeds from disposal of unquoted investments	234	(234) (1)	–
Proceeds from sale of intangible assets	767	(767) (1)	–
Purchase of shares in a subsidiary company	(1,909)	1,909 (5)	–
Net cash outflow on disposal of subsidiary companies	(1,397)	1,397 (1) (6)	–
Dividend from an associated company	2,075	(2,075) (1)	–
Net cash flows generated from/(used in) investing activities	48,284		(5,385)
Cash flows from financing activities			
Interest paid	(8)		(8)
Repayment of finance lease obligations	(173)	1 (1)	(172)
Dividend paid	(78,874)	78,874 (10)	–
Dividend paid to minority shareholders of subsidiary companies	(24)	24 (5)	–
Net cash flows used in financing activities	(79,079)		(180)
Net (decrease)/increase in cash and cash equivalents	(23,450)		1,217
Cash and cash equivalents at the beginning of period	47,699	(28,707) (1) (4) (6)	18,992
Cash and cash equivalents at end of period	24,249		20,209

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information

(Amounts in Singapore dollars)

Details of proforma adjustments

(1) Based on the assumption that the Group had divested its non-core businesses since 1 July 2006 as stated in Notes 2(a) and 2(b), the proforma adjustment illustrates the effect on the Group's financial results and cash flows for the financial year ended 30 June 2007 and the six months period ended 31 December 2007 upon the divestment of non-core businesses. Proforma adjustments are also made to exclude any income and gains arising from the disposal of shares of Hiap Seng Engineering Pte Ltd. Divested companies include Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd, Tele-centre Services Pte Ltd and Hiap Seng Engineering Ltd.

(2) Based on the assumption that the Group had divested its non-core businesses since 30 June 2007 as stated in Notes 2(a) and 2(b), the proforma adjustment illustrates the effect on the Group's financial positions as at 30 June 2007 and 31 December 2007 upon the divestment of non-core businesses. Proforma adjustments are also made to effect the settlement of certain trade and non-trade balances between the divested companies and the Group that occurred between 1 August 2007 to 15 October 2007. Divested companies include Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd, Tele-centre Services Pte Ltd and Hiap Seng Engineering Ltd.

(3) Based on the assumption that the Group had distributed *in specie* the remaining 16.66% shareholding interests in Hiap Seng Engineering Limited since 30 June 2007 as stated in Note 2(c), the proforma adjustment illustrates the effect on the Group's financial positions as at 30 June 2007 and 31 December 2007 upon the distribution *in specie*.

(4) Based on the assumption that the Group had wound up Perusahaan Hai Leck Sdn Bhd since 1 July 2006 as stated in Note 2(d), the proforma adjustment illustrates the effect on the Group upon the winding up of the wholly-owned subsidiary company.

(5) Based on the assumption that the Group had wholly acquired Industrial Services Pte Ltd since 1 July 2006 as stated in Note 2(e), the proforma adjustment illustrates the effect on the Group upon the acquisition of all of the minority interests in Industrial Services.

(6) Based on the assumption that the Group had sold Thermal Limitec Pte Ltd to the minority shareholder since 1 July 2006 as stated in Note 2(f), the profoma adjustment illustrates the effect on the Group upon the sale of the subsidiary company.

(7) Based on the assumption that the Group had sold other assets comprising investment properties and 3 club memberships to certain Directors of Hai Leck Engineering (Private) Limited and other external parties since 30 June 2007. The proforma adjustment illustrates the effect on the Group upon the sales of these assets.

(8) Based on the assumption that the Group had capitalised its accumulated profits pursuant to the Restructuring Exercise since 30 June 2007 as stated in Note 2(g), this proforma adjustment shows the effect on the share capital of the Company upon the capitalisation of accumulated profits.

(9) Based on the assumption that the Group had declared interim dividends amounting to S$82,914,000 and S$4,040,000 since 30 June 2007 and 31 December 2007 respectively as stated in Note 2(h), the proforma adjustment illustrates the effect on the Group had dividends of S$22,774,000 and S$4,040,000 been paid out of the fixed deposits and cash and bank balances held by the Group as at 30 June 2007 and as at 31 December 2007 respectively.

(10) Based on the assumption that the Group had declared interim dividends amounting to S$82,914,000 as stated in Note 2(h), the proforma adjustment illustrates the effect on the Group had the dividends been made on 1 July 2006.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

1. Corporate information

The Company is a private limited company which is incorporated in Singapore on 12 September 1998 under the name of Hai Leck Holdings Pte Ltd. On 5 June 2008, the Company changed its name to Hai Leck Holdings Limited in connection with its conversion from a private limited company to a public company limited by shares.

The registered office and the principal place of business of the Company is located at 9 Tuas Drive 1, Singapore 639494.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiary companies are set out in Note 2.

2. The Restructuring Exercise

The Group was formed through the Restructuring Exercise in preparation for the Company's listing on the SGX-ST. Pursuant to the Group Restructuring Exercise, the Company acquired its various subsidiary companies and became the investment holding company of the Group.

