



ES GROUP (HOLDINGS) LIMITED

(Company Registration No.: 200410497Z)

(Incorporated in the Republic of Singapore on 19 August 2004)

OFFER DOCUMENT DATED 1 JULY 2010

(registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 1 July 2010)

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 adviser(s).

Collins Stewart Pte. Limited (the "Sponsor") has made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all our existing issued ordinary shares (the "Shares") in the capital of ES Group (Holdings) Limited (the "Company") already issued, the new shares which are the subject of the Placement ("New Shares"), the new Shares which may be issued upon the exercise of the awards which may be granted under the Eng Soon Performance Share Plan ("Performance Shares"), and the new Shares which may be issued upon the exercise of the options which may be granted under the Eng Soon Employee Share Option Scheme ("Option Shares"), on Catalist. Acceptance of applications will be conditional upon issue of the New Shares and the listing and quotation of all our existing issued Shares and the New Shares. Monies paid in respect of any application accepted will be returned if the admission and listing does not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

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

This offer of New Shares is made in or accompanied by an offer document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the "Authority").

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Listing Manual. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares being offered for investment. The registration of this Offer Document by the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

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

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

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document. No officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Placement of 21,200,000 New Shares at S\$0.24 per Share, payable in full on application.

Sponsor and Placement Agent
 **Collins Stewart**
Collins Stewart Pte. Limited
COLLINS STEWART PTE. LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200713620D)

ABOUT US

With a long operating history spanning over 30 years, we are a marine and offshore group engaged or involved in new building, conversion and repair of ocean-going vessels. Our customers are primarily shipyard operators in Singapore involved in the construction and repair of seaborne vessels, offshore rigs and semi-submersibles.

We are headquartered in Singapore, where we operate out of our workshop and repair facilities at 10 Kwong Min Road and our site offices at the premises of our shipyard customers, Sembawang Shipyard, Keppel FELS and ST Marine. We also own a shipyard in Thailand (through our 50% owned subsidiary in Thailand) where we provide new building and conversion services at a 70,000 sq m shipyard with fabrication grounds.

OUR BUSINESS

We build, convert and repair a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers and cargo ships.

New Building and Conversion: We fabricate steel structures for new buildings and vessel conversions for our customers, who are reputable shipyard operators in the marine and offshore oil and gas industries, such as Sembawang Shipyard, Keppel FELS and ST Marine. We have experience and technical expertise in (i) building a wide range of specialised and customised vessels such as tugs, barges, jack-up rigs, offshore support vessels, oil tankers and cargo ships, as well as (ii) carrying out FPSO, FSO and FSU conversions.

Repair: We have the capability to undertake repairs for a wide range of offshore vessels and barges, both afloat and drydocked.

QUALITY ASSURANCE

- ISO 9001:2008 certification in relation to fabrication and repair of steelworks for marine vessels and offshore structures
- Awarded OHSAS 18001:2007 in relation to our occupational health and safety management systems in 2009
- Received bizSAFE STAR certifications from the Workplace Safety and Health Council in 2009 and 2010 as a testament to our workplace safety and health capabilities
- Our Group has also received other awards and certifications including Singapore SME 500 Company



COMPETITIVE STRENGTHS

We have an established track record

We have an experienced and committed management team

Our operational facilities in Thailand give us a competitive edge

We have good relationships with our customers

We have strong technical expertise

We have a skilled and qualified workforce and focus on staff training and development

PROSPECTS

Barring unforeseen circumstances, our Directors believe that the underlying demand trends for our services will likely be positive in the foreseeable future for the reasons stated below.

- The growth of shipping traffic in Singapore
- The growth of vessel building and repair services for the offshore oil and gas industry
- The growth of vessel building and repair services in Thailand

BUSINESS STRATEGIES AND FUTURE PLANS

To expand our business scope into EPC projects and ship chartering

- We intend to expand the existing scope of our business by developing our engineering capabilities in order to allow us to undertake EPC projects, specifically the building of product tankers and bunker vessels.
- As at the Latest Practicable Date, we are in the process of securing charter orders for the construction of two bunker vessels (targeted to commence in the second half of FY2010 and to be ready for chartering by FY2012).

To explore investments, acquisitions and/or joint ventures

- Our criteria for evaluation will include factors such as the creation of synergy, possible sharing of technical resources, reduction of operational and distribution costs, and higher market penetration.



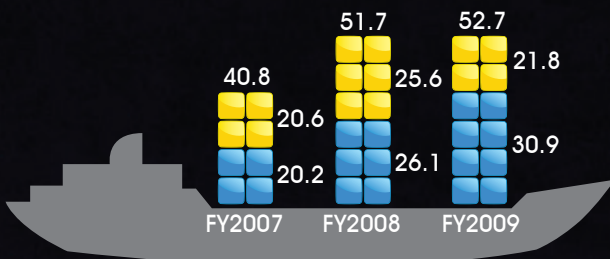
DIVIDEND PAYOUT

For FY2010, our Directors intend to recommend and distribute at least 30% of our net profit attributable to Shareholders as dividends subject to the factors outlined in the section entitled “Dividend Policy” of this Offer Document.

FINANCIAL HIGHLIGHTS

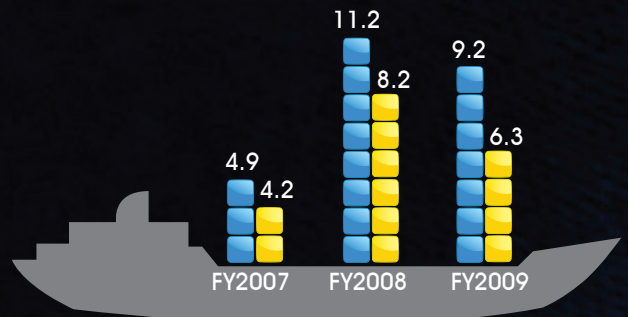
(FYE 31 DECEMBER)

Revenue (S\$'m)



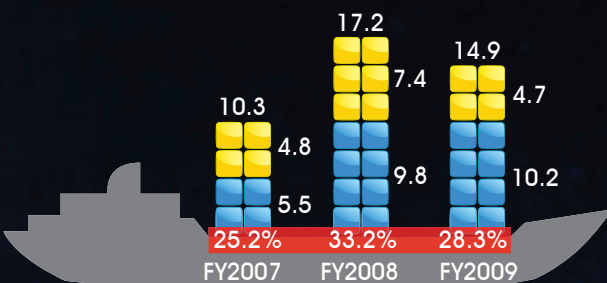
■ New building and conversion ■ Repairs

Profit before income tax & Profit attributable to owners of the Company (S\$'m)



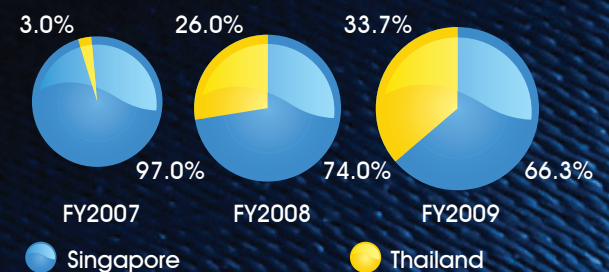
■ Profit before income tax ■ Profit attributable to owners of the Company

Gross profit (S\$'m) & Gross profit margin (%)



■ New building and conversion ■ Repairs

Revenue by geographical locations (%)



● Singapore ● Thailand

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Wee Siew Kim (<i>Non-Executive Chairman and Independent Director</i>) Ken Low Chee Wee (<i>Executive Director</i>) Christopher Low Chee Leng (<i>CEO</i>) Eddy Neo Chiang Swee (<i>Executive Director</i>) Tan Swee Ling (<i>Independent Director</i>) Jens Rasmussen (<i>Non-Executive Director</i>)
COMPANY SECRETARY	:	Adrian Chan Pengee (LLB, National University of Singapore)
REGISTERED OFFICE	:	30 Shaw Road #06-06 Roche Building Singapore 367957
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR AND PLACEMENT AGENT	:	Collins Stewart Pte. Limited 77 Robinson Road #21-02 Singapore 068896
AUDITORS AND REPORTING ACCOUNTANTS	:	Deloitte & Touche LLP Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809 Partner-in-charge: Cheung Pui Yuen (Certified Public Accountant, Singapore)
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW	:	Drew & Napier LLC 20 Raffles Place #17-00 Ocean Towers Singapore 048620
LEGAL ADVISER TO OUR COMPANY ON THAI LAW	:	Legal Advisory Council Limited Olympia Thai Tower 16 th Floor 444 Rajadapisek Road Samsennork Huaykwang Thailand, Bangkok 10310

CORPORATE INFORMATION

PRINCIPAL BANKERS

: **United Overseas Bank Limited**
80 Raffles Place
#12-00 UOB Plaza 1
Singapore 048624

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
#12-00 UOB Plaza 1
Singapore 048624

DEFINITIONS

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

Group Companies

<i>"Company" or "ES Group"</i>	:	ES Group (Holdings) Limited. The terms "we", "our", "our Company" or "us" have correlative meanings
<i>"Eng Soon (1999)"</i>	:	Eng Soon Engineering (1999) Pte Ltd
<i>"Eng Soon Investment"</i>	:	Eng Soon Investment Pte Ltd
<i>"Eng Soon Marine"</i>	:	Eng Soon Marine Pte Ltd
<i>"ES Offshore"</i>	:	ES Offshore Engineering Pte. Ltd.
<i>"ES Shipping"</i>	:	ES Shipping Pte. Ltd.
<i>"ES Thailand"</i>	:	ES Offshore and Marine Engineering (Thailand) Co., Ltd.
<i>"Group"</i>	:	Our Company and our subsidiaries (namely, Eng Soon (1999), Eng Soon Investment, Eng Soon Marine, ES Offshore, ES Shipping, ES Thailand and Wang Fatt) following the completion of the Restructuring Exercise, treated for the purpose of this Offer Document as if our group structure had been in existence since 1 January 2007
<i>"Wang Fatt"</i>	:	Wang Fatt Oil & Gas Construction Pte Ltd

Other Corporations and Agencies

<i>"Authority"</i>	:	The Monetary Authority of Singapore
<i>"BSI"</i>	:	The British Standards Institution, a provider of management systems assessment and certification solutions
<i>"CDP"</i>	:	The Central Depository (Pte) Limited
<i>"China Taiping Insurance"</i>	:	China Taiping Insurance (Singapore) Pte. Ltd.
<i>"Collins Stewart", "Sponsor" or "Placement Agent"</i>	:	Collins Stewart Pte. Limited
<i>"CPF"</i>	:	The Central Provident Fund
<i>"E-Marine"</i>	:	E-Marine Engineering Pte. Ltd.
<i>"ES Automation"</i>	:	ES Automation Pte. Ltd.
<i>"Hin Soon Marine"</i>	:	Hin Soon Marine & Engineering Pte Ltd
<i>"HSBC"</i>	:	The Hongkong and Shanghai Banking Corporation Limited
<i>"Interblast"</i>	:	Interblast Pte. Ltd.

DEFINITIONS

<i>“JTC”</i>	:	JTC Corporation
<i>“Keppel FELS”</i>	:	Keppel FELS Ltd
<i>“Liberty Insurance”</i>	:	Liberty Insurance Pte Ltd
<i>“Marine Group LIUP”</i>	:	Marine Group Local Industries Local Upgrading Programme, a scheme launched in 1995 by the Economic Development Board, together with seven major shipyards in Singapore, with the objective of upgrading the Singapore marine industry in terms of manpower training, development of productivity improvement tools, introduction of new technologies and improvement of work processes
<i>“Maybank”</i>	:	Malayan Banking Berhad
<i>“MOM”</i>	:	Ministry of Manpower
<i>“OCBC”</i>	:	Oversea-Chinese Banking Corporation Limited
<i>“Professional Coating”</i>	:	Professional Coating Pte Ltd
<i>“REN Supplies”</i>	:	R E N Supplies & Services Pte. Ltd.
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>“Sembawang Shipyard”</i>	:	Sembawang Shipyard Pte Ltd
<i>“SGX-ST” or “Exchange”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“Solicitors to the Placement”</i>	:	Drew & Napier LLC
<i>“SSL”</i>	:	SSL Offshore Co., Ltd
<i>“ST Marine”</i>	:	Singapore Technologies Marine Ltd
<i>“Universal Shipbuilding”</i>	:	Universal Shipbuilding & Engrg Pte Ltd
<i>“UOB” or “Receiving Banker”</i>	:	United Overseas Bank Limited
<i>“UOB Thailand”</i>	:	United Overseas Bank (Thai) Public Company Limited

DEFINITIONS

General

- “Application Forms”* : The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
- “Application List”* : The list of applications for subscription of the New Shares
- “Articles” or “Articles of Association”* : The articles of association of our Company
- “Associate”* : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the aggregate of the nominal amount of all the voting shares;
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of 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
- “Associated Company”* : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or
 - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
- “Audit Committee”* : The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
- “Awards”* : The contingent award of Shares granted under the Performance Share Plan
- “Board” or “Board of Directors”* : The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated

DEFINITIONS

<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“CEO”</i>	:	Chief Executive Officer
<i>“CFO”</i>	:	Chief Financial Officer
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified, or supplemented from time to time
<i>“Controlling Shareholder”</i>	:	In relation to a corporation, (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or (b) a person who has an interest of 15% or more of the aggregate of the nominal amount of all the voting shares in a corporation, unless he does not exercise control over the corporation
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“EPS”</i>	:	Earnings per Share
<i>“ESOS” or “Eng Soon Employee Share Option Scheme” or “Share Option Scheme”</i>	:	The Eng Soon Employee Share Option Scheme, adopted by our Company on 25 June 2010, the terms of which are set out in Appendix E of this Offer Document
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“FBA”</i>	:	Foreign Business Act B.E. 2542 (A.D. 1999) of Thailand
<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“GST”</i>	:	Goods and Services Tax
<i>“Independent Directors”</i>	:	The independent directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Latest Practicable Date”</i>	:	6 June 2010, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority, unless otherwise stated)
<i>“Listing Manual”</i>	:	Section B of the Listing Manual: Rules of Catalist, as amended, modified, or supplemented from time to time

DEFINITIONS

<i>“Management Agreement”</i>	:	The management and sponsorship agreement dated 1 July 2010 entered into between our Company and Collins Stewart pursuant to which Collins Stewart agreed to manage and sponsor the Placement, details as described in the section entitled “Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Shares”</i>	:	The 21,200,000 new Shares in respect of which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions of this Offer Document
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Non-executive Directors”</i>	:	The non-executive directors of our Company (including Independent Directors) as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets less minority interests
<i>“Offer Document”</i>	:	This offer document dated 1 July 2010 issued by our Company in respect of the Placement
<i>“Option(s)”</i>	:	The option(s) which may be granted pursuant to the ESOS
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued upon the exercise of the Options
<i>“PBT”</i>	:	Profit before income tax
<i>“PER”</i>	:	Price earnings ratio
<i>“Performance Share Plan” or “Eng Soon Performance Share Plan”</i>	:	The Eng Soon Performance Share Plan, adopted by our Company on 25 June 2010, the terms of which are set out in Appendix D of this Offer Document
<i>“Performance Shares”</i>	:	The Shares transferred or new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the Performance Share Plan
<i>“periods under review”</i>	:	The period which comprises FY2007, FY2008 and FY2009
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions of this Offer Document

DEFINITIONS

<i>“Placement Agreement”</i>	:	The placement agreement dated 1 July 2010 entered into between our Company and Collins Stewart pursuant to which Collins Stewart agreed to subscribe and/or procure subscribers for the Placement Shares, details as described in the section entitled “Management and Placement Arrangements” of this Offer Document
<i>“Placement Price”</i>	:	S\$0.24 for each New Share
<i>“Placement Shares”</i>	:	The 21,200,000 New Shares which are the subject of the Placement
<i>“PRC” or “China”</i>	:	People’s Republic of China, excluding Macau and Hong Kong for the purposes of this Offer Document and for geographical reference only
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“repeat customer”</i>	:	A repeat customer is a party who has made purchase(s) from our Group at least once in any two years during the periods under review
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Placement as described in the section entitled “General Information on Our Group – Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a depositor with CDP but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Director, Ken Low Chee Wee, and our CEO, Christopher Low Chee Leng, as set out in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies for broadcast purposes (or any other system networks prescribed by the SGX-ST)
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company
<i>“Shareholder(s)”</i>	:	Registered holder(s) of Share(s), except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares

DEFINITIONS

“Share Split”	:	The sub-division of 18,933,469 Shares into 120,000,000 Shares
“SME”	:	Small-to-medium size enterprises
“Substantial Shareholder”	:	A person who has an interest in the Share(s), the total votes attached to which is not less than 5% of the total votes attached to all the voting shares of our Company

Currencies, Units and Others

“\$” or “S\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent.”	:	Per centum
“Baht” or “THB”	:	Thai Baht, the lawful currency of Thailand
“sq m”	:	Square metre
“US\$”	:	United States dollars

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

Any reference in this Offer Document 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 Offer Document and the Application Forms shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to the “Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

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

The glossary contains explanations of certain technical terms and abbreviations relevant to our Group and business and used in this Offer Document. These terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings.