The Restructuring Exercise involved the following steps:

(a) *Sale by Hai Leck Engineering (Private) Limited ("Hai Leck Engineering") of its shareholding interests held in the capital of Hai Leck Development Pte Ltd, Highlander Power Systems Pte Ltd and Tele-centre Services Pte Ltd (collectively known as the "Divested Companies")*

Prior to the Restructuring Exercise, Hai Leck Engineering's shareholdings in the Divested Companies were as follows :

(i) Aggregate of 2,000,000 ordinary shares in Hai Leck Development Pte Ltd, being the entire issued and paid-up capital of Hai Leck Development Pte Ltd, with a net book value of S$2,000,000 as at 30 June 2007;

(ii) Aggregate of 1,000,000 ordinary shares in Highlander Power Systems Pte Ltd, being the entire issued and paid-up capital of Highlander Power Systems Pte Ltd, with a net book value of S$1,000,000 as at 30 June 2007; and

(iii) Aggregate of 2,262,000 ordinary shares in Tele-centre Services Pte Ltd, being 93.27% of the issued and paid-up capital of Tele-centre Services Pte Ltd, with a net book value of S$933,000 as at 30 June 2007,

(collectively known as the "Sale Shares").

Pursuant to a sale and purchase agreement dated 15 October 2007, Hai Leck Engineering disposed of all Sale Shares to United Holding (1975) Pte Ltd, for a consideration of S$3,933,000. The said sale was completed on 6 November 2007.

Following the completion of the above-mentioned sale, Hai Leck Engineering does not have any interest in the Divested Companies and accordingly, the financial results of the abovementioned companies are classified as "Discontinued Operations".

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

2. The Restructuring Exercise (cont'd)

(b) *Sale of 31,000,000 shares (10.21%) by Hai Leck Engineering in the capital of Hiap Seng Engineering Limited ("Hiap Seng") on 1 August 2007*

On 1 August 2007, Hai Leck Engineering disposed of 31,000,000 shares (10.21%) in the capital of Hiap Seng by way of placement to investors at a consideration of S$1.04 per share. Pursuant to the said disposal, Hai Leck Engineering's shareholding interest in the capital of Hiap Seng was reduced from 26.87% to 16.66%.

(c) *Declaration of distribution in specie by Hai Leck Engineering of its remaining shareholding interest held in the capital of Hiap Seng*

Pursuant to the articles of association of Hai Leck Engineering, Hai Leck Engineering may from time to time declare a dividend to be paid out of its profits. Pursuant to the disposal in Note 2(b) above, Hai Leck Engineering held an aggregate of 50,617,429 shares in Hiap Seng, being 16.66% of the issued and paid-up capital of Hiap Seng, with an aggregate market value of S$40,240,856 as at 15 October 2007 (the "Distributed Shares").

By way of a distribution in specie, all the Distributed Shares were distributed to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the individual shareholders of Hai Leck Engineering on 15 October 2007. The distribution was effected in proportion to the existing shareholdings of Messrs Cheng Buck Poh (71.00%), Lee See Kee (15.00%) and Goo Guik Bing (14.00%) in Hai Leck Engineering. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the above-mentioned distribution in specie, Hai Leck Engineering does not have any equity interest in Hiap Seng.

(d) *Winding up of Perusahaan Hai Leck Sdn Bhd ("Perusahaan HL")*

Perusahaan HL is a wholly-owned subsidiary company of HLE and was incorporated for the purposes of holding properties. Pursuant to the Restructuring Exercise, the land at Lot 3158 Mukim Bandar, District of Muar, Johor, Malaysia of approximately 1.1382 hectares held by Perusahaan HL was sold to unrelated third parties at a consideration of MYR1,225,125. The carrying value of the land was MYR 523,000. The sale was completed on 16 October 2007 and the gain on disposal of MYR 702,125 was recognised in the profit and loss account of Perusahaan HL in FY2008. Perusahaan HL is in the process of being wound up.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

2. The Restructuring Exercise (cont'd)

(e) Acquisition of the remaining 23.64% shareholding interest in Industrial Services Pte Ltd ("Industrial Services") by Hai Leck Engineering

Pursuant to a sale and purchase agreement dated 24 September 2007, Hai Leck Engineering acquired the remaining 23.64% shareholding interest in Industrial Services comprising an aggregate of 236,338 ordinary shares for an aggregate cash consideration of S$1,536,197 based on a willing-buyer willing-seller basis *taking into account, inter alia, the following factors:*

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Industrial Services of S$7,505,000 as at 30 September 2007.

(f) Sale of Thermal Limitec Pte Ltd ("Thermal Limitec")

Pursuant to a subscription and shareholders' agreement dated 21 April 2006, David Martin Thomas was granted a call option to require Industrial Services to transfer 20.00% of the total shareholdings in Thermal Limitec, being 100,000 ordinary shares, to David Martin Thomas at $1.00 per share (the "Option"). The Option was exercised on 24 September 2007 and the sale of the shareholdings was completed on 24 September 2007.

Pursuant to a sale and purchase agreement dated 24 September 2007, David Martin Thomas acquired Industrial Services' remaining shareholdings of 40.00% (representing 200,000 ordinary shares) in Thermal Limitec at a consideration of S$304,434. The consideration was based on a willing-buyer willing-seller basis *taking into account, inter alia, the following factors:*

(i) growth potential;

(ii) risks and returns;

(iii) management issues; and

(iv) net asset value of Thermal Limitec of S$709,000 as at 30 September 2007.

The said sale was completed on 24 September 2007.

Following the completion of the above-mentioned sale, Industrial Services does not have any equity interest in Thermal Limitec.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

2. The Restructuring Exercise (cont'd)

(g) *Capitalisation by Hai Leck Engineering of S$26,000,000 from accumulated profits*

On 19 October 2007, Hai Leck Engineering capitalised S$26,000,000 from accumulated profits for a bonus issue of 26,000,000 fully paid ordinary shares to its existing shareholders according to their respective shareholdings in Hai Leck Engineering (the "Bonus Issue"). Pursuant to the Bonus Issue, Hai Leck Engineering has an issued and paid-up share capital of S$28,000,000.

(h) *Dividend by the Group of S$82,914,000*

On 29 June 2007 and 19 October 2007, HLE declared interim dividends amounting to S$50,000,000 and S$28,874,000, respectively, in respect of FY2007 to the then existing shareholders of HLE, namely, Messrs Cheng Buck Poh @ Chng Bok Poh, Lee See Kee and Goo Guik Bing. Out of the dividend of S$78,874,000, S$20,000,000 and S$2,774,000, totalling S$22,774,000, were paid out of the fixed deposits and cash and bank balances held by the Group as at 30 June 2007 respectively.

On 31 January 2008, the Company declared an interim dividend amounting to S$4,040,000, in respect of FY2008, to the then existing shareholders, namely, Messr Cheng Buck Poh @ Chng Bok Poh, Cheng Capital Holdings and Messr Lee See Kee.

(i) *Share swap exercise between the Company and Hai Leck Engineering*

Pursuant to an agreement dated 7 November 2007, the Company acquired the entire issued and paid-up share capital of Hai Leck Engineering comprising 28,000,000 ordinary shares. The purchase consideration was satisfied by the issue of 27,999,997 fully paid shares to Messrs Cheng Buck Poh, Lee See Kee and Goo Guik Bing, the shareholders of Hai Leck Engineering, as follows:

Name	Number of Hai Leck Engineering Shares	Shareholding in Hai Leck Engineering (%)	Number of Shares issued
Cheng Buck Poh	19,880,000	71	19,879,999
Lee See Kee	4,200,000	15	4,199,999
Goo Guik Bing	3,920,000	14	3,919,999
Total	28,000,000	100	27,999,997

Mr Cheng Buck Poh and Mdm Goo Guik Bing renounced 10,640,000 Shares (38%) and 3,919,999 Shares (14%), respectively, to Cheng Capital Holdings which is held by Messrs Cheng Buck Poh (52 shares (52%)), Goo Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)) and Cheng Wee Ling (7 shares (7%)).

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

2. The Restructuring Exercise (cont'd)

At the date of this report, the Group structure is as shown below :

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group %
Subsidiary companies			
Held by the Company			
Hai Leck Engineering (Private) Limited.*	Scaffolding, corrosion prevention and complementary general civil engineering works	Singapore	100
Held by Hai Leck Engineering Pte Ltd			
Industrial Services Pte. Ltd.*	Thermal insulation including refractories and passive fireproofing services	Singapore	100
Hai Leck Corporation Sdn Bhd (formerly known as Perusahaan Hai Leck Hiap Seng Sdn. Bhd)**	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Malaysia	100
Hai Leck (VN) Engineering Co., Ltd***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Vietnam	100
Joint venture			
Held by Hai Leck Engineering Pte Ltd			
Logthai - Hai Leck Engineering Co.,Ltd****	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering works	Thailand	49

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore

** Audited by Gow & Tan, Chartered Accountants, Malaysia

*** Audited by KPMG, Certified Public Accountants, Vietnam

**** Audited by Audit Teams, Certified Public Accountants, Thailand

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

3. Basis of preparation of the proforma consolidated financial statements

The proforma consolidated financial statements have been prepared for illustrative purposes only. They have been prepared based on certain assumptions and after making certain adjustments to show:

(i) what the financial results and cash flows of the Proforma Group for the financial year ended 30 June 2007 and the six months period ended 31 December 2007 would have been had the Restructuring Exercise as stated in Note 2, occurred on 1 July 2006; and

(ii) what the financial position of the Proforma Group as at 30 June 2007 and 31 December 2007 would have been had the Restructuring Exercise as stated in Note 2, occurred on those dates.

Based on the assumptions discussed above, the following adjustments have been made to the audited/unaudited combined financial statements of Hai Leck Holdings Limited and its subsidiary companies in arriving at the unaudited Proforma Consolidated Financial Statements included herein:

(1) being adjustments to effect the divestment of non-core businesses as described in Note 2 above, taking into account the effect on the Group's financial results and cash flows as if the non core businesses had ceased to exist since 1 July 2006;

(2) being adjustments to effect the divestment of non-core businesses as described in Note 2 above, taking into account the effect on the Group's financial position as if the non core businesses had ceased to exist since 30 June 2007;

(3) being adjustments to effect the distribution of dividends in specie of the remaining 16.66% shareholding interests in Hiap Seng Engineering Limited to the shareholders since 30 June 2007 as described in Note 2 above;

(4) being adjustments to effect the winding up of a wholly-owned subsidiary company, Perusahaan Hai Leck Sdn Bhd, as described in Note 2 above;

(5) being adjustments to effect the acquisition of the entire minority interests in Industrial Services Pte Ltd as described in Note 2 above;

(6) being adjustments to effect the sale of subsidiary company, Thermal Limitec Pte Ltd, to the minority shareholder as described in Note 2 above;

(7) being adjustments to effect the sales of other assets comprising investment properties and club membership.