<i>“crane barge”</i>	:	A flat bottomed vessel equipped with a crane specialised in lifting heavy loads
<i>“dejumboisation”</i>	:	The reversal of a jumboisation
<i>“derrick pipelay vessel”</i>	:	A vessel specially built to lay pipes underneath the ocean. It is equipped with pipe joining facilities onboard
<i>“dredger”</i>	:	A device used for scraping or sucking the seabed for the purpose of gathering bottom sediments and disposing them at a different location, mostly to keep waterways navigable
<i>“EPC”</i>	:	Engineering, procurement and construction
<i>“fall pipe rock dumper”</i>	:	A rock dumping vessel that transports and dumps rocks of various sizes for offshore and coastal protection applications by using flexible fall pipes
<i>“FDPSO”</i>	:	Floating, drilling, production, storage and offloading. An FDPSO vessel is an FPSO with drilling capabilities
<i>“FPSO”</i>	:	Floating, production, storage and offloading. An FPSO is a vessel equipped for the production, processing, storage and offloading of hydrocarbons from offshore oil and gas fields. The products of the extracted resources, such as oil, gas and water, are processed onboard an FPSO. Treated crude oil is then stored on the FPSO prior to being exported
<i>“FSO”</i>	:	Floating, storage and offloading. An FSO is a floating facility used for oil storage
<i>“FSU”</i>	:	Floating storage unit
<i>“ISO 9001”</i>	:	A set of standardised requirements for quality management systems designed by the International Organization for Standardization
<i>“jack-up rig”</i>	:	A type of offshore rig structure that is grounded to the seabed via permanent structural extensions
<i>“jumboisation”</i>	:	A technique in ship building consisting of enlarging a ship by adding an entire section to it (as compared to simply retrofitting or installing equipment)
<i>“OHSAS 18001:2007”</i>	:	Occupational Health and Safety Management Systems Requirements Standard designed by BSI
<i>“seismic vessel”</i>	:	A vessel used to conduct seismic surveys of the seabed and the underlying geology

GLOSSARY OF TECHNICAL TERMS

- “semi-submersible”* : A floating offshore drilling unit that has pontoons and columns that when flooded cause the unit to partially submerge in the water to a predetermined depth, the design of which is commonly used in a number of specific offshore roles such as for offshore drilling rigs, safety vessels and oil production platforms
- “sponson tank”* : An additional shell with a void area added to the sides of a vessel to create additional buoyancy
- “trailing hopper suction dredger”* : A vessel specially built to transfer sand from seabeds from one designated location to another. It is equipped with suction facilities onboard

SELLING RESTRICTIONS

This Offer Document 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 or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the New Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document 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 Offer Document are required by our Company, the Sponsor and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions. Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers, employees or other persons acting on our behalf, and which are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would”, “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, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans; and
- (e) other matters discussed in this Offer Document 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 results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore, Thailand, and other countries in which we conduct business or expect to conduct business;
- (b) changes in currency exchange or interest rates;
- (c) our inability to implement our business strategies and future plans;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of raw materials and goods which we require to operate our business;
- (f) changes in customer demand or preferences;
- (g) changes in competitive conditions and our ability to compete under such conditions;
- (h) changes in our future capital needs and the availability of financing and capital to fund such needs; and
- (i) other factors beyond our control.

Some of these risk factors are discussed in more detail in this Offer Document, in particular, in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Prospects, Business Strategies and Future Plans – Trend Information” of this Offer Document. These forward-looking statements are applicable only as at the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. Neither our Company, the Sponsor, the Placement Agent nor any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by the factors described in this section. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company, the Sponsor and the Placement Agent disclaim any responsibility for updating 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 registration of the Offer Document but before the close of the Placement, our Company becomes aware of (a) a false or misleading statement or matter in the Offer Document; (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST (acting as agent on behalf of the Authority) and which would have been required by Section 243 of the SFA to be included in the Offer Document (if it had arisen before the Offer Document was lodged and that is materially adverse from the point of view of an investor), our Company may in consultation with the Sponsor and the Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST (acting as agent on behalf of the Authority).

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued, the New Shares, the Performance Shares and the Option Shares. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications will be conditional upon, among other things, the issue of the New Shares, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares, the New Shares, the Performance Shares and the Option Shares. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted and you will not have any claims whatsoever against us, the Sponsor and the Placement Agent.

A copy of this Offer Document has been lodged with the SGX-ST (acting as agent on behalf of the Authority). The registration of this Offer Document by the SGX-ST (acting as agent on behalf of the Authority) does not imply that the SFA, or any other legal or regulatory requirements, has been complied with. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Offer Document. Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our Shares, the New Shares, the Performance Shares or the Option Shares.

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

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

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

We are subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document 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 this Offer Document was lodged which would have been required by Section 243 of the SFA to be included in the Offer Document (if it had arisen before this Offer Document was lodged),

that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

Where applications have been made for the New Shares prior to the lodgement of the supplementary or replacement offer document, we shall, within seven days from the date of lodgement of the supplementary or replacement offer document, either:

- (a) provide the applicants with a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or

DETAILS OF THE PLACEMENT

- (b) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, in respect of any application accepted within seven days from the date of lodgement of the supplementary or replacement offer document.

Any applicant who wishes to exercise his option to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk.

Where the Authority, the SGX-ST (acting as agent on behalf of the Authority) or other competent authority issues a stop order ("Stop Order") which directs that no or no further shares to which this Offer Document relates be allotted, and:

- (a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Placement 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; or
- (b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares pursuant to the Placement shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order pay to the applicants all monies paid by them for the New Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, the Sponsor and the Placement Agent.

This Offer Document 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 Offer Document 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 Offer Document are fair and accurate in all material respects as at the date of this Offer Document and that there are no material facts the omission of which would make any statements in the Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group.

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

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor and the Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur, we may make an announcement of the same to the SGX-ST and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

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

DETAILS OF THE PLACEMENT

This Offer Document 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 Offer Document may be obtained on request, subject to availability during office hours, from:

Collins Stewart Pte. Limited
77 Robinson Road
#21-02
Singapore 068896

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

The Application List will open immediately upon the registration of the Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 7 July 2010 (or for such further period or periods as our Directors may, in consultation with the Sponsor and the Placement Agent, in their absolute discretion decide), subject to any limitation under all applicable laws. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for applications to subscribe for the New Shares are set out in Appendix G of this Offer Document.

DETAILS OF THE PLACEMENT

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out below for the reference of applicants:

Indicative date / time	Event
7 July 2010 at 12.00 noon	Close of Application List
9 July 2010 at 9.00 a.m.	Commence trading on a “ready” basis
14 July 2010	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that (i) the date of closing of the Application List is 7 July 2010; (ii) the date of admission of our Company to Catalist is 9 July 2010; (iii) the SGX-ST’s shareholding spread requirement will be complied with; and (iv) the New Shares will be issued and fully paid-up prior to 9 July 2010.

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 for trading on a “ready” basis.

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

- (i) through an SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (ii) in a major English language newspaper(s) in Singapore.

We will publicly announce the level of subscription for the New Shares and the results of the distribution of the New Shares as soon as it is practicable after the close of the Application List through the channels described in (i) and (ii) above.

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

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. As it is a summary, it does not contain all the information that potential investors should consider before investing in the Shares of our Company. Potential investors should read the entire Offer Document carefully, especially the matters set out under the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Business

We are a marine and offshore group engaged or involved in new building, conversion and repair of ocean-going vessels. Our customers are primarily shipyard operators in Singapore involved in the construction and repair of seaborne vessels, offshore rigs and semi-submersibles.

We build, convert and repair a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers and cargo ships. We are able to perform repairs on marine and offshore structures and vessels of all types and sizes, whether afloat or drydocked.

We are headquartered in Singapore, where we operate out of our workshop and repair facilities at 10 Kwong Min Road and our site offices at the premises of our shipyard customers, Sembawang Shipyard, Keppel FELS and ST Marine. We also own a shipyard in Thailand (through our 50% owned subsidiary in Thailand) where we provide new building and conversion services at a 70,000 sq m shipyard with fabrication grounds.

Please refer to the section entitled “Business – Business Overview” of this Offer Document for further details.

Our Competitive Strengths

Our Directors believe our competitive strengths are as follows:

- **We have an established track record**

We have a long operating history spanning over 30 years with an established record of successful projects. Our Directors believe that we have established our reputation as a provider of new building, conversion and repair services in Singapore’s marine and offshore oil and gas industries. We are known for our timely completion of projects, efficient project management, reliability and high quality services.

- **We have an experienced and committed management team**

Our Group is led by a strong, dedicated and experienced management team, spearheaded by Ken Low Chee Wee, Christopher Low Chee Leng and Eddy Neo Chiang Swee. Each of Ken Low Chee Wee, Christopher Low Chee Leng and Eddy Neo Chiang Swee, have ten or more years of experience in the marine and offshore oil and gas industries, and have been with our Group for ten or more years. Our Executive Officers have, collectively, been with our Group for over 30 years. Our Executive Directors and Executive Officers have been instrumental in the growth of our Group.

- **Our operational facilities in Thailand give us a competitive edge**

Our shipyard facilities in Thailand comprise 40,000 sq m of open fabrication grounds, 6,080 sq m of open storage area, 1,100 sq m of sheltered storage area and a 1,800 sq m fabrication slab, with an office and a movable fabrication shelter. We are able to attain further cost efficiency from the rationalisation of operations between our customers’ shipyard in Singapore and our shipyard in Thailand without compromising on turnaround time. New building, conversion and repair projects may be carried out entirely in one shipyard or may be segregated and managed in parts or modules with work performed at either our customers’ shipyard in Singapore and our shipyard in Thailand, depending on where the greatest advantage in costs, management and technical expertise can be achieved. For new building projects, various parts of a vessel can be built or fabricated at our shipyard in Thailand, and in turn assembled at our customers’ shipyard in Singapore. For example,

OFFER DOCUMENT SUMMARY

the superstructure of an oil-rig or a semi-submersible is built in modules at our Thailand shipyard and then transported to our customers' shipyard in Singapore for final assembly. Furthermore, we can mobilise our technical personnel between the shipyards in Singapore and Thailand.

- **We have good relationships with our customers**

Over the years, we have developed good working relationships with our major customers as we have consistently provided timely, reliable and quality services at competitive prices. We have longstanding relationships with our major customers, namely, Sembawang Shipyard, Keppel FELS and ST Marine dating back to 1972, 1975 and 1999 respectively. Due to our established relationships with these customers, we receive repeat business and referrals from them.

Our repeat customers account for approximately 99.6% of our revenue in FY2009.

- **We have strong technical expertise**

We have an in-house engineering department comprising 10 engineers and 20 draughtsmen as at 31 December 2009. As such, we are able to render technical advice to customers in relation to compliance with certification requirements, general seaworthiness of their vessel and minimisation of their repair costs. We also provide a full suite of services from the initial stage of production drawings and system design, to welding and actual construction. We believe that our strong technical expertise and willingness to identify and invest in the suitable technology increase the value of our services and set us apart from our competitors.

- **We have a skilled and qualified workforce and focus on staff training and development**

Our employees are well skilled and qualified, enabling us to provide high quality new building, conversion and repair services to satisfy our customers' requirements. Our in-house engineering department comprises of skilled personnel made up of 10 engineers and 20 draughtsmen as at 31 December 2009.

In addition, we have a pool of 1,292 full-time production staff as at 31 December 2009 who can be deployed as and when our projects require. As such, we are not reliant on subcontractors and are generally well-equipped to meet the manpower demands of our customers for all major projects. We also utilise subcontract labour for our new building, conversion and repair projects in order to have flexibility in managing our costs (in view of variations in the projects in progress).

We recognise the importance of staff training and development and have made this one of our top priorities. We believe that staff training and development enhances the skills of our workforce. We regularly send our staff for training and skills upgrading to keep them technically proficient and well-equipped with the requisite skill sets for handling complex projects. Our well-trained and motivated workforce is an important strength of our Group.

Please refer to the section entitled "Business – Competitive Strengths" of this Offer Document for further details.

Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- **To expand our business scope into EPC projects and ship chartering**

We intend to expand the existing scope of our business by developing our engineering capabilities in order to allow us to undertake EPC projects, specifically the building of product tankers and bunker vessels. EPC projects (where we are engaged to provide all three engineering, procurement and construction services) are highly valued due to the nature, scale and complexity of such projects. EPC projects require resources in conceptual design and project management. We believe that entry into EPC projects is a progressive expansion of our business scope for which we are well-positioned as a result of our experience in steel fabrication for new building and conversion of vessels.

OFFER DOCUMENT SUMMARY

As part of our expansion, we also intend to enter into the ship-owning and chartering businesses. As at the Latest Practicable Date, we are in the process of securing charter orders for the construction of two bunker vessels (targeted to commence in the second half of FY2010 and to be ready for chartering by FY2012).

In expanding our business to include EPC projects and ship chartering, our Directors believe that we will also be catering to existing and prospective customers by offering a more integrated and comprehensive suite of services.