(8) being adjustments to effect the capitalisation of accumulated profits as described in Note 2 above; and

(9) being adjustments to effect the interim dividends declared by the Group as described in Note 2 above.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

3. Basis of preparation of the proforma consolidated financial statements (Cont'd)

The unaudited proforma consolidated financial statements, because of its nature, may not give a true picture of the Proforma Group's actual financial position, financial results and cash flows. They are not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the abovementioned Restructuring Exercise occurred at the respective dates as indicated.

4. Significant accounting policies

The unaudited proforma consolidated financial information is prepared using the same accounting policies as the audited combined financial statements of the Group for the years ended 30 June 2005, 2006 and 2007 and the unaudited combined financial statements of the Group for the six months period ended 31 December 2007.

5. Revenue

	Year ended 30 June 2007 S$'000	**Six months period ended 31 December 2007** S$'000
Project revenue	32,462	18,991
Maintenance revenue	29,779	14,652
Sale of goods/services rendered	422	–
	62,663	33,643

6. Other income

	Year ended 30 June 2007 S$'000	**Six months period ended 31 December 2007** S$'000
Interest income		
- fixed deposits	309	293
- others	23	23
Gain on disposal of other investments	–	61
Gain on disposal of property, plant and equipment	105	–
Gain on disposal of quoted investment	56	–
Gain on disposal of intangible assets	30	–
Rental income	163	167
Test centre income	48	3
Ancillary metal fabrication and safety and performance incentives	643	1,058
	1,377	1,605

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

7. Profit before taxation

This is determined after charging the following:

	Year ended 30 June 2007 S$'000	Six months period ended 31 December 2007 S$'000
Depreciation of property, plant and equipment	2,068	1,092
Amortisation of intangible assets	166	3
Write-back of loss on intangible assets	(136)	–
Impairment loss on property, plant and equipment	21	–
Employee benefits (Note 8)	15,005	8,109

8. Employee benefits

	Year ended 30 June 2007 S$'000	Six months period ended 31 December 2007 S$'000
Employee benefits expense (including executive directors)		
Wages, salaries, bonuses	12,412	6,891
Central Provident Fund contributions	495	235
Others	2,098	983
	15,005	8,109

9. Taxation

	Year ended 30 June 2007 S$'000	Six months period ended 31 December 2007 S$'000
Current taxation		
- current year	1,576	1,162
- underprovision in respect of prior year/period	40	–
Deferred taxation		
- current year	(133)	–
Tax expense	1,483	1,162

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

9. Taxation (Cont'd)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Year ended 30 June 2007 S$'000	**Six months period ended 31 December 2007** S$'000
Accounting profit before income tax	9,756	7,190
Tax at Singapore statutory tax rate of 18%	1,756	1,294
Adjustments:		
- Effect of partial tax exemption	(56)	(56)
- Non-deductible expenses in determining taxable income	64	–
- Underprovision in respect of prior year/period's taxation	40	–
- Effect of reduction in tax rate	(37)	(17)
- Utilisation of previously unrecognised tax losses	(292)	–
- Others	8	(59)
	1,483	1,162

10. Other receivables and deposits

	As at 30 June 2007 S$'000	**As at 31 December 2007** S$'000
Deposits	277	721
Other receivables	1,450	1,496
Interest receivable	33	3
Staff advances	58	167
Tax recoverable	69	57
	1,887	2,444

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

11. Due from/(to) affiliated companies

	As at 30 June 2007 S$'000	As at 31 December 2007 S$'000
Due from affiliated companies		
- Trade balances	2,163	1,895
- Non-trade balances	38	5
	2,201	1,900
Due to affiliated companies		
- Non-trade balances	(111)	–

The amounts due from/(to) affiliated companies are unsecured, interest-free and repayable on demand.

12. Cash and cash equivalents

	As at 30 June 2007 S$'000	As at 31 December 2007 S$'000
Cash and bank balances	8,817	5,411
Fixed deposits	10,175	14,798
	18,992	20,209

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.10% (30 June 2007: 0.38% to 0.60%) per annum. Fixed deposits are made for varying periods of between 1 month and 12 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rates of fixed deposits range from 2.19 % to 2.44% (30 June 2007: 0.19% to 4.00%) per annum.

13. Trade and other payables

	As at 30 June 2007 S$'000	As at 31 December 2007 S$'000
Trade payables	12,484	9,712
Other payables	2,093	643
Accrued operating expenses	1,341	2,829
	15,918	13,184

Trade and other payables are non-interest bearing and are normally settled on 30-90 days terms.

Hai Leck Holdings Limited and its Subsidiary Companies

Notes to the Unaudited Proforma Consolidated Financial Information (Cont'd)

(Amounts in Singapore dollars)

14. Share capital

	As at 30 June 2007		As at 31 December 2007	
	No. of shares ('000)	S$'000	No. of shares ('000)	S$'000
Ordinary shares issued and fully paid				
At beginning of the year/period	2,000	2,000	2,000	2,000
Capitalisation of accumulated profits into share capital	26,000	26,000	26,000	26,000
At end of the year /period	28,000	28,000	28,000	28,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

15. Other information

Other than disclosed as above, there are no changes to the unaudited proforma consolidated financial information as compared to the audited/unaudited combined financial statements of the Group for the financial year ended 30 June 2007 and the six months period ended 31 December 2007. Accordingly, no separate note disclosures, other than those disclosed above, have been made from those as provided under the Notes to the Combined Financial Statements for the financial years ended 30 June 2005, 2006 and 2007 and the Notes to the Unaudited Combined Financial Statements for the six months period ended 31 December 2007.

APPENDIX D – EXTRACTS OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Articles.

The instruments that constitute and define our Company are the Memorandum and Articles of Association of the Company.

Memorandum of Association

The registration number of our Company is Registration No. 199804461D.

Our Memorandum of Association states that the liability of our Shareholders is limited to the amount, if any, for the time being unpaid on the shares respectively held by them. Our Memorandum of Association also sets out the objects for which our Company was formed, including acting as a holding and investment company, and the powers of our Company, including the powers set out in the First Schedule to the Companies Act.

Articles of Association

The provisions in the Articles of Association of our Company relating to:-

(a) *a Director's power to vote on a proposal, arrangement or contract in which the Director is Interested*

Article 100

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) *the Director's power to vote on remuneration (including pension or other benefits) for himself 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*

Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, 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 General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 78

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, other than by a commission on or percentage of commission or turnover, Provided that such extra remuneration (in case of an executive Director) shall not by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(c) borrowing powers exercisable by the Directors and how such borrowing powers can be varied

Article 108

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(d) retirement or non-retirement of Directors under an age limit requirement

Article 89

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, Provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.

Article 90

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.

Article 91

The Company at the meeting at which a Director retires under any provision of these Articles may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:-

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the reelection of such Director is put to the meeting and lost; or

(b) where such Director has given notice in writing to the Company that he is unwilling to be reelected; or

(c) where the default is due to the moving of a resolution in contravention of the next Article; or

(d) where such Director has attained any retiring age applicable to him as Director.

The re-election shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his reelection is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

(e) the number of shares, if any, required for Director's qualification

Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

(f) rights, preferences and restrictions attaching to each class of shares

Article 3

(A) Subject to the Act and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, 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 in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

Article 8

(A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrears.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Companies Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

Article 14

Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) the date of lodgement of a registrable transfer, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

Article 34

(A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock 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, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:-

(a) such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty,), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Article 41

A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, provided that:-

(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously 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 proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

(b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;

(c) the delivery by the Company to CDP 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; and

(d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

Article 42

Except as required by the Statutes or 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 recognize (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 these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

Article 63

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

Article 64

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

Article 65

No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

(g) *any change in capital*

Article 10

The Company may by Ordinary Resolution:-

(a) consolidate and divide all or any of its share capital;

(b) sub-divide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;

(c) convert or exchange any class of shares into or for any other class of shares; and/or

(d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

Article 11

(A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange hereafter, 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 shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. 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 Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(h) any change in the respective rights of the various classes of shares including the action necessary to change the rights

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

(i) dividends and distribution

Article 123

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 124

If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 125

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-

(a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all Dividends must be apportioned and paid proportionately to the amounts so paid or crediteds as paid during any portion or portions of the period in respect of which the Dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 126

(A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. 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 remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that 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. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

(B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

Article 127

No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

Article 128

(A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares herein before contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

Article 129

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Article 130

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) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member 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.

Article 131

Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct.

Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 132

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other monies payable or property distributable on or in respect of the share.

Article 133

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

(j) any limitation on the right to own Shares, including limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights on their Shares

Article 5

(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) 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. 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, and, after the expiration of that 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 Article 5(A).

(B) Notwithstanding Article 5(A) above, 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) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(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) warrants, debentures or other instruments convertible into shares; and

(b) (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:-

(1) the aggregate number of shares 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) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and

(3) (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 of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company 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).

(C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorize the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

Article 34

(A) There shall be no restriction on the transfer of fully paid-up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock 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, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:-

(a) such fee not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty,), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Article 42

Except as required by the Statutes or 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 these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

APPENDIX E – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the New Shares at the Issue Price for each New Share, subject to the following terms and conditions:-

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**

2. Your application for Offer Shares may be made by way of Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks ("ATM Electronic Applications") or through Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications"). Your application for the Placement Shares (other than Reserved Shares) may only be made by way of Placement Shares Application Forms. Should you be eligible, your application for Reserved Shares may only be made by way of Reserved Shares Application Forms. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE SHARES.**

3. **You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, except in the case of applications by approved nominees companies, where each application is made on behalf of a different beneficiary.**

   If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   If you, other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   If you, being other than 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 may be rejected at the discretion of our Company.