- **To explore investments, acquisitions and/or joint ventures**

We may consider investing in or acquiring other companies with businesses similar or complementary to our business, and/or joint ventures with suitable parties as and when the opportunities arise. Our criteria for evaluation will include factors such as the creation of synergy, possible sharing of technical resources, reduction of operational and distribution costs, and higher market penetration.

Please refer to section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further details.

Where you can find us

Our principal and registered office is located at 30 Shaw Road #06-06 Roche Building Singapore 367957. Our telephone number is (65) 6748 9111 and our facsimile number is (65) 6284 3005. Our internet address is www.esgroup.com.sg. **Information contained in our website does not constitute part of this Offer Document.**

OFFER DOCUMENT SUMMARY

FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Offer Document, including the "Independent Auditors' Report and the Combined Financial Statements for the Financial Years ended 31 December 2007, 2008 and 2009" set out in Appendix A of this Offer Document and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" of this Offer Document.

Selected items from the Combined Statements of Comprehensive Income⁽¹⁾

(S\$'000)	← Audited →			Adjusted
	FY2007	FY2008	FY2009	FY2009 ⁽⁴⁾
Revenue	40,846	51,736	52,688	52,688
Gross profit	10,298	17,152	14,914	14,914
Profit before income tax	4,864	11,176	9,153	9,325
Profit for the year	3,935	9,720	8,300	8,472
Total comprehensive income for the year	3,958	9,458	8,433	8,605
Profit attributable to owners of the Company	4,197	8,165	6,343	6,515
Total comprehensive income attributable to owners of the Company	4,208	8,034	6,410	6,582
EPS (cents) ⁽²⁾	3.5	6.8	5.3	5.4
EPS (fully diluted) (cents) ⁽³⁾	3.0	5.8	4.5	4.6

Selected items from the Combined Statement of Financial Position⁽⁵⁾

(S\$'000)	Audited As at 31 December 2009
Current assets	30,384
Non-current assets	12,217
Current liabilities	10,952
Non-current liabilities	3,352
NTA	22,983
Shareholders' equity	22,983
NTA per Share (cents) ⁽⁶⁾	19.2

Notes:-

- (1) Our combined statements of comprehensive income for the periods under review have been prepared on the basis that our Group had been in existence throughout the periods under review.
- (2) For comparative purposes, EPS for the periods under review have been computed based on the profit attributable to owners of the Company and our pre-Placement share capital of 120,000,000 Shares.
- (3) For comparative purposes, EPS (fully diluted) for the periods under review have been computed based on the profit attributable to owners of the Company and our post-Placement share capital of 141,200,000 Shares.
- (4) For illustrative purposes, adjusted for the expenses incurred in relation to the Placement in FY2009 of approximately S\$172,000.
- (5) Our combined statement of financial position as at 31 December 2009 has been prepared on the basis that our Group has been in existence on this date.
- (6) The NTA per Share as at 31 December 2009 has been computed based on our pre-Placement share capital of 120,000,000 Shares.

THE PLACEMENT

Issue size	:	Placement in respect of 21,200,000 New Shares. The New Shares, upon issue and allotment, will rank <i>pari passu</i> in all respects with the existing issued Shares.
Placement Price	:	S\$0.24 for each New Share, payable in full on application.
The Placement	:	The Placement comprises an offering by our Company of 21,200,000 Placement Shares at the Placement Price, subject to and on the terms and conditions of this Offer Document.
Purpose of the Placement	:	The purpose of the Placement is to secure the admission of our Company to Catalist. Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance the public image of our Group locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Placement will also provide members of the public with an opportunity to participate in the equity of our Company.
Listing status	:	Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted on Catalist, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.
Risk factors	:	Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document.

PLAN OF DISTRIBUTION

The Placement

The Placement is for 21,200,000 New Shares offered in Singapore by way of placement, managed and sponsored by Collins Stewart.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by our Company in consultation with the Sponsor and the Placement Agent, taking into consideration, among other things, the prevailing market conditions and estimated market demand for our Shares. The Placement Price is the same for each New Share and is payable in full on application.

Pursuant to the Management Agreement, we have appointed Collins Stewart and Collins Stewart has agreed to manage and sponsor the Placement.

Placement Shares

The New Shares are reserved for placement to members of the public and institutional investors in Singapore.

Application for the Placement Shares may only be made by way of the Application Forms. The terms, conditions and procedures for application and acceptance are set out in Appendix G of this Offer Document.

Pursuant to the Placement Agreement, Collins Stewart has agreed to subscribe and/or procure subscribers for the Placement Shares for a placement commission of 3.0% of the Placement Price for each Placement Share, payable by our Company. Collins Stewart may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price to the Placement Agent (including prevailing GST, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

None of our Directors or Substantial Shareholders intends to subscribe for New Shares in the Placement.

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

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5% of the New Shares. However, in assessing the market demand for our Shares via a book building exercise, there may be persons who may indicate an interest to subscribe for Shares amounting to more than 5% of the New Shares. If such person(s) were to make an application for Shares amounting to more than 5% of the New Shares and 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 the Listing Manual.

No Shares shall be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document with the SGX-ST acting as agent on behalf of the Authority.

USE OF PROCEEDS AND LISTING EXPENSES

The estimated net proceeds from the Placement (after deducting the estimated expenses of approximately S\$1.3 million incurred in connection with the Placement) is approximately S\$3.8 million.

The principal intended uses of the proceeds from the Placement and estimated listing expenses are set out below:

Use of proceeds from the Placement	Amount (S\$'000)	As a % of gross proceeds from the Placement
Expansion of our projects into EPC projects and ship chartering	2,000	39.3
Strategic investments, joint ventures, acquisitions and/or strategic alliances, and general working capital purposes of our Group	1,788	35.1
Net proceeds	3,788	74.4
Expenses⁽¹⁾		
Listing and processing fees	43	0.9
Professional fees and expenses ⁽²⁾	996	19.6
Placement commission and brokerage ⁽³⁾	163	3.2
Miscellaneous expenses	98	1.9
Gross proceeds from the Placement	5,088	100.0

Notes:

- (1) Of the total estimated listing expenses of approximately S\$1,300,000, S\$195,000 will be capitalised against share capital and the balance of the estimated listing expenses will be charged to the profit or loss.
- (2) This includes (i) the management fees payable to the Sponsor; and (ii) the fees payable to the Solicitors to the Placement, the Legal Adviser to our Company on Thailand law and the Auditors and Reporting Accountants.
- (3) Based on a placement commission of 3.0% of the Placement Price for each Placement Share.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised by the Placement.

Currently, we have not identified any targets for acquisitions, joint ventures or the formation of strategic alliances.

Please refer to the section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further details on our business strategies and future plans.

Pending the deployment of the net proceeds from the Placement, the funds will be placed in short-term deposits with banks and financial institutions or invested in money market instruments or used for our working capital requirements as our Directors may deem fit in their absolute discretion.

We will make periodic announcements on the use of the net proceeds from the Placement as and when the funds are materially disbursed, and provide a status report on the use of the net proceeds in our annual report.

USE OF PROCEEDS AND LISTING EXPENSES

The discussion above represents our Company's reasonable estimate of its allocation of the net proceeds of the Placement based upon its current plans for our Group and reasonable estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that our Company decides to reallocate the net proceeds of the Placement for other purposes, our Company will publicly announce its intention to do so through an SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>.

MANAGEMENT AND PLACEMENT ARRANGEMENTS

1. Pursuant to the Management Agreement, our Company appointed Collins Stewart to sponsor and manage the Placement. Collins Stewart will receive a management fee for such services rendered.
2. Pursuant to the Placement Agreement, Collins Stewart agreed to subscribe for and/or procure subscribers for the Placement Shares at the Placement Price at a placement commission of 3.0% of the aggregate Placement Price for each Placement Share payable by our Company. Collins Stewart may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares. Subscribers of Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price for each Placement Share to the Placement Agent (including the prevailing GST, if applicable).
3. Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted by our Company within the two years preceding the date of this Offer Document 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 our subsidiaries.
4. If there shall have been, since the date of the Management Agreement and prior to or on the close of the Application List:
 - (a) any material breach of the warranties or undertakings in the Management Agreement; or
 - (b) any occurrence of certain specified events which comes to the knowledge of Collins Stewart; or
 - (c) any material adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of our Company and/or any of our subsidiaries; or
 - (d) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (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 or relevant authorities elsewhere, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or
 - (e) 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 restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis, or any deterioration of any such conditions); or
 - (f) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction; or
 - (g) any regional or local outbreak of disease that may have an adverse effect on the financial market; or
 - (h) any other occurrence of any nature whatsoever,

which event or events in the opinion of the Sponsor: (i) results or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or elsewhere; or (ii) is likely to materially prejudice the success of the Placement; or (iii) makes it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management Agreement; or (iv) is likely to have a material adverse effect on the business,

MANAGEMENT AND PLACEMENT ARRANGEMENTS

trading position, operations or prospects of our Company and/or any of our subsidiaries or of our Group as a whole; or (v) results or is likely to result in the issue of a notice of refusal to an admission of the Company to Catalist by the SGX-ST to the Sponsor at any point prior to the listing of all the issued Shares pursuant to the SFA; or (vi) makes it uncommercial or otherwise contrary to observe or perform or be obliged to observe or perform the terms of the Management Agreement, the Sponsor may at any time prior to the close of the Application List rescind or terminate the Management Agreement.

5. The Sponsor may terminate the Management Agreement if:
- (a) at any time up to the close of the Application List, a notice of refusal to an admission of our Company to Catalist is issued by the SGX-ST to the Sponsor; or
 - (b) at any time after the registration of this Offer Document with the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement offer document (as the case may be) if we become aware of:
 - (i) a false or misleading statement in this Offer Document;
 - (ii) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or
 - (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,that is materially adverse from the point of view of an investor; or
 - (c) the Shares have not been admitted to Catalist on or before 9 July 2010 (or such other date as our Company and the Sponsor may agree).
6. The obligations under the Placement Agreement are conditional upon the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement. In the case of the non-fulfilment of any of the conditions in the Management Agreement or the release or discharge of the Sponsor from their obligations under or pursuant to the Management Agreement, the Placement Agreement shall be terminated and the parties shall be released from their respective obligations under the Placement Agreement. In the event that the Management Agreement is terminated, the Sponsor reserves the right, at its absolute discretion, to cancel the Placement.

Save as disclosed above, our Company does not have any material relationship with the Sponsor and the Placement Agent.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Offer Document, before deciding to invest in our Shares. To the best of our Directors' knowledge and belief, all risk factors which are material to investors for making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develop into actual events, our business, financial condition and/or results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline and investors may lose all or part of their investment in our Shares.

You should also note that certain of the statements set forth below constitute "forward-looking statements" having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and performance is exposed to the uncertain economic outlook

Our business is subject to the general economic conditions in the markets that we operate in as well as the markets of our customers. The recent global financial crisis has led to a global downturn economically. This has led to postponement or cancellation of new projects by customers in early FY2009. While markets have since recovered, there is no assurance that future economic downturns will not occur. In the event that this materialises into actual events, our operations may suffer as projects are deferred or cancelled, funding becomes too costly, or available new business opportunities become scarce. Such events will cause our profitability and financial conditions will be adversely affected.

We are dependent on our customers who operate in the marine and offshore oil and gas industries

Our customers are primarily companies operating in the marine and offshore oil and gas industries. They primarily include owners of ships and other ocean-going vessels, shipyards, port operators and ship management companies. The marine and offshore oil and gas industries are cyclical in nature and are influenced by global and regional economic conditions. Any downturn in global economic conditions such as those brought on by the financial crisis in 2008 and 2009 may affect international business conditions and trade, which may have a negative effect on the volume of shipping, new building, repair and rig building activities.

Such developments may lead to a decrease in the demand for our services as a result of the postponement in the commissioning or cancellation of projects. Hence, an occurrence of such unfavourable economic conditions may have a negative impact on the industries that our customers operate in and therefore materially and adversely affect our business and financial performance.

We are dependent on our major customers

A substantial portion of our revenue is derived from new building, conversion and repair of offshore and marine structures and vessels. Our top three customers collectively accounted for approximately 98.9%, 93.9% and 93.7% of our revenue for FY2007, FY2008 and FY2009 respectively.

Our ability to retain these major customers has been important to the continued success of our Group. There is no assurance that we will be able to reduce our dependence on these customers over time, or that these customers will continue to require our services at current levels. The loss of or significant reduction in business from any or all of these customers will have a material adverse impact on our revenue and financial performance. Please refer to the section entitled "Business – Major Customers" of this Offer Document for further details.

RISK FACTORS

We are dependent on foreign workers and any shortage in the supply of foreign workers or changes in labour policies in both the countries of origin and Singapore may adversely affect our operations and financial performance

Our business is labour-intensive. As we rely largely on foreign workers (including skilled workers) from Thailand, Bangladesh, China, India, Malaysia, and Myanmar to meet our staffing needs, we are vulnerable to changes in the availability and costs of employing foreign workers. Any changes in the labour policies of these countries of origin may affect the supply and/or cost of foreign workers and cause disruption to our operations, which may result in delays in the completion of our projects. As at 31 December 2009, foreign workers accounted for approximately 88.5% of our workforce.

We are currently dependent on our customers, particularly the shipyards, for our quota entitlement to bring in foreign workers to undertake the jobs for which we have been commissioned. There is no certainty that our customers will continue to allocate the necessary labour quota entitlements to us. Neither can we be certain that we will be able to obtain the requisite number of foreign workers to meet our labour requirements on our own. With the increasing demand for foreign workers worldwide, there is also no assurance that we will be able to continue attracting foreign workers at the current level of wages or that our current foreign workers will continue to be employed by us. Any increase in competition for foreign workers, especially skilled workers from outside Singapore, will increase our labour wages. Consequently, if we are not able to pass on the increase in labour costs to our customers, our financial performance will be adversely affected.

The supply of foreign workers is also subject to the policies (including those governing levies on employment of foreign workers) imposed by the MOM. Any increase in levies or security bond payments imposed will affect our profitability. In the event that there are shortages in foreign labour, unfavourable policy changes or disciplinary proceedings undertaken by the regulatory authorities in Singapore or elsewhere relating to our use of foreign labour, and there are no suitable and timely replacements obtainable, our operations will be adversely affected.

Our failure to attract and retain skilled personnel could adversely affect our operations and business

Our business operations require skilled personnel such as heavy equipment operators, draughtsmen, welders and engineers. Skilled personnel with the appropriate experience and/or requisite certifications in our industry are limited and competition for such personnel is intense. There is no assurance that we will be able to attract the necessary skilled personnel or retain the skilled personnel whom we have trained at our cost, or that suitable replacements can be found for skilled personnel that leave us. If we are unable to continue to attract and retain skilled employees with appropriate experience and requisite certifications, the quality and timeliness of our services and our ability to compete effectively and to grow our business will be adversely affected.