   If you have made an application for Placement Shares (other than Reserved Shares), you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Application Form, you may not make any application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be a multiple applications and may be rejected at the discretion of our Company.

   If you have made an application for Reserved Shares, you may submit one separate application for the Offer Shares in your own name by way of an Application Form or by way of an Electronic Application, or submit one separate application for Placement Shares (other than Reserved Shares) by way of an Application Form, provided that you adhere to the terms and conditions of this Prospectus. Such separate applications shall NOT be treated as multiple applications.

Joint applications shall be rejected. Multiple applications for New Shares shall be liable to be rejected at the discretion of our Company. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 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 may be rejected at the discretion of our Company.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) 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 name of the deceased at the time of the application.

5. We will not recognise the existence of a trust. An 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 ONLY ACCEPT APPLICATIONS FROM 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 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 apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). 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 or in your Electronic Application, as the case may be, 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, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, 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 or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, 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 other correspondence from CDP will be sent to your address last registered with CDP.**

9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus 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.**

Our Company 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 instructions for Electronic Applications or the terms and conditions of this Prospectus 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.

10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of Applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP 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, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

12. In the event that our Company lodges a supplementary or replacement prospectus ("Relevant Document") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the New Shares have not been issued, we will (as required by law) at our Company's sole and absolute discretion either

    (i) within 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; or

    (ii) within 7 days of the lodgement give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

    (iii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the lodgement of the Relevant Document.

    Any applicant who wishes to exercise his option under paragraph 12(i) and (ii) above to withdraw his application for the New Shares shall, within 14 days from the date of lodgement of the Relevant Document, notify us whereupon we shall, within 7 days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom) to you and at your own risk.

    In the event that at any time at the time of the lodgement of the Relevant Document, the New Shares have already been issued but trading has not commenced, we will (as required by law), at our Company's sole and absolute discretion, either :-

    (iv) within two days (excluding 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 return to the Company the

New 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;

(v) within 7 days of the lodgement give you a copy of the Relevant Document and provide you with an option to return the New Shares; or

(vi) deem the issue as void and refund your payment for the New Shares (without interest or any share of revenue or other benefit arising therefrom) within 7 days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 12(iv) and (v) above to return the New Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those New Shares, whereupon we shall, within 7 days from the receipt of such notification and documents, pay to him all monies paid by him for the New Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the New Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw your application or return the New Shares allotted to you, may be found in such supplementary or replacement prospectus.

13. In the event of an under-subscription for Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

Any of the Reserved Shares not taken up will be made available first to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares.

In the event of an under-subscription for Placement Shares (other than Reserved Shares) as at the close of the Application List, that number of Placement Shares (other than Reserved Shares) under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Company and approved by the SGX-ST, if required.

In all the above instances, the basis of allotment of the New Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily press.

14. You consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount from your account with the relevant Participating Bank to the Registrar for the Invitation and Singapore Share Transfer Agent, SCCS, SGX-ST, CDP, the Company and the Issue Manager. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to us, the Manager, Underwriter and Placement Agent and any other parties so authorised by the foregoing persons. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or transmission or delivery of data relating to Electronic Applications.

15. Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares through the Placement Agents and a person applying for the Reserved Shares.

16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen (as the case may be) in accordance with the provisions of this Prospectus, you:-

    (a) irrevocably offer to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such New Shares as may be allotted to you, in each case subject to the conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;

    (b) agree that, in the event of any inconsistency between the terms and conditions set for application set out in this Prospectus and those set out in the IB websites or ATMs of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

    (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company forthwith;

    (d) warrant the truth and accuracy of the information provided in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you; and

    (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 none of our Company, the Manager, the Underwriter and the Placement Agent will infringe any such laws as a result of the acceptance of your application.

17. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:-

    (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on the Official List of the SGX-ST;

    (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section titled "Management, Underwriting and Placement Arrangements" of this Prospectus have become unconditional and have not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further shares to which this Prospectus relates be allotted.

18. In the event that a stop order in respect of the New Shares is served by the Authority or other competent authority, and

(a) the New Shares have not been issued, we will (as required by law) deem all applications withdrawn and cancelled and our Company shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or

(b) If the New Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and:-

(i) if documents purporting to evidence title had been issued to you, our Company shall, inform you to return such documents to our Company within 14 days from that date; and

(ii) we will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the date of receipt of those documents (if applicable) or the date of the stop order, whichever is later.

This shall not apply where only an interim stop order has been served.

19. In the event that an interim stop order in respect of the New Shares is served by the Authority or other competent authority, no New Shares shall be issued to you until the Authority revokes the interim stop order.

20. The Authority is not able to serve a stop order in respect of the New Shares if the New Shares have been issued and listed on a securities exchange and trading in them has commenced.

21. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com and through a paid advertisement in a local English newspaper.

22. We will not hold any application in reserve.

23. We will not allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

24. Additional terms and conditions for applications by way of Application Forms are set out on pages E-7 to E-10 of this Prospectus.

25. Additional terms and conditions for applications by way of Electronic Applications are set out on pages E-11 to E-19 of this Prospectus.

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 Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Your application must be made using the **WHITE** Application Forms and **WHITE** official envelopes "A" and "B" for Offer Shares, the **BLUE** Application Forms for Placement Shares (other than Reserved Shares) or **PINK** Application Forms for Reserved Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

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 names as it appears in your identity cards (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an 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 Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company reserve 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 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 Forms 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 having an interest in the aggregate of more than 50 per cent. 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 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 per cent. 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 New 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 **"HAI LECK SHARE ISSUE ACCOUNT"** crossed "**A/C PAYEE ONLY**", and with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company or the Manager for applications and application monies received.

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. In the event that the Invitation 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 or telegraphic transfer at your own risk within 5 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the 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 or telegraphic transfer 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 Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form, you agree that:-

    (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 26 August 2008** or such other time or date as our Directors may, in consultation with the Manager, decide 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;

    (b) all applications, acceptances and contracts resulting therefrom under the Invitation 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;

    (c) in respect of the New 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;

    (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Manager, the Underwriter, the Placement Agents or any other person involved in the Invitation shall have any liability for any information not so contained;

(f) you consent to the disclosure of your name, NRIC/passport 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 Manager, the Underwriter, the Placement Agent or other authorised operators; and

(g) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

2. You must:-

   (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope "A" provided;

   (b) in the appropriate spaces on **WHITE** envelope "A":-

      (i) write your name and address;

      (ii) state the number of Offer Shares applied for;

      (iii) tick the relevant box to indicate the form of payment; and

      (iv) affix adequate Singapore postage;

   (c) SEAL **WHITE** ENVELOPE "A";

   (d) write, in the special box provided on the larger **WHITE** envelope "B" addressed to **UOB ASIA LIMITED, 80 RAFFLES PLACE #03-03, UOB PLAZA 1, SINGAPORE 048624**, the number of Offer Shares you have applied for; and

   (e) insert **WHITE** envelope "A" into **WHITE** envelope "B", seal **WHITE** envelope "B" and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to UOB ASIA LIMITED, 80 RAFFLES PLACE #03-03, UOB PLAZA 1, SINGAPORE 048624**, to arrive by **12.00 noon on 26 August 2008 or such other time as our Directors may, in consultation with UOB Asia, decide. Local Urgent Mail or Registered Post must NOT be used**.

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.

4. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Applications for Placement Shares (other than Reserved Shares)

1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

2. The completed **BLUE** Placement Shares 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 Prospectus) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to UOB ASIA LIMITED, 80 RAFFLES PLACE #03-03, UOB PLAZA 1, SINGAPORE 048624**, to arrive by **12.00 noon on 26 August 2008 or such other time as our Directors may, in consultation with UOB Asia, decide. Local Urgent Mail or Registered Post must NOT be used**.

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.

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

2. The completed **PINK** Reserved Shares Application Form and the correct remittance (in accordance with the terms and conditions of this Prospectus) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to our Company's registered office at 9, Tuas Avenue 1, Singapore 639494** to arrive **by 12.00 noon on 26 August 2008 or such other time as our Directors may, in consultation with UOB Asia, decide. Local Urgent Mail or Registered Post must NOT be used**.

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.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group and DBS, are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB are set out respectively in the "Steps for Electronic Applications through ATMs of UOB" and the "Steps for Internet Electronic Applications through the IB website of UOB Group" (collectively, the "Steps") appearing on pages E-16 to E-19 of this Prospectus. The Steps set out the actions that you must take at an ATM or the IB website of UOB to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

Applicants applying for the Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification ("User ID") and a Personal Identification Number/Password ("PIN") given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of UOB Group, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" of this Prospectus as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:-

   (a) that you have received a copy of this Prospectus (in the case of an ATM Electronic Application only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

   (b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the "Relevant Particulars") with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company and the Manager or other authorised operators (the "Relevant Parties"); and

   (c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

   Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

   YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES), WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES) ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB website through which your Electronic Application is being made shall be rejected**.

   You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

5. **We will not keep any applications in reserve**. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated Share issue account.

   Where your Electronic 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 being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated Share issue account. In the event that the Invitation 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 or telegraphic transfer at your own risk with 5 Market Days of the termination of the Invitation.

   Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on SGX-ST. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, nor the Manager assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

   If you make Electronic Applications through the ATMs of the following Participating Banks, you may check the results of your Electronic Applications as follows:-

Bank	Telephone	Available at ATM	Operating Hours	Service expected from
UOB Group	1800 222 2121	ATM (Other Transactions – "IPO Enquiry")[(1)] http://www.uobgroup.com[(1)(2)]	ATM / Phone Banking - 24 hours a day Internet Banking - 24 hours a day	Evening of the balloting day Evening of the balloting day
DBS Bank	1 800 339 6666 (for POSB Account holders) 1800 111 1111 (for DBS Account holders)	Internet Banking http://www.dbs.com[(2)]	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM/Internet Banking/ Phone Banking http://www.ocbc.com[(3)]	24 hours a day	Evening of the balloting day

Notes:-

(1) If you make your Electronic Applications through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB PhoneBanking Services.

(2) If you make your Internet Electronic Application through the IB website of UOB Group or DBS Bank, you may check the result of your application through the same channels listed in the table above in relation to ATM Electronic Application made at ATMs of UOB Group or DBS Bank.