We are dependent on key management personnel for our continued success

Our continued growth and success is, to a significant extent, dependent on the continued services of our Executive Director, Ken Low Chee Wee, and our CEO, Christopher Low Chee Leng, who are responsible for formulating and implementing our business plans and driving our growth and corporate development. They are supported by our Executive Director, Eddy Neo Chiang Swee, and our Executive Officers. There is no assurance that we will be able to retain their services. The loss of our key management or engineering and technical personnel without suitable and/or timely replacements and an inability to attract or retain qualified personnel will have an adverse effect on our operations and financial performance.

RISK FACTORS

We are subject to defects liability actions and may be liable to pay ascertained or liquidated damages due to delays in completion of projects and in the event of disputes or claims

For new building and conversion projects which we take on in Singapore, there is typically a 12-month warranty period from the date of delivery of the vessel during which the customer may require us to rectify any construction not done in accordance with the specifications at our costs and to their satisfaction. As such, we do not maintain any defects liability insurance in respect of our Singapore operations.

We may also be liable for claims in respect of our Thailand operations arising from alleged quality defects in the parts or structures fabricated by us. In such event, we may be able to make a claim(s) against the supplier(s) of the relevant product(s). Nevertheless, in the event we are made liable for such claims, our business and financial performance may be materially and adversely affected.

Furthermore, we may be liable to pay liquidated and ascertained damages to our customers in the event of disputes with our customers in relation to defects in workmanship, non-compliance with contract specifications and any delays in the completion of a project. The quantum of liquidated and ascertained damages payable is generally calculated as a function of the delay in delivery on a per-day basis and is typically capped at 10% of the contract value. Clauses providing for such damages are more commonly found in contracts relating to the projects undertaken by ES Thailand, as compared to our projects in Singapore.

There can be no assurance that any future disputes and claims will not result in undue delays in payment by our customers or protracted litigation, which will have a negative impact on our profits and financial position. We may encounter difficulties in collecting the full contract price due to alleged defects and claims. In addition, we may incur additional costs in rectifying alleged defects. Such additional costs will have an adverse effect on our overall financial performance.

We may experience project cost overruns or terminations

Our profitability is dependent on our ability to achieve the most cost-effective means of completing projects at or below our estimated costs. There can be no assurance that the actual project costs that we incur will not exceed our estimated costs, resulting in cost overruns. Cost overruns could occur due to inaccurate cost estimations, wastage, damage and errors made during the course of our projects. If cost overruns occur, our financial performance will be adversely affected.

Also, our customers could terminate our services prematurely in accordance with the terms of the contract that we have with them for reasons such as dissatisfaction with the progress of the project, our level of safety awareness or the quality of our services. Any premature termination of our projects will adversely affect our business and financial performance.

We may face claims and disputes arising from variation orders

Customers may require us to perform certain works not specified in the contract or to carry out changes not in the specifications agreed upon. In order to facilitate the completion of a project within stipulated deadlines, these variation orders may need to be carried out before the additional charges for these variation works are agreed upon between our customers and us. In the event that disputes or litigation occur over the additional charges to be levied for the variation works, and should our Group have to bear a portion of the additional costs incurred, our profits will be materially and adversely affected.

We may face uncertainties associated with the expansion of our business

In order to grow our business, we intend to expand our operations organically or explore strategic alliances, acquisitions or investment opportunities in businesses that are complementary to our business both domestically or overseas.

Organic expansion involves numerous risks, such as the costs of setting up operations. There can be no assurance that newly established operations will achieve a sufficient level of revenue which will cover operational costs. If we fail to manage such costs, our profitability and financial position may be materially and adversely affected. For instance, as part of our expansion, we intend to start undertaking EPC projects and enter into ship-owning and chartering businesses. We believe that entry into these areas is a natural extension of our existing business scope and we intend to commence our entry into these

RISK FACTORS

markets by taking on small-scale and manageable projects. However, there is no assurance that our foray into these areas will be successful or that we have (or will be able to acquire) the necessary resources to do so. In such an event, our profitability may be adversely affected.

Participation in strategic alliances, acquisitions, or investments similarly involves numerous risks, including but not limited to difficulties in integrating management, operations, services, products and personnel and the possible diversion of management attention from other business concerns. The successful implementation of such growth strategies depends on our ability to identify suitable partners and the successful integration of operations. There can be no assurance that we will be able to execute such growth strategies successfully. As such, the performance of any strategic alliances, acquisitions or investments could fall short of expectations.

We may require additional funding for our future growth

Although we have identified our future growth plans as set out in the section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document, the proceeds from this Placement will not be sufficient to cover the estimated costs of implementing all these plans. We may also find future opportunities to grow through acquisitions which we have not identified at this juncture. Under such circumstances, we may need to obtain debt or equity financing to implement these growth opportunities.

Additional debt and/or equity financing may result in dilution to our Shareholders. If such financing does not generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our Share price.

Additional debt financing may, apart from increasing interest expense and gearing, result in all or any of the following:

- limit our ability to pay dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

We are unable to assure you that we will be able to obtain the additional debt and/or equity financing on terms that are acceptable to us or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect our business, implementation of our business strategies and future plans and results of operations.

We may be affected by competition from existing industry players and new entrants

We operate in a competitive industry. Given the growth potential of our industry, there is no assurance that we will not face competition from new entrants. We compete with a variety of companies, some of which may have longer operating histories, larger client bases, bigger teams of technical and professional staff and other relevant resources, or are better entrenched in the markets in which we operate or intend to venture into. Our competitors may be able to respond more quickly to changes in customers’ requirements or succeed in offering their services at more competitive prices. Any increase in competition could have a negative impact on our pricing, thus eroding our profit margins and reducing our market share. If we are unable to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends, our business and financial performance will be adversely affected.

Please refer to the section entitled “Business – Competition” of this Offer Document for further details of our competitors.

RISK FACTORS

We require various licences and permits to operate our business

We possess the necessary licences and permits in the countries in which we operate.

Our licences and permits are generally subject to conditions stipulated in the licences and permits and/or relevant laws or regulations under which such licences and permits are issued. Failure to comply with such conditions could result in the revocation or non-renewal of the relevant licence or permit. As such, we have to constantly monitor and ensure our compliance with such conditions. Should there be any failure to comply with such conditions resulting in the revocation or non-renewal of any of the licences and permits, we will not be able to carry out our operations in the relevant country. In such an event, our operations and financial performance will be materially and adversely affected.

We are exposed to the risk of significant increase in prices or shortage of materials

The primary raw material required for our operations is steel, the prices of which fluctuate as a result of changes in supply and demand. Labour costs constituted the largest proportion of our cost of services over the last three financial years ended 31 December 2009. This was because the responsibility for sourcing raw materials used in our new building, conversion and repair projects, is that of our shipyard customers who award us these projects. However, we have recently started sourcing for raw materials required for our Thai operations and are therefore increasingly exposed to the risk of an increase in price or shortage of such raw materials. There is no assurance that we will continue to be able to obtain these materials from our suppliers at acceptable prices. In the event that our suppliers are unable to obtain sufficient volumes of these materials at acceptable prices, or if we are unable to pass the increase in costs to our customers, our profitability may be adversely affected.

We are exposed to the credit risks of and defaults in payment by our customers

Our financial position and profitability are, to a certain extent, dependent on the creditworthiness of our customers. Any material default in payment by our customers will adversely affect our financial condition, profitability and cash flow. Over the periods under review, we have not made any allowance for doubtful trade receivables. As at 31 December 2009, our trade receivables amounted to S\$18.7 million and average trade receivables' turnover in FY2009 was 98 days. There is no assurance that our customers will not default in their payments. In the event that a significant number of our customers default in their payment, bad debts written-off will increase, and this will have an adverse impact on our financial performance and condition. Please refer to the section entitled "Business – Credit Policy" of this Offer Document for details of our credit management policy.

Our insurance coverage may not be adequate

We have insurance against claims arising from accidental bodily injury and death in connection with our business and operations. However, in the event that such claims exceed the coverage of the insurance policies which we have taken up, we may be liable for the shortfall between amounts claimed and amounts insured. We are not insured against the loss of key personnel and business interruption. If the events outlined above were to occur, our business, financial performance and financial position may be materially and adversely affected. Please refer to the section entitled "Business – Insurance" of this Offer Document for more details.

Any adverse changes in the political, economic, legal, regulatory, taxation or social conditions in the countries that we operate in or in which we intend to expand our business may have a material and adverse effect on our operations, financial performance and future growth

We are governed by the laws, regulations and government policies in each of the countries that we operate in or in which we intend to expand our business and operations. Our business and future growth is dependent on the political, economic, legal, regulatory, taxation and social conditions in these countries. Any economic downturn or changes in policies implemented by the governments in these countries, investment restrictions, currency and interest rate fluctuations, capital controls or capital restrictions, changes in labour laws, changes in environmental protection laws and regulations, duties, taxation and limitations on imports and exports could materially and adversely affect our operations, financial performance and future growth.

RISK FACTORS

Our business will be affected by any adverse impact on our reputation

Over the years, we have established our reputation in the marine and offshore oil and gas industries as a leading provider of new building, conversion and repair services in Singapore. We believe our good reputation has fostered customer loyalty. Hence, if there are any major lapses in our services or adverse publicity on our Group due to circumstances beyond our control, our reputation will be materially and adversely affected and our customers may lose confidence in our services. This will adversely affect our business and hence our financial performance.

We are exposed to foreign exchange transaction risks

Our revenue is predominantly denominated in S\$, which constituted approximately 96.9% of our revenue over the periods under review. Our purchases are denominated in S\$ and THB and they constituted approximately 42.0% and 58.0% respectively of our purchases over the periods under review. Our expenses are mainly denominated in S\$, which constituted approximately 85.4% of our expenses over the periods under review. Foreign exchange risks arise mainly from a mismatch between the currency of our sales and the currency of our purchases. We may suffer foreign currency losses if there are significant adverse fluctuations in currency exchange rates between the time of our purchases and payments in foreign currencies and the time of our sales and receipts. This may adversely affect our financial results.

In addition, as our reporting currency is in S\$, the financial statements of our subsidiary in Thailand will need to be translated to S\$ for consolidation purposes. As such, any material fluctuations in foreign exchange rates will result in translation gains or losses on consolidation. Any such translation gains or losses will be recorded as translation reserves or deficits as part of our Shareholders' equity.

We do not currently have any formal policy for hedging against foreign exchange exposure. We will continue to monitor our foreign exchange exposure and may employ forward currency contracts to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with set policies and procedures. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management" of this Offer Document for further details.

The outbreak of communicable diseases may affect our business

The outbreak of various communicable diseases in recent years, such as the Severe Acute Respiratory Syndrome, Avian Influenza and Influenza A (H1N1), have resulted in global economic and social uncertainty. There is no assurance that we will not be affected in the event of the recurrence or outbreak of such communicable diseases. In the event that any of the employees in our premises or facilities become infected, we may be required to shut down our premises and facilities temporarily or for a protracted length of time in order to prevent the spread of the diseases, in which event our business and financial performance will be adversely and materially affected.

RISKS RELATING TO OUR OPERATIONS IN THAILAND

We face the risk of non-performance by our subcontractors and/or delay in delivery of materials and equipment delivered by our suppliers in respect of our Thai operations

We carry out new building, conversion and repair activities at our shipyard in Thailand, where certain jobs such as fabrication work, blasting, painting, electrical and piping work are outsourced to third party subcontractors. As such, we may face the risk of late delivery or completion, or non-delivery or non-completion, by our subcontractors. In the event that we are unable to maintain our relationships with our subcontractors or find alternative subcontractors at competitive rates, this may affect our obligations to our customer and our ability to complete our projects in a timely and cost-efficient manner. Should our subcontractors fail to adhere to contract specifications or otherwise default on their contractual obligations, this may in turn affect our ability to adhere to the timing and quality specifications of our customers. In such an event, our operations and financial performance may be adversely affected.

RISK FACTORS

We are also dependent on our suppliers for timely delivery of materials and equipment, such as steel, pumps, propellers and engines, to our shipyard in Thailand. We may face the risk of our suppliers' late delivery and/or non-delivery of such materials and equipment. If we are unable to source these materials and equipment from alternative suppliers on a timely basis and at competitive prices, our production will be delayed, thereby affecting delivery to our customers and our profitability.

We currently enjoy tax incentives in respect of our subsidiary in Thailand that we may not enjoy in the future

ES Thailand has obtained an investment promotion certificate issued by Thailand Board of Investment ("BOI") under the Investment Promotion Act B.E. 2520 (A.D. 1977) ("Investment Promotion Act") which entitles ES Thailand to certain tax-based privileges in connection with its promoted activities, which are manufacture of metal products, including metal parts, and building or repair of steel ships of not less than gross 500 tonnes. Such privileges include (i) exemption of import duties on machinery imported into Thailand prior to 16 September 2010; (ii) exemption of import duties on raw materials for a period of five years from 27 May 2007 (being the date on which raw materials are first imported into Thailand); and (iii) exemption of corporate income tax on net profit derived from such business activity for a period of eight years from 28 August 2007 (being the date on which income is first derived from such activity) up to an amount of THB65,000,000. Generally, juristic companies and partnerships operating in Thailand which do not enjoy any tax incentives are subject to corporate income tax at a rate of 30% on all profits. There is no assurance that there will not be amendments to the Investment Promotion Act or other tax regulations in Thailand which could affect ES Thailand's entitlements to the tax incentives, the loss of which will increase our tax expenses. Our profits will be adversely affected in the event of any total or partial removal of such tax benefits or changes due to changes in tax regulations.

We are subject to regulations on foreign share ownership in Thailand

Restrictions on foreign share ownership exist under various laws and regulations. In particular, the FBA, which regulates the types of businesses a foreigner can undertake, restricts foreign ownership in a Thai-incorporated company at different levels according to the type of business being undertaken, which includes new building and repair, and steel structure assembling businesses. Such restrictions however do not apply to companies which are majority held by Thai nationals, or by companies which are incorporated in Thailand and are themselves majority Thai-owned. A company which is not majority owned by Thai nationals will be designated a "foreigner" under the FBA. As we presently hold 50% of the issued share capital of ES Thailand, ES Thailand is considered a foreigner for the purposes of the FBA. Nevertheless, in the event that the Thai government imposes additional restriction over foreign ownership in a Thai-incorporated company, we may have to dilute or divest our equity interest in ES Thailand. Consequently, in such an event, the future revenue and profit contributions from ES Thailand to our Group will be affected. In such event, the contribution from our Thailand subsidiary, ES Thailand, to our business would be adversely affected, thereby reducing our revenue and profits. ES Thailand's net profit for FY2009 was S\$1.9 million.

We are subject to foreign exchange regulations in Thailand

Thailand's exchange controls are established by the Exchange Control Act B.E. 2485, (A.D. 1942) of Thailand and foreign exchange transactions are overseen by the Bank of Thailand.

Any inflow of foreign currencies (which include foreign capital and loans) can be transferred or brought into Thailand without any restriction. However, within 360 days of the receipt of such foreign currencies, the currencies must be sold to a bank or an authorised financial institution or deposited in a foreign currency account with a bank or an authorised financial institution.

As we expand our operations into Thailand, we may in the ordinary course of business be required to make outward remittances of currency, which would be subject to the approval of the relevant authority. In the event that such approval is not obtained or if the remittance does not fall within one of the prescribed category of transactions, the business and financial condition of ES Thailand and consequently, our Group may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO INVESTMENT IN OUR SHARES

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

We have made an application for our Shares to be admitted to Catalist, a listing platform primarily designed for fast growing and emerging or smaller companies (to which a higher investment risk tends to be attached as compared to larger or more established companies). Catalist was formed in February 2008 and its future success and liquidity in the market for our Shares cannot be guaranteed. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Pursuant to the Listing Manual, we are required to, among other things, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, the Sponsor must act as our continuing sponsor for at least three years after the admission of our Company to Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three continuous months. There is no guarantee that following the expiration of the three-year period, the Sponsor will continue to act as our sponsor or that we are able to find a replacement sponsor within the three-month period. Should such risks materialise, we may be delisted.

Control by our Executive Directors and their Associates may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon completion of the Placement, our Executive Directors (namely Ken Low Chee Wee, Christopher Low Chee Leng and Eddy Neo Chiang Swee) and their Associates (namely, Neo Peck Keow @ Ng Siang Keng, Low Yin Yin, Leow Mei Lee and Eric Neo Chiang Yee) will own in aggregate approximately 83.6% of our post-Placement share capital. Should these parties exercise their voting rights together, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any Shareholders' action or approval requiring a majority vote, except where they are required by the rules of the Listing Manual or other applicable regulations to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group, which may not benefit our minority Shareholders.

Future sales or issuance of our Shares could materially and adversely affect our Share price

Any future sale or issuance or availability of a large number of our Shares in the public market or perception thereof may have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Placement, 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 in the future. Save as disclosed under the section entitled "General Information on Our Group – Moratorium" of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares.

Our Share price may fluctuate following the Placement

The trading price of our Shares may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- variations of our operating results;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in market valuations of share prices of Singapore listed companies involved in similar businesses;
- material changes or uncertainty in the political, economic and regulatory environment in the markets that we operate;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- fluctuations of stock markets prices and volume;

RISK FACTORS

- our involvement in litigation;
- additions or departures of our key personnel;
- success or failure of our management in implementing business and growth strategies; and
- changes in conditions affecting our industry, general economic conditions or stock market sentiments.

ISSUE STATISTICS

Placement Price 24 cents

NTA

NTA per Share based on the audited combined financial position of our Group as at 31 December 2009 adjusted for the interim one-tier tax-exempt dividend amounting to S\$2.8 million paid in May 2010 ("Adjusted NTA"):

(a) before adjusting for the estimated net proceeds from the Placement and based on our Company's pre-Placement share capital of 120,000,000 Shares 16.8 cents

(b) after adjusting for the estimated net proceeds from the Placement and based on our Company's post-Placement share capital of 141,200,000 Shares 17.0 cents

Premium of Placement Price over the Adjusted NTA per Share based on the audited combined financial position of our Group as at 31 December 2009:

(a) before adjusting for the estimated net proceeds from the Placement and based on our Company's pre-Placement share capital of 120,000,000 Shares 42.9%

(b) after adjusting for the estimated net proceeds from the Placement and based on our Company's post-Placement share capital of 141,200,000 Shares 41.2%

EPS

Historical EPS based on the audited combined financial results of our Group for FY2009 (adjusted for the expenses incurred in relation to the Placement in FY2009 of approximately S\$172,000) and our Company's pre-Placement share capital of 120,000,000 Shares 5.4 cents

Historical EPS based on the audited combined financial results of our Group for FY2009 (adjusted for the expenses incurred in relation to the Placement in FY2009 of approximately S\$172,000) and our Company's pre-Placement share capital of 120,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2009 5.1 cents

PER

Historical PER based on the historical EPS for FY2009 4.4 times

Historical PER based on the historical EPS for FY2009, assuming that the Service Agreements had been in place from the beginning of FY2009 4.7 times

Net Cash Flow from Operations⁽¹⁾

Historical net cash flow from operations per Share for FY2009 based on our Company's pre-Placement share capital of 120,000,000 Shares 6.8 cents

Historical net cash flow from operations per Share for FY2009 based on our Company's pre-Placement share capital of 120,000,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2009 6.4 cents

ISSUE STATISTICS

Price to Net Cash Flow from Operations Ratio

Placement Price to historical net cash flow from operations per Share for FY2009 3.5 times

Placement Price to historical net cash flow from operations per Share for FY2009, assuming that the Service Agreements had been in place from the beginning of FY2009 3.8 times

Market Capitalisation

Our market capitalisation based on the Placement Price and our Company's post-Placement share capital of 141,200,000 Shares S\$33.9 million

Note:-

- (1) Net cash flow from operations is defined as profit attributable to owners of the Company (adjusted for the expenses incurred in FY2009 in relation to the Placement of approximately S\$172,000) with depreciation expenses added back.

DILUTION

Dilution is the amount by which the Placement Price paid by the applicants for our New Shares (“New Investors”) exceeds our Adjusted NTA per Share immediately after the Placement. Our Adjusted NTA per Share as at 31 December 2009 before adjusting for the estimated net proceeds from the Placement and based on our Company’s pre-Placement share capital of 120,000,000 Shares, was 16.8 cents.

Pursuant to the Placement in respect of 21,200,000 New Shares at the Placement Price, our NTA per Share after adjusting for the estimated net proceeds from the Placement and based on our Company’s post-Placement share capital of 141,200,000 Shares, would be 17.0 cents. This represents an immediate increase in NTA per Share of 0.2 cents to our existing Shareholders and an immediate dilution in NTA per Share of 7.0 cents to our new investors.

The following table illustrates such dilution on a per Share basis as at 31 December 2009:

	Cents
Placement Price	24.0
Adjusted NTA per Share as at 31 December 2009	16.8
Increase in NTA per Share attributable to existing Shareholders	0.2
NTA per Share after the Placement ⁽¹⁾	17.0
Dilution in NTA per Share to new investors	7.0

Note:-

- (1) The above computed NTA does not take into account our actual financial performance from 1 January 2010 up to the Latest Practicable Date. Depending on our actual financial results, our NTA per Share may be higher or lower than the above computed NTA per Share.

The following table shows the average effective cost per Share paid by our existing Shareholders for Shares acquired by them during the period of three years prior to the date of lodgement of this Offer Document and the price per Share to be paid by our New Investors pursuant to the Placement:

	Number of Shares acquired	Total consideration (S\$)	Average effective cost per Share (cents)
Directors			
Ken Low Chee Wee	30,000,000	4,733,367	15.8
Christopher Low Chee Leng	30,000,000	4,733,368	15.8
Eddy Neo Chiang Swee	6,000,000	946,673	15.8
Other Existing Shareholders			
Neo Peck Keow @ Ng Siang Keng	40,080,000	6,323,780	15.8
Low Yin Yin	6,000,000	946,673	15.8
Leow Mei Lee	3,600,000	568,004	15.8
Eric Neo Chiang Yee	2,400,000	378,669	15.8
Ong Beng Chye	1,920,000	302,935	15.8
New Investors	21,200,000	5,088,000	24.0

Save as disclosed above and in the sections entitled “General Information on Our Group – Restructuring Exercise” and “General and Statutory Information – Share Capital” of this Offer Document, none of our Directors, Substantial Shareholders or their Associates have acquired any Shares during the period of three years prior to the date of lodgement of this Offer Document.

CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 30 April 2010:

- (i) based on our management accounts as at 30 April 2010;
- (ii) as adjusted for the interim one-tier tax-exempt dividend amounting to S\$2.8 million paid in May 2010; and
- (iii) as adjusted for the net proceeds from the Placement.

You should read this table in conjunction with the “Independent Auditors’ Report and the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009” set out in Appendix A of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

(\$'000)	As at 30 April 2010 (as adjusted for the interim one-tier tax-exempt dividend amounting to S\$2.8 million paid in May 2010)	As adjusted for the net proceeds from the Placement
Cash and cash equivalents	1,024	4,812
Indebtedness		
Current		
- secured and guaranteed	3,610	3,610
- secured and non-guaranteed	106	106
- unsecured and guaranteed	–	–
- unsecured and non-guaranteed	–	–
Non-current		
- secured and guaranteed	2,629	2,629
- secured and non-guaranteed	–	–
- unsecured and guaranteed	–	–
- unsecured and non-guaranteed	–	–
Total indebtedness	6,345	6,345
Total Shareholders’ equity	21,323	25,426
Total capitalisation and indebtedness	27,668	31,771

From 1 May 2010 to the Latest Practicable Date, there were no material changes in our total capitalisation and indebtedness, save as disclosed above and the scheduled monthly repayments on our borrowings and changes in our retained earnings arising from the day-to-day operations in the ordinary course of our business.

CAPITALISATION AND INDEBTEDNESS

Borrowings

Details of our borrowings as at 31 December 2009 are as follows:

Financial institution / Lender	Type of facilities / Tenure	Amount of facilities granted (\$'000)	Amount utilized (\$'000)	Amount owing (\$'000)	Security ⁽¹⁾
HSBC	Factoring loan	S\$2,500	–	–	<p>1. Joint and several guarantee for an unlimited amount by Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Christopher Low Chee Leng</p> <p>2. Security over proceeds of receivables of debts purchased from approved customers</p>
Index Credit Pte Ltd	Hire-purchase facility	S\$21	S\$21	S\$4	Guarantee for approximately S\$21,000 by Leow Mei Lee
Maybank	Hire-purchase facility	S\$94	S\$94	S\$25	Joint and several guarantee for approximately S\$94,000 by Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng
Mercedes Benz Financial Singapore Ltd	Hire-purchase facility	S\$92	S\$92	S\$46	Joint and several guarantee for approximately S\$92,000 by Leow Mei Lee, Neo Peck Keow @ Ng Siang Keng and Teresa Ng Mui Hoon
OCBC	Hire-purchase facility	S\$65	S\$65	S\$43	Guarantee for approximately S\$65,000 by Eddy Neo Chiang Swee
Orix Capital Limited	Hire-purchase facility	S\$16	S\$16	S\$4	Joint and several guarantee for approximately S\$16,000 by Neo Peck Keow @ Ng Siang Keng
Sembawang Shipyard	Loan	S\$1,271	S\$1,271	S\$106 ⁽²⁾	Security over machinery purchased under the loan

CAPITALISATION AND INDEBTEDNESS

Financial institution / Lender	Type of facilities / Tenure	Amount of facilities granted (\$'000)	Amount utilized (\$'000)	Amount owing (\$'000)	Security ⁽¹⁾
UOB	Overdraft	S\$5,150	–	–	<ol style="list-style-type: none"> 1. First legal mortgage on 10 Kwong Min Road Singapore 628712 and 83A Lorong Gambir Singapore 536649 2. Second legal mortgage on 26 Paterson Road #07-03 Singapore 238518 3. Joint and several guarantee for S\$10,000,000 by Low Chye Hin, Leow Mei Lee and Teresa Ng Mui Hoon
	Term loan / ten years	S\$669	S\$669	S\$575	
	Term loan / ten years	S\$1,040	S\$1,040	S\$913	
	Performance guarantee	S\$600	–	–	
	Letters of credit / trust receipts	S\$500	–	–	
UOB	SPRING Singapore Local Enterprise Finance Scheme Bridging loan / three years	S\$2,000	S\$2,000	S\$2,000	Joint and several guarantee for S\$2,000,000 by Low Chye Hin, Teresa Ng Mui Hoon, Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng
UOB	Overdraft	S\$100	–	–	<ol style="list-style-type: none"> 1. Legal mortgage over 30 Shaw Road #06-06 Roche Building Singapore 367957 2. Joint and several guarantee for S\$1,210,000 by Low Chye Hin and Christopher Low Chee Leng
	Term loan / 15 years	S\$510	S\$510	S\$409	
	Performance guarantee	S\$600	–	–	
UOB	Overdraft ⁽³⁾	S\$300	–	–	<ol style="list-style-type: none"> 1. Joint and several guarantee for S\$300,000 by Low Chye Hin, Christopher Low Chee Leng and Eddy Neo Chiang Swee 2. Letter of charge and set-off in respect of fixed deposits of S\$50,000
UOB	Hire-purchase facility	S\$118	S\$118	S\$68	Guarantee for approximately S\$118,000 by Neo Peck Keow @ Ng Siang Keng

CAPITALISATION AND INDEBTEDNESS

Financial institution / Lender	Type of facilities / Tenure	Amount of facilities granted (\$'000)	Amount utilized (\$'000)	Amount owing (\$'000)	Security ⁽¹⁾
UOB Thailand	Overdraft	THB 30 million (equivalent to approximately S\$1,260,000)	–	–	1. Mortgage of land and building under Certificate of Utilization (Nor. Sor. 3 Kor.) No. 1250 for a value of not less than THB 70 million
	Term loan	THB 30 million (equivalent to approximately S\$1,260,000)	–	–	2. Joint and several guarantee for THB 65 million by Serm Tantasatien, Ken Low Chee Wee, Christopher Low Chee Leng and Low Chye Hin 3. Corporate guarantee for THB 65 million by Eng Soon Investment
Total ⁽⁴⁾		S\$18,166	S\$5,896	S\$4,193	

Notes:-

- (1) Low Chye Hin and Neo Peck Keow @ Ng Siang Keng are the father and mother of Ken Low Chee Wee (our Executive Director) and Christopher Low Chee Leng (our CEO). Leow Mei Lee is the mother of Eddy Neo Chiang Swee (our Executive Director). Teresa Ng Mui Hoon is the spouse of our CEO. Serm Tantasatien is a distant relative of Ken Low Chee Wee and Christopher Low Chee Leng.
- (2) As at the Latest Practicable Date, the amount owing to Sembawang Shipyard has been fully settled.
- (3) As at the Latest Practicable Date, this has been converted to a revolving short-term loan facility and Low Chye Hin has been discharged as a guarantor.
- (4) As at the Latest Practicable Date, our Group has also been granted a hire-purchase facility of S\$55,600 from Hong Leong Finance Limited and a hire-purchase facility of S\$65,800 from Maybank, both of which are secured by personal guarantees extended by Christopher Low Chee Leng.

The interest rates charged by the relevant financial institutions for the above facilities range from 2.50% to 6.25% per annum or such other rates as the respective financial institutions may from time to time determine.

To the best of our Directors' knowledge, 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 loan which could materially affect our financial position and results of business operations, or the investments by our Shareholders.

Save as aforesaid and as disclosed under the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources" of this Offer Document, our Group does not have any material unused sources of liquidity.

Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for further details of the guarantees provided by our Executive Directors and their Associates.

DIVIDEND POLICY

In FY2008, our subsidiaries, namely Wang Fatt and Eng Soon Investment, declared and paid interim one-tier tax-exempt dividends amounting to an aggregate of S\$1,125,000 to their shareholders. In FY2009, our subsidiaries, namely Wang Fatt, Eng Soon Investment, ES Offshore and Eng Soon (1999), declared and paid interim one-tier tax-exempt dividends amounting to an aggregate of S\$2,500,000 to their shareholders. In FY2009, our subsidiaries, namely Wang Fatt and ES Offshore, declared a second interim one-tier tax-exempt dividends amounting to an aggregate of S\$1,000,000 to their shareholders which was paid in February 2010.

In May 2010, our subsidiary, namely Wang Fatt, declared and paid final one-tier tax-exempt dividends of S\$2,800,000 in respect of FY2009 to our Company.

In May 2010, our Company declared and paid interim one-tier tax-exempt dividends of S\$2,800,000 in respect of FY2010 to its shareholders.

Save as disclosed above, no dividends have been paid or proposed by our Company or our subsidiaries during the periods under review.

We currently do not have a formal dividend policy. However, for FY2010, our Directors intend to recommend and distribute at least 30% of our net profit attributable to Shareholders as dividends and subject to the factors outlined below. Investors should note that the intention to recommend the aforesaid dividends should not be treated as a legal obligation of our Company, or an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that may be paid in the future.

We may declare dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by our Board of Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. Future dividends will be paid by us as and when approved by our Shareholders (if necessary) and our Directors.

The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends.

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

SUMMARY OF OUR FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Offer Document, including the "Independent Auditors' Report and the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009" set out in Appendix A of this Offer Document.

Combined Statements of Comprehensive Income⁽¹⁾

(\$'000)	← Audited →		
	FY2007	FY2008	FY2009
Revenue	40,846	51,736	52,688
Cost of services	(30,548)	(34,584)	(37,774)
Gross profit	10,298	17,152	14,914
Other operating income	914	1,093	1,564
Administrative expenses	(3,116)	(4,122)	(3,370)
Other operating expenses	(2,992)	(2,610)	(3,655)
Finance costs	(240)	(337)	(300)
Profit before income tax	4,864	11,176	9,153
Income tax expense	(929)	(1,456)	(853)
Profit for the year	3,935	9,720	8,300
Exchange differences on translation of foreign operations, representing other comprehensive income for the year, net of tax	23	(262)	133
Total comprehensive income for the year	3,958	9,458	8,433
Profit attributable to:			
Owners of the Company	4,197	8,165	6,343
Minority interests	(262)	1,555	1,957
	3,935	9,720	8,300
Total comprehensive income attributable to:			
Owners of the Company	4,208	8,034	6,410
Minority interests	(250)	1,424	2,023
	3,958	9,458	8,433
EPS (cents) ⁽²⁾	3.5	6.8	5.3
EPS (fully diluted) (cents) ⁽³⁾	3.0	5.8	4.5

SUMMARY OF OUR FINANCIAL INFORMATION

For illustrative purposes, assuming the expenses of approximately S\$172,000 incurred in FY2009 in relation to the Placement were excluded from the combined statements of comprehensive income for FY2009, our operating results would be as follows:

(S\$'000)	Audited FY2007	Audited FY2008	Adjusted FY2009
Revenue	40,846	51,736	52,688
Gross profit	10,298	17,152	14,914
Profit before income tax	4,864	11,176	9,325
Profit for the year	3,935	9,720	8,472
Total comprehensive income for the year	3,958	9,458	8,605
Profit attributable to owners of the Company	4,197	8,165	6,515 ⁽⁴⁾
Total comprehensive income attributable to owners of the Company	4,208	8,034	6,582
EPS (cents) ⁽²⁾	3.5	6.8	5.4 ⁽⁴⁾
EPS (fully diluted) (cents) ⁽³⁾	3.0	5.8	4.6 ⁽⁴⁾

Notes:-

- (1) Our combined statements of comprehensive income for the periods under review have been prepared on the basis that our Group had been in existence throughout the periods under review.
- (2) For comparative purposes, EPS for the periods under review have been computed based on the profit attributable to owners of the Company and our pre-Placement share capital of 120,000,000 Shares.
- (3) For comparative purposes, EPS (fully diluted) for the periods under review have been computed based on the profit attributable to owners of the Company and our post-Placement share capital of 141,200,000 Shares.
- (4) Had the Service Agreements been in place with effect from 1 January 2009, the adjusted profit attributable to owners of the Company for FY2009 would have been S\$6.1 million, and the EPS and EPS (fully diluted) would have been 5.1 cents and 4.3 cents respectively.

SUMMARY OF OUR FINANCIAL INFORMATION

Combined Statement of Financial Position⁽¹⁾

(S\$'000)	Audited As at 31 December 2009
ASSETS	
Current assets	
Cash and bank balances	7,139
Trade receivables	18,728
Work-in-progress	2,944
Other receivables	975
Inventories	598
Total current assets	30,384
Non-current assets	
Restricted cash	36
Deposits	52
Property, plant and equipment	12,079
Club membership	50
Total non-current assets	12,217
Total assets	42,601
LIABILITIES AND EQUITY	
Current liabilities	
Bank overdrafts and loans (secured)	890
Trade payables	2,613
Other payables	6,739
Loan from a third party (secured)	106
Current portion of finance leases	51
Income tax payable	553
Total current liabilities	10,952
Non-current liabilities	
Bank loans (secured)	3,007
Finance leases	139
Deferred tax liabilities	206
Total non-current liabilities	3,352
Capital and reserves	
Share capital	18,933
Retained earnings	22,673
Translation reserve	(53)
Merger reserve	(18,570)
Equity attributable to owners of the Company	22,983
Minority interests	5,314
Total equity	28,297
Total liabilities and equity	42,601
NTA per Share (cents) ⁽²⁾	19.2

Notes:-

- (1) Our combined statement of financial position as at 31 December 2009 has been prepared on the basis that our Group has been in existence on this date.
- (2) The NTA per Share as at 31 December 2009 has been computed based on our pre-Placement share capital of 120,000,000 Shares.

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

The following discussion of our results of operations and financial position has been prepared by our management and should be read in conjunction with the "Independent Auditors' Report and the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009" set out in Appendix A of this Offer Document. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements in this section be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor or the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements as they speak only as at the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

Except as otherwise indicated, the following discussion is based on our audited combined financial statements.

OVERVIEW

We are a marine and offshore group engaged or involved in new building, conversion and repair of ocean-going vessels. Our customers are primarily shipyard operators in Singapore involved in the construction and repair of seaborne vessels, offshore rigs and semi-submersibles.

We build, convert and repair a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers and cargo ships. We are able to perform repairs on marine and offshore structures and vessels of all types and sizes, whether afloat or drydocked.

We are headquartered in Singapore, where we operate out of our workshop and repair facilities at 10 Kwong Min Road and our site offices at the premises of our shipyard customers, Sembawang Shipyard, Keppel FELS and ST Marine. We also own a shipyard in Thailand (through our 50% owned subsidiary in Thailand) where we provide new building and conversion services at a 70,000 sq m shipyard with fabrication grounds.

Revenue

Our revenue is derived from two business divisions, namely, (i) new building and conversion; and (ii) repair. Revenue recognition for both business divisions is based on percentage-of-completion method. The percentage-of-completion is estimated by actual costs incurred to-date to the estimated total costs for the relevant project. Provision is made, where applicable, for anticipated losses on projects in progress. Billings to customers for payment are, however, made according to the progress payment schedule under the contracts.

The details of our revenue from each of our businesses are as follows:

(i) New Building and Conversion

Revenue from new building and conversion division accounted for 49.4%, 50.6% and 58.6% of our revenue in FY2007, FY2008 and FY2009 respectively.

Generally, most of our new building and conversion projects are awarded through a competitive bidding process, based on pricing, payment terms, technical specifications, capability and financial standing of the bidder and other factors. To a lesser extent, projects are also secured through direct negotiation with customers.

(ii) Repair

Revenue from our repair division accounted for 50.6%, 49.4% and 41.4% of our revenue in FY2007, FY2008 and FY2009 respectively.

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

Our repair contracts are typically short-term contracts with duration of less than one year. Generally, larger projects are awarded through a competitive bidding process while smaller projects are secured through direct negotiation with customers.

Geographically, we operate in Singapore and Thailand. Our Singapore operations accounted for 97.0%, 74.0% and 66.3% of our revenue in FY2007, FY2008 and FY2009 respectively, with the balance contribution from our Thai operations.

96.9% of our revenue over the periods under review was denominated in S\$, with the balance denominated in US\$ and THB.

The major factors that affect our revenue include:

- (a) actual and anticipated price of oil and gas and the resultant impact on the levels of activities in offshore oil and gas exploration, development and production;
- (b) age and condition of the existing global fleet of offshore support vessels and the actual and planned replacement or repair of such vessels;
- (c) supply of vessels in the offshore marine industry;
- (d) our ability to remain competitive. Players in this market generally compete on key attributes such as quality, reliability, timeliness of delivery and price competitiveness of services;
- (e) our production capacity which is dependent on several factors that include size of our shipyard (in the case of our Thai operations), and availability and effective allocation of manpower; and
- (f) our ability to secure new contracts may be affected by general economic and/or political climate of the region / countries in which our Group and customers operate.

Cost of Services

Cost of services comprise direct costs and overheads. Direct costs consist mainly of materials (mainly consumables and tools) and labour costs. Overheads include depreciation of equipment that are directly attributable to shipyard operations, upkeep and maintenance of equipment, freight and transportation charges, custom clearance charges and direct insurance relating to projects.

Labour costs accounted for 89.3%, 77.6% and 74.5% of our cost of services in FY2007, FY2008 and FY2009 respectively. Labour costs include both permanent and subcontract labour, and salaries and related costs of operational staff (such as supervisors and engineers). To improve our operating flexibility, we utilise subcontract labour for our new building, conversion and repair projects which allows us flexibility in managing our costs according to the number of projects on-hand. Subcontract labour costs accounted for 1.6%, 12.3% and 13.9% of our cost of services in FY2007, FY2008 and FY2009 respectively.

Over the periods under review, materials (such as steel plates and pipes) are provided on-site by our customers for new building, conversion and repair activities. Hence, materials (mainly consumables and tools) accounted for 6.2%, 9.3% and 9.8% of our cost of services in FY2007, FY2008 and FY2009 respectively.

The major factors that affect our cost of services over the periods under review include:

- (a) our ability to attract and retain adequate skilled permanent and subcontract labour for our business such that productivity and quality of our services are maintained;
- (b) wage levels, labour market conditions and changes in government policies and regulations (such as foreign workers' levy and quota) in the countries in which our Group operates;
- (c) our ability to manage and control direct costs within budget and minimise wastage and damage to equipment; and

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

- (d) our ability to manage vessel construction or conversion in compliance with customers' specifications and quality requirements as well as changes in laws and regulations that affect the technical specifications required of offshore support vessels.

However, we anticipate the following factors to also affect our cost of services (taking into consideration our expansion plans to undertake EPC projects and ship chartering, as further described in the section entitled "Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans" of this Offer Document):

- (a) fluctuations in the prices of steel (as a result of supply and demand) and the timing of our purchases from our suppliers; and
- (b) demand for and supply of equipment (such as main engines, oil pumps and propellers) and direct materials (such as steel plates and pipes) and our ability to source for and purchase, both locally and overseas, at competitive prices that will meet our customers' demands and requirements.

Other Operating Income

Other operating income relates mainly to rental income from dormitory, reimbursement of expenses from foreign workers, scrap income, interest income from bank deposits, gain on disposal of property, plant and equipment and net foreign exchange adjustment gain.

Administrative Expenses

Administrative expenses consist mainly of staff-related expenses (including directors' fees and remuneration of directors and administrative staff) and other miscellaneous costs (including but not limited to insurance costs (relating mainly to workers' compensation and public liability insurance), professional fees, general repairs and maintenance, entertainment expenses and telecommunication expenses).

Other Operating Expenses

Other operating expenses include rental of workers' dormitory and site offices, repair and maintenance of our shipyard in Thailand and office premises, travelling expenses, staff training and welfare, transportation, water and electricity, depreciation charges on property, plant and equipment, property, plant and equipment written-off, net foreign exchange adjustment loss and expenses incurred in relation to the Placement.

Finance Costs

Finance costs relate to interests incurred on borrowings from financial institutions, a loan from a third party and finance leases.

Income Tax Expense

Our Company and subsidiaries (namely Eng Soon (1999), Eng Soon Investment, Eng Soon Marine, ES Offshore, ES Shipping and Wang Fatt) are subject to income tax at the applicable statutory tax rates in Singapore. Our Thailand-incorporated subsidiary, ES Thailand, is taxed in accordance with Thailand corporate tax rates.

ES Thailand has obtained an investment promotion certificate issued by Thailand Board of Investment ("BOI") under the Investment Promotion Act B.E. 2520 (A.D. 1977) ("Investment Promotion Act") which entitles ES Thailand to certain tax-based privileges in connection with its promoted activities, i.e. manufacture of metal products, including metal parts, and building or repair of steel ships of not less than 500 gross tons. Such privileges include (i) exemption of import duties on machinery which has been imported into Thailand prior to 16 September 2010, (ii) exemption of import duties on raw materials for a period of five years from 27 May 2007 (being the date on which raw materials are first imported into Thailand), and (iii) exemption of corporate income tax on net profit derived from such business activity for a period of eight years from 28 August 2007 (being the date on which income is first derived from such

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

activity) up to an amount of THB65,000,000. Generally, juristic companies and partnerships operating in Thailand which do not enjoy any tax incentives are subject to corporate income tax at a rate of 30% on all profits.

	FY2007	FY2008	FY2009
Income tax expense (S\$'000)	929	1,456	853
PBT (S\$'000)	4,864	11,176	9,153
Effective tax rate (income tax expense as a percentage of PBT) (%)	19.1	13.0	9.3

During the periods under review, provisions for income tax were made on income derived from our operations in Singapore. The prevailing statutory tax rates in Singapore were 18.0% in FY2007 and FY2008, and 17.0% in FY2009.

In FY2007, our effective tax rate of 19.1% was higher than the prevailing statutory tax rate in Singapore due mainly to certain items which were not deductible for tax purposes, partly offset by tax exemptions on profits for our Thai operations. In FY2008 and FY2009, our effective tax rate of 13.0% and 9.3% respectively were lower than the prevailing statutory tax rates in Singapore due mainly to the effect of tax exempt income and tax exemptions on profits for our Thai operations, partly offset by certain items which were not deductible for tax purposes.

SEASONALITY

We generally do not experience any seasonality in our new building, conversion and repair businesses.

INFLATION

Over the periods under review, inflation did not have a material impact on our performance.

REVIEW OF RESULTS OF OPERATIONS

For the purposes of this section, we have segmented our revenue and gross profit by business segments as well as geographical locations of our operations for the periods under review. The analysis provided below should be read in conjunction with the "Independent Auditors' Report and the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009" set out in Appendix A of this Offer Document.

Review of Past Performance by Business Segments

Revenue

	FY2007		FY2008		FY2009	
	S\$'000	%	S\$'000	%	S\$'000	%
New building and conversion	20,196	49.4	26,169	50.6	30,881	58.6
Repair	20,650	50.6	25,567	49.4	21,807	41.4
Total	40,846	100.0	51,736	100.0	52,688	100.0

Gross Profit

	FY2007		FY2008		FY2009	
	S\$'000	%	S\$'000	%	S\$'000	%
New building and conversion	5,464	53.1	9,789	57.1	10,180	68.3
Repair	4,834	46.9	7,363	42.9	4,734	31.7
Total	10,298	100.0	17,152	100.0	14,914	100.0

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

Gross Profit Margin

	FY2007 %	FY2008 %	FY2009 %
New building and conversion	27.1	37.4	33.0
Repair	23.4	28.8	21.7
Overall	25.2	33.2	28.3

Review of Past Performance by Geographical Locations of our Operations

Revenue

	FY2007		FY2008		FY2009	
	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	39,603	97.0	38,286	74.0	34,928	66.3
Thailand	1,243	3.0	13,450	26.0	17,760	33.7
Total	40,846	100.0	51,736	100.0	52,688	100.0

Gross Profit

	FY2007		FY2008		FY2009	
	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	9,933	96.5	13,274	77.4	9,901	66.4
Thailand	365	3.5	3,878	22.6	5,013	33.6
Total	10,298	100.0	17,152	100.0	14,914	100.0

Gross Profit Margin

	FY2007 %	FY2008 %	FY2009 %
Singapore	25.1	34.7	28.3
Thailand	29.4	28.8	28.2
Overall	25.2	33.2	28.3

FY2008 vs FY2007

Revenue

Revenue increased by S\$10.9 million or 26.7%, from S\$40.8 million in FY2007 to S\$51.7 million in FY2008 due to an increase in revenue contribution of S\$6.0 million from our new building and conversion business and S\$4.9 million from our repair business.

The increase in revenue from new building and conversion was due mainly to the construction and conversion of larger and higher specification vessels, which are of higher value. In FY2008, S\$17.4 million of our revenue was attributable to revenue recognised from new projects secured during the year while S\$8.8 million was attributable to revenue recognised from existing projects. The increase in revenue from new building and conversion in FY2008 was due mainly to a new project secured for the conversion of a fishing vessel to a seismic vessel ("Geowave Voyager") for ST Marine and four new projects secured for construction of steel structures for oil-rig blocks for Keppel FELS at our shipyard in Thailand. We completed Geowave Voyager's conversion for ST Marine and one oil-rig block for Keppel FELS in the same financial year, in addition to the completion of the conversion of an FPSO ("Aoka Mizu") for Sembawang Shipyard. In FY2007, S\$4.6 million of our revenue was attributable to revenue

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

recognised from new projects secured during the year while S\$15.6 million was attributable to revenue recognised from existing projects. In FY2007, revenue contribution was mainly from the conversion of an FPSO ("Aoka Mizu") for Sembawang Shipyard. Please refer to the section entitled "Business – Business Overview" of this Offer Document for details of our projects.

The increase in revenue from repair was due mainly to the increase in the number of repair jobs completed in FY2008 (258 repair jobs) compared with FY2007 (190 repair jobs).

Geographically, the increase in revenue was primarily attributable to the first full year revenue contribution from our Thai operations which commenced in July 2007, partly offset by a relatively small decrease in revenue from our Singapore operations.

Gross Profit

Gross profit increased by S\$6.8 million or 66.6%, from S\$10.3 million in FY2007 to S\$17.1 million in FY2008. The increase was due mainly to higher revenue and an 8.0 percentage point improvement in our gross profit margin from 25.2% in FY2007 to 33.2% in FY2008, contributed by both business segments.

Gross profit margin from our new building and conversion segment increased by a 10.3 percentage point due mainly to a revenue mix that included revenue from construction of a larger proportion of higher specification vessels which yielded higher margins.

Gross profit margin from our repair segment increased by a 5.4 percentage point due mainly to contribution from repair jobs completed which yielded higher margins in tandem with the higher specifications required by our customers.

Other Operating Income

Other operating income increased by S\$0.2 million or 19.6%, from S\$0.9 million in FY2007 to S\$1.1 million in FY2008 due mainly to the increase in rental income from dormitory of S\$0.1 million and net foreign exchange adjustment gain of S\$0.1 million.

Administrative Expenses

Administrative expenses increased by S\$1.0 million or 32.3%, from S\$3.1 million in FY2007 to S\$4.1 million in FY2008 due mainly to higher staff-related expenses and insurance costs. The increase in staff-related expenses by S\$0.8 million was due to an increase in directors' fees and bonus payout for staff in FY2008. Insurance costs increased by S\$0.1 million due to higher premium charges largely in line with industry rates.

Other Operating Expenses

Other operating expenses decreased by S\$0.4 million or 12.8%, from S\$3.0 million in FY2007 to S\$2.6 million in FY2008 due mainly to a decrease in travelling expenses of S\$0.2 million, depreciation charges on property, plant and equipment of S\$0.1 million and rental of workers' dormitory and site offices of S\$0.1 million.

Finance Costs

Finance costs increased by S\$0.1 million or 40.4%, from S\$0.2 million in FY2007 to S\$0.3 million in FY2008 due mainly to an increase in the utilisation of factoring facilities to support the increase in our business activities.

Profit Before Income Tax

Our profit before income tax increased by S\$6.3 million or 129.8%, from S\$4.9 million in FY2007 to S\$11.2 million in FY2008 due mainly to higher revenue and gross margin, partly offset by higher operating expenses.

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

FY2009 vs FY2008

Revenue

Revenue increased by S\$1.0 million or 1.8%, from S\$51.7 million in FY2008 to S\$52.7 million in FY2009. This was due to an increase in revenue contribution of S\$4.7 million from our new building and conversion business, partly offset by a decrease in contribution of S\$3.7 million from our repair business.

The increase in revenue from new building and conversion in FY2009 was due mainly to (i) the conversion of an FDPSO ("Dynamic Producer") for Sembawang Shipyard and Dynamic Producer Inc.; and (ii) completion of five projects (including four projects from FY2008 and one new project secured in FY2009) for construction of steel structures for oil-rig blocks for Keppel FELS at our Thailand shipyard. In FY2009, S\$7.2 million of our revenue was attributable to revenue recognised from new projects secured during the year while S\$23.7 million was attributable to revenue recognised from existing projects. Please refer to the section entitled "Business – Business Overview" of this Offer Document for details of our projects.

In FY2009, we completed 272 repair jobs as compared to 258 repair jobs in FY2008. However, revenue from our repair business decreased due mainly to contracts completed which yielded lower value as a result of competitive pricing.

Geographically, the increase in revenue was primarily attributable to an increase in revenue contribution from our Thai operations of S\$4.3 million, partly offset by a decrease in revenue contribution from our Singapore operations of S\$3.3 million. This was due mainly to the completion of the five projects for construction of steel structures for oil-rig blocks for Keppel FELS at our Thai shipyard.

Gross Profit

Gross profit decreased by S\$2.2 million or 13.0%, from S\$17.1 million in FY2008 to S\$14.9 million in FY2009. The decrease was due mainly to a 4.9 percentage point decline in our gross profit margin from 33.2% in FY2008 to 28.3% in FY2009, partly offset by marginally higher revenue.

Gross profit margins from both our new building and conversion segment and repair segment decreased mainly due to contracts completed which yielded lower margins as a result of competitive pricing, largely in line with the prevailing economic conditions in FY2009.

Other Operating Income

Other operating income increased by S\$0.5 million or 43.1%, from S\$1.1 million in FY2008 to S\$1.6 million in FY2009 due mainly to the increase in reimbursement of expenses from foreign workers. This is in line with the MOM regulations under Section 27 of the Employment Act (Cap 91) where we are allowed to deduct expenses (such as house accommodation and actual cost of meals supplied by the employer) from our foreign workers.

Administrative Expenses

Administrative expenses decreased by S\$0.7 million or 18.2%, from S\$4.1 million in FY2008 to S\$3.4 million in FY2009 due mainly to a decrease in directors' fees and bonus payout for staff in FY2009.

Other Operating Expenses

Other operating expenses increased by S\$1.0 million or 40.0%, from S\$2.6 million in FY2008 to S\$3.6 million in FY2009 due mainly to the increase in rental of workers' dormitory and site office of S\$0.5 million, repair and maintenance costs of yard and office premises of S\$0.1 million, travelling expenses of S\$0.1 million and depreciation charges of property, plant and equipment of S\$0.1 million. We also incurred expenses in relation to the Placement of S\$0.2 million in FY2009.

Finance Costs

Finance costs remained relatively unchanged at S\$0.3 million in FY2008 and FY2009.

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

Profit Before Income Tax

Our profit before income tax decreased by S\$2.0 million or 18.1%, from S\$11.2 million in FY2008 to S\$9.2 million in FY2009 due mainly to lower gross margin and higher operating expenses, partly offset by higher revenue.

REVIEW OF FINANCIAL POSITION

Current Assets

Current assets comprise cash and bank balances, trade receivables, work-in-progress, other receivables and inventories. Work-in-progress relates to the contract costs incurred and recognised profits net of progress billings.

As at 31 December 2009, current assets amounted to S\$30.4 million or 71.3% of our total assets. Trade receivables was the largest component of our current assets, accounting for 61.6%. Other receivables accounted for 3.2% of our current assets and comprised mainly amounts due from third parties (mainly loans to staff and payments made on behalf of customers for purchase of consumables), deposits for rental of workers' dormitory and site offices, deposits for utilities and prepayments for insurance and equipment. Work-in-progress accounted for 9.7% of our current assets. The remaining balance of current assets comprises cash and bank balances of S\$7.1 million and inventories of S\$0.6 million.

Non-Current Assets

Non-current assets comprise restricted cash, deposits, property, plant and equipment, and two club memberships in Singapore.

As at 31 December 2009, the net book value of our property, plant and equipment amounted to S\$12.1 million or 28.4% of our total assets, comprising leasehold land and properties of S\$2.7 million, freehold land of S\$3.7 million, freehold property of S\$1.4 million, land improvement of S\$0.6 million, plant, machinery and equipment of S\$3.2 million, motor vehicles of S\$0.2 million, construction-in-progress of approximately S\$19,000 and other assets of S\$0.2 million. Other assets consist of office equipment, furniture and fittings, air conditioners and containers. Club membership amounted to approximately S\$50,000. Restricted cash of approximately S\$36,000 is deposited with TMB Bank Public Company Limited in Thailand as a guarantee to The Provincial Electricity Authority for the electricity supply at the premises of ES Thailand. Deposits of approximately S\$52,000 relates to consumables (mainly gas tanks) for ES Thailand which are required by the suppliers in Thailand.

Current Liabilities

Current liabilities comprise secured bank overdrafts and loans, trade payables, other payables, secured loan from a third party, current portion of finance leases and income tax payable.

As at 31 December 2009, current liabilities amounted to S\$11.0 million or 76.6% of our total liabilities. Trade and other payables accounted for 23.9% and 61.5% of our current liabilities, respectively. Trade payables of S\$2.6 million related to purchases of consumables and tools from third parties. Other payables of S\$6.7 million comprised mainly S\$1.5 million of workers' guarantee payables, S\$0.4 million of accruals for operating expenses, S\$1.8 million owing to Serm Tantasatien (a director of ES Thailand), S\$1.0 million of dividends payable and S\$2.0 million of accruals of subcontractors' fees. Secured bank overdrafts and loans accounted for S\$0.9 million or 8.1% of our current liabilities, which comprised bridging loan and term loans. Secured loan from a third party amounted to S\$0.1 million that was due within FY2010. The loan from a third party relates to secured loan from a customer in Singapore to finance the purchase of scaffolding materials for construction of the customer's projects at a fixed interest rate of 3.75% per annum, repayable within three years commencing from the date of the first drawdown in January 2007. The remaining current liabilities were made up of current portion of finance leases of approximately S\$51,000 and income tax payable of S\$0.6 million.

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

Non-Current Liabilities

Non-current liabilities comprise secured bank loans, finance leases and deferred tax liabilities.

As at 31 December 2009, our non-current liabilities amounted to S\$3.4 million or 23.4% of our total liabilities. Secured bank loans of S\$3.0 million relates to the bridging loan from SPRING Singapore under the Local Enterprise Finance Scheme and the secured interest-bearing term loans from financial institutions to finance the purchase of the freehold property at 30 Shaw Road #06-06 Roche Building Singapore 367957 and the leasehold property at 10 Kwong Min Road Singapore 628712. Finance leases of S\$0.1 million were for motor vehicles purchased in FY2009. Deferred tax liabilities amounted to S\$0.2 million.

Equity Attributable to Owners of the Company

As at 31 December 2009, equity attributable to owners of the Company amounted to S\$23.0 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 borrowings from financial institutions. Our principal uses of cash have been for working capital requirements and capital expenditures.

Based on the audited combined financial position as at 31 December 2009, our Shareholders' equity amounted to S\$23.0 million and indebtedness amounted to S\$4.2 million (comprising term loans, bridging loan, finance leases and a loan from Sembawang Shipyard). Our gearing ratio (defined as the sum of indebtedness divided by shareholders' equity) was 0.2 times. Our net current assets amounted to S\$19.4 million and our working capital ratio (defined as current assets divided by current liabilities) was 2.8 times.

As at 31 December 2009, we had an aggregate net cash surplus position of S\$7.1 million and available credit facilities of S\$18.2 million, of which S\$5.9 million were utilised and S\$12.3 million were unutilised. These available credit facilities comprise term loans of S\$3.5 million, a bridging loan of S\$2.0 million, a factoring loan of S\$2.5 million, overdraft facilities of S\$6.8 million, performance guarantee facilities of S\$1.7 million, loan from Sembawang Shipyard of S\$1.3 million and finance lease facilities of S\$0.4 million. For the term loans and bridging loan, S\$1.9 million and S\$2.0 million respectively remained outstanding. For the loan from Sembawang Shipyard and finance leases, S\$0.1 million and S\$0.2 million respectively remain outstanding. The term loans were used for the acquisition of the properties at 30 Shaw Road #06-06 Roche Building Singapore 367957 in August 2002 and 10 Kwong Min Road Singapore 628712 in August 2006. The aforesaid properties were acquired for a consideration of S\$0.9 million and S\$3.2 million respectively. The interest rates for the term loans ranged from 4.50% to 5.25% per annum. The term loans for the acquisition of the properties at 30 Shaw Road #06-06 Roche Building Singapore 367957 and 10 Kwong Min Road Singapore 628712 will expire in August 2017 and September 2017 respectively. The bridging loan was used for working capital purposes.

As at the Latest Practicable Date, we had an aggregate net cash surplus position of S\$0.2 million and available credit facilities of S\$17.0 million, of which S\$8.6 million were utilised and S\$8.4 million were unutilised. These available credit facilities comprise term loans of S\$3.8 million, a bridging loan of S\$2.0 million, a factoring loan of S\$2.5 million, overdraft facilities of S\$6.5 million, performance guarantee facilities of S\$1.7 million and finance lease facilities of S\$0.5 million. For the term loans, bridging loan and factoring loan, S\$2.1 million, S\$1.5 million and S\$2.5 million respectively remained outstanding. For the bank overdraft and finance leases, S\$1.1 million and S\$0.3 million respectively remained outstanding. The term loans were used in connection with the acquisition of the aforesaid properties at 30 Shaw Road #06-06 Roche Building Singapore 367957 in August 2002 and 10 Kwong Min Road Singapore 628712 in August 2006.

Our Directors are of the reasonable opinion that, after taking into account the cash flows generated from our operations, our banking facilities and our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of our Company on Catalist.

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

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from the Group's operations, the Group's banking facilities and the Group's existing cash and cash equivalents, the working capital available to the Group as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the listing of the Company on Catalist.

We set out below a summary of our combined statements of cash flows for the periods under review. The following net cash flow summary should be read in conjunction with the full text of this Offer Document, including the "Independent Auditors' Report and the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009" set out in Appendix A of this Offer Document.

(S\$'000)	← Audited →		
	FY2007	FY2008	FY2009
Net cash generated from operating activities	3,394	6,169	8,971
Net cash used in investing activities	(8,233)	(2,462)	(355)
Net cash generated from / (used in) financing activities	2,784	(3,298)	(1,607)
Net increase / (decrease) in cash and cash equivalents	(2,055)	409	7,009
Cash and cash equivalents at beginning of the year ⁽¹⁾	1,723	(332)	77
Cash and cash equivalents at end of the year⁽¹⁾	(332)	77	7,086

Note:-

(1) Cash and cash equivalents comprise cash and bank balances net of bank overdrafts and restricted cash.

FY2007

In FY2007, we generated net cash from operating activities before changes in working capital of S\$6.2 million. Net cash used in working capital amounted to S\$1.4 million. This was due mainly to an increase in trade receivables by S\$7.6 million, other receivables by S\$0.7 million and inventories by S\$0.2 million, partly offset by a decrease in work-in-progress by S\$3.5 million and an increase in trade and other payables by S\$1.1 million and S\$2.5 million, respectively. We paid income tax of S\$1.4 million during FY2007. The net cash generated from operating activities amounted to S\$3.4 million.

Net cash used in investing activities of S\$8.2 million was due to the purchase of leasehold land and property at 10 Kwong Min Road Singapore 628712 of S\$2.2 million, machinery and equipment of S\$3.9 million, construction-in-progress of S\$1.8 million and office equipment, furniture and fittings of S\$0.3 million.

Net cash generated from financing activities of S\$2.8 million was due mainly to proceeds from term loans, factoring loans and a third party loan of an aggregate of S\$3.5 million, partly offset by repayments of term loans and a third party loan of an aggregate of S\$0.3 million, interest payments of S\$0.2 million, repayments of obligations under finance leases of S\$0.1 million and restricted cash deposits of S\$0.1 million.

As a result of the above, there was a net decrease of S\$2.0 million in our cash and cash equivalents, from a cash surplus S\$1.7 million as at 1 January 2007 to a cash deficit of S\$0.3 million as at 31 December 2007.

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

FY2008

In FY2008, we generated net cash from operating activities before changes in working capital of S\$13.0 million. Net cash used in working capital amounted to S\$5.8 million. This was due mainly to an increase in trade receivables by S\$3.7 million, an increase in inventories by S\$0.3 million and a decrease in other payables by S\$3.3 million, partly offset by an increase in trade payables by S\$0.9 million and a decrease in other receivables by S\$0.6 million. We paid income tax of S\$1.0 million during FY2008. The net cash generated from operating activities amounted to S\$6.2 million.

Net cash used in investing activities of S\$2.5 million was due mainly to the purchase of a freehold land in Thailand which was acquired for the reclamation of our shipyard in Thailand of S\$1.1 million, machinery and equipment of S\$1.0 million, construction-in-progress of S\$0.3 million and office equipment of S\$0.1 million.

Net cash used in financing activities of S\$3.3 million was due mainly to the repayments of factoring loans of S\$13.4 million, dividends paid to equity shareholders of S\$1.1 million, repayments of loan from a third party of S\$0.4 million, interest payments of S\$0.4 million, repayments of term loans of S\$0.2 million and repayments of obligations under finance leases of S\$0.1 million, partly offset by the proceeds from factoring loans of S\$12.3 million.

As a result of the above, there was a net increase of S\$0.4 million in our cash and cash equivalents, from a cash deficit of S\$0.3 million as at 1 January 2008 to a cash surplus of S\$0.1 million as at 31 December 2008.

FY2009

In FY2009, we generated net cash from operating activities before changes in working capital of S\$11.2 million. Net cash from working capital amounted to S\$0.4 million. This was due mainly to a reduction in trade receivables by S\$1.0 million and work-in-progress by S\$1.0 million, partly offset by a decrease in trade and other payables by S\$0.4 million and S\$1.1 million, respectively, and an increase in inventories by S\$0.1 million. We paid income tax of S\$2.6 million during FY2009. The net cash generated from operating activities amounted to S\$9.0 million.

Net cash used in investing activities of S\$0.4 million was due mainly to the purchase of machinery and equipment of S\$0.2 million, construction-in-progress of S\$0.1 million and office equipment, furniture and fittings of S\$0.1 million.

Net cash used in financing activities of S\$1.6 million was due mainly to (i) the dividends paid to equity shareholders of S\$2.5 million; (ii) repayments of term loans; (iii) loan from a third party and obligations under finance leases of S\$0.2 million, S\$0.5 million and S\$0.1 million, respectively; and (iv) interest payments of S\$0.3 million, partly offset by the proceeds from a bridging loan from SPRING Singapore under the Local Enterprise Finance Scheme of S\$2.0 million.

As a result of the above, there was a net increase of S\$7.0 million in our cash and cash equivalents, from S\$0.1 million as at 1 January 2009 to S\$7.1 million as at 31 December 2009.

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

CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditures and Divestments

Capital expenditures and divestments made by us during the periods under review and for the period from 1 January 2010 to the Latest Practicable Date are as follows:

(\$'000)	FY2007	FY2008	FY2009	1 January 2010 to the Latest Practicable Date
Expenditures				
Leasehold land and property	2,171 ⁽¹⁾	4	–	–
Freehold land	–	1,074 ⁽³⁾	–	–
Freehold property	31	28	10	5
Land improvement	–	56	13	12
Plant, machinery and equipment	3,884 ⁽²⁾	1,016 ⁽⁴⁾	176	207
Motor vehicles	179	58	35	135
Construction-in-progress	1,758	324	79	1
Other assets	305	105	75	29
Total expenditures	8,328	2,665	388	389
Divestments				
Freehold land	–	–	–	129 ⁽⁵⁾
Plant, machinery and equipment	–	178	39	–
Motor vehicles	–	–	116	24
Other assets	–	2	1	3
Total divestments	–	180	156	156

Notes:-

- (1) This relates to the acquisition of the leasehold land and property at 10 Kwong Min Road Singapore 628712.
- (2) These include purchase of scaffolding materials for construction of a customer's projects in Singapore as well as purchase of lorry cranes and machineries for the set-up of our Thai operations in July 2007.
- (3) This relates to a freehold land in Thailand which was acquired for the reclamation of our shipyard in Thailand.
- (4) This includes purchase of machineries for our shipyard in Thailand as we increase our capital expenditure to meet the increase in our business operations.
- (5) This relates to a freehold land in Thailand which was sold to SSL. Please refer to the section entitled "Interested Person Transactions – Past Interested Person Transactions – Transactions with SSL" of this Offer Document for further details.

The above capital expenditures were financed by term loans, finance leases and internally generated funds.

Commitments

Capital Commitments

As at the Latest Practicable Date, we do not have any material capital investments.

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

Operating Lease Commitments

As at the Latest Practicable Date, we have non-cancellable operating lease commitments as follows:

	(S\$'000)
Within one year	72
Between the second and fifth years inclusive	289
After five years	982
	1,343
	1,343

Our operating lease commitments comprise rent payable by us for the lease of land as disclosed in the section entitled "Business – Properties and Fixed Assets" of this Offer Document.

We intend to finance the above operating lease commitments by using internally generated funds.

Contingent Liabilities

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

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

The accounting records for the companies in our Group are maintained in their respective functional currencies.

Transactions in foreign currencies during the year are recorded in their respective functional currencies using exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into their respective functional currencies at exchange rates approximating those prevailing at that date. All resultant exchange differences are dealt with through profit or loss.

In the preparation of the combined financial statements of our Group, the financial statements of our foreign subsidiaries have been translated at the rates of exchange prevailing at the end of the reporting period except share capital and reserves which are translated at historical exchange rates and income and expense items which are translated at the average exchange rates for the year. Exchange differences arising from the above translation are taken directly to other comprehensive income and accumulated in a separate component of equity.

Foreign Exchange Exposure

Our reporting currency is in Singapore dollars and our operations are primarily carried out in Singapore and Thailand. Other than the respective functional currencies of our subsidiaries, we also transact in US\$. The percentage of our revenue, purchases and expenses denominated in different currencies for the periods under review are as follows:

	FY2007	FY2008	FY2009
Percentage of revenue denominated in			
S\$	100.0	96.4	95.0
US\$	0.0 ⁽¹⁾	2.9	4.0
THB	–	0.7	1.0
	100.0	100.0	100.0

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

	FY2007	FY2008	FY2009
Percentage of purchase of materials denominated in			
S\$	80.7	28.4	33.7
THB	19.3	71.6	66.3
	100.0	100.0	100.0
Percentage of expenses denominated in			
S\$	85.5	86.0	84.6
THB	14.5	14.0	15.4
	100.0	100.0	100.0

To the extent that (i) our revenue, purchases and expenses are not naturally matched in the same currency; and (ii) there are timing differences between invoicing and collection / payment, we will be exposed to adverse fluctuations of the various currencies against the Singapore dollar, which would adversely affect our earnings.

At present, we do not have any formal policy for hedging against foreign exchange exposure. We will continue to monitor our foreign exchange exposure and may employ forward currency contracts to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with set policies and procedures.

Our net foreign exchange adjustment gain / (loss) for the periods under review are as follows:

	FY2007	FY2008	FY2009
Net foreign exchange adjustment gain / (loss) (S\$'000)	(6)	70	122
As a percentage of revenue (%)	0.0 ⁽¹⁾	0.1	0.2
As a percentage of PBT (%)	(0.1)	0.6	1.3

Note:-

(1) Less than 0.05%.

GENERAL INFORMATION ON OUR GROUP

SHARE CAPITAL

Our Company (company registration number 200410497Z) was incorporated in Singapore on 19 August 2004 under the Companies Act as a private limited company under the name of “International Marine Tech Pte. Ltd.”. On 18 February 2006, we changed our name to “ES Group (Holdings) Pte. Ltd.”. On 16 June 2010, we were converted into a public company and changed our name to “ES Group (Holdings) Limited”.

As at the date of incorporation, the issued and paid-up share capital of our Company was S\$1 comprising one Share.

Pursuant to the completion of the Restructuring Exercise (before the Share Split), the issued and paid-up share capital of our Company was increased to S\$18,933,469 comprising 18,933,469 Shares.

At extraordinary general meetings held on 8 June 2010 and 25 June 2010, our Shareholders approved, amongst other things, the following:

- (i) the Share Split;
- (ii) the conversion of our Company into a public company limited by shares and the consequential change of our name to “ES Group (Holdings) Limited”;
- (iii) the adoption of a new set of Articles;
- (iv) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued as part of the Placement), the Performance Shares and the Option Shares to be issued (if any), on Catalyst;
- (v) the allotment and issue of the New Shares which are the subject of the Placement, on the basis that the New Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (vi) the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to (a) allot and issue Shares in our Company; and (b) issue convertible securities and any Shares in our Company pursuant to the convertible securities, whether by way of rights, bonus or otherwise, at any time and upon such terms and conditions, whether for cash or otherwise 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 shall not exceed 100% of the issued share capital of our Company immediately after the Placement (excluding treasury shares) 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 50% of the issued share capital of our Company immediately after the Placement (excluding treasury shares). Unless revoked or varied 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 to be held, whichever is earlier, except that our Directors shall be authorised to allot and issue new Shares pursuant to the conversion of the convertible securities or additional convertible securities issued or any offer, or any agreement or option made or granted by the Directors during the continuance of the authority notwithstanding that such authority has ceased.

For the purposes of this resolution and pursuant to Rules 806(3) and 806(4) of the Listing Manual, “issued share capital of our Company immediately after the Placement excluding treasury shares” shall mean the enlarged issued and paid-up share capital of our Company after the Placement (excluding treasury shares) after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given (provided that the options or awards were granted in compliance with the Listing Manual); and (c) any subsequent consolidation or sub-division of shares; and

GENERAL INFORMATION ON OUR GROUP

- (vii) the adoption of the Eng Soon Performance Share Plan and Eng Soon Employee Share Option Scheme, details of which are set in the sections entitled “Eng Soon Performance Share Plan” and “Eng Soon Employee Share Option Scheme” of this Offer Document, and also at Appendices D and E of this Offer Document.

As at the date of this Offer Document, 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, among others, the voting rights of our Shareholders is set out in the section entitled “Summary of Articles of Association of our Company” in Appendix B of this Offer Document. There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. Except in respect of the Eng Soon Performance Share Plan and the Eng Soon Employee Share Option Scheme, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$18,933,469 divided into 120,000,000 Shares. Upon the allotment and issue of the New Shares which are the subject of the Placement, the resultant issued and paid-up share capital of our Company will be increased to S\$23,826,469 divided into 141,200,000 Shares.

Details of the changes in the issued and paid-up share capital of our Company since our incorporation and our issued and paid-up share capital immediately after the Placement are as follows:

	Number of Shares	Issued and paid-up share capital (\$)
Issued and paid-up Shares as at our incorporation ⁽¹⁾	1	1
Issue of Shares pursuant to the Restructuring Exercise	18,933,468	18,933,468
	18,933,469	18,933,469
Share Split	120,000,000	18,933,469
Pre-Placement issued and paid-up share capital	120,000,000	18,933,469
Issue of New Shares pursuant to the Placement	21,200,000	4,893,000 ⁽²⁾
Post-Placement issued and paid-up share capital	141,200,000	23,826,469

Notes:-

- (1) Save as disclosed in this section and in the section entitled “General Information on Our Group – Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company within the last three years preceding the Latest Practicable Date.
- (2) After deducting expenses incurred in relation to the Placement of approximately S\$195,000 which is capitalised against share capital as described in the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document.

The Shareholders’ equity of our Company as at the date of incorporation and after adjustments to reflect the Restructuring Exercise, the Share Split and the Placement are set out below:

	As at date of incorporation (\$)	After adjustments to reflect the Restructuring Exercise and the Share Split (\$)	After the Placement (\$)
Shareholders’ equity			
Share capital	1	18,933,469	23,826,469
Retained earnings	–	73,045	122,767
	1	19,006,514	23,949,236
Total Shareholders’ equity	1	19,006,514	23,949,236

GENERAL INFORMATION ON OUR GROUP

RESTRUCTURING EXERCISE

Our Company was incorporated on 19 August 2004 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S\$1 comprising one Share, which was held by Christopher Low Chee Leng.

We undertook the Restructuring Exercise in order to streamline and rationalise our corporate and shareholding structures in preparation for the admission of our Company to Catalyst. We implemented the following steps in the Restructuring Exercise prior to the Placement:

1. Acquisition of Eng Soon Investment

Pursuant to a share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Teresa Ng Mui Hoon (Christopher Low Chee Leng's wife) (as the vendors), our Company acquired the entire issued share capital of Eng Soon Investment, comprising 100,000 ordinary