(3) If you made an Electronic Application through the ATMs of OCBC Bank, you may check the results of your Electronic Application through the same channels listed in the table above.

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Manager, the Underwriter and the Placement Agent and if, in any such event, our Company, the Manager, the Underwriter and the Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Manager, the Underwriter and the Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.

8. Electronic Applications shall close at **12.00 noon on 26 August 2008** or such other time as our Company may, in consultation with UOB Asia, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.

9. You are deemed to have irrevocably requested and authorised our Company to:-

   (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.

11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected**. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:-

(a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any):-

(i) your Electronic Application is irrevocable; and

(ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(b) none of our Company, the Manager, the Underwriter and the Placement Agent, CDP nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;

(c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

(e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Manager, the Underwriter, the Placement Agents or any other person involved in the Invitation shall have any liability for any information not so contained.

APPENDIX E – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Steps for Electronic Applications through ATMs and the IB website of UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB Group) may differ from that represented below.

Owing to space constraints on UOB's ATM screens, the following terms will appear in abbreviated form:-

"&"	:	and
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND BOARD
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"YR"	:	YOUR

Steps for an ATM Electronic Application through ATMs of UOB

Step 1	:	Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
2	:	Select "CASHCARD/OTHER TRANSACTIONS".
3	:	Select "SECURITIES APPLICATION".
4	:	Select the share counter which you wish to apply for.

5 : Read and understand the following statements which will appear on the screen:-

- THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS
  (Customer to press "ENTER" to continue)

- PLEASE CALL 1800-22-22-121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT

- WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT

Customer to press the "ENTER" key to confirm that you have read and understood the above statements.

6 : Read and understand the following terms which will appear on the screen:-

- YOU HAVE READ, UNDERSTOOD & AGREED TO ALL THE TERMS OF THE PROSPECTUS/DOCUMENT/SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION
  (Customer to press "ENTER" to continue)

- YOU CONSENT TO DISCLOSE YOUR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YOUR A/CS TO CDP, CPF, SCCS, SHARE REGISTRARS, SGX-ST AND ISSUER/VENDOR(S)

- THIS IS YOUR ONLY FIXED PRICE APPLN & IS IN YOUR NAME & AT YOUR RISK
  (Customer to press "ENTER" to continue)

7 : Screen will display:-

NRIC/Passport No. XXXXXXXXXXXX

IF YOUR NRIC NO / PASSPORT NO IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.
(Customer to press "CANCEL" or "CONFIRM")

8 : Select mode of payment i.e. ("CASH ONLY"). You will be prompted to select Cash Account type to debit (i.e., "CURRENT ACCOUNT / I- ACCOUNT" , "CAMPUS" OR "SAVINGS ACCOUNT / TX ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select

9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB's ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number

10 : Read and understand the following terms which will appear on the screen:-

1. YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO APPLICATION. THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FUTURE APPLICATIONS.

2. DO NOT APPLY FOR JOINT ACCOUNT HOLDER OR THIRD PARTIES

3. PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12 DIGITS) AND PRESS <ENTER>
(If you wish to terminate the transaction, please press "CANCEL")

11 : Select your nationality status; and

12 : Key in the number of Shares you wish to apply for and press the "ENTER" key.

13 : Check the details of your Electronic Application on the screen and press "ENTER" key to confirm your Electronic Application.

14 : Select "NO" if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Owing to space constraints on UOB Group's IB website screens, the following terms will appear in abbreviated form:-

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD" or S$	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

Steps for an Internet Electronic Application through the IB website of UOB Group

Step 1 : Connect to UOB website at http://www.uobgroup.com

2 : Locate the Login icon on the left hand side next to "Internet Banking"

3 : Click on Login and at drop list select "UOB Personal Internet Banking"

4 : Enter your Username and Password and click "Submit"

5 : Select "Investment Services" ("IPO" should be the default transaction that appears, select "Application")

6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions

7 : Click "Continue"

8 : Select your country of residence (you must be residing in Singapore to apply), and click "Continue"

9 : Select the IPO counter from the drop list (if there are concurrent IPOs) and click "Continue"

10 : Check the share counter, select the mode of payment and account number to debit and click on "Continue"

11 : Read the important instructions and click on "Continue" to confirm that:-

1. **You have read, understood and agreed to all terms of this application and Prospectus/Document or Supplementary Document.**

2. **You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the share registrars, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).**

3. **This application is made in your own name for your own account and at your own risk.**

4. **For FIXED/MAX price shares application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**

5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. The different prevailing board rates at the time of application and at the time of refund of application monies may result in either a foreign exchange profit or loss, or application monies may be debited and refunds credited in S$ at the same exchange rate.**

6. **For 1st-Come-1st Serve securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**

12 : Check your personal details, details of the share counter you wish to apply for and account to debit

Select (a) Nationality;
Enter (b) your CDP securities account number; and
(c) the number of shares applied for

13 : Click "Submit", "Clear" or "Cancel"

14 : Print the Confirmation Screen (optional) for own your reference and retention only

HAI LECK HOLDINGS LIMITED
9 TUAS AVENUE 1
SINGAPORE 639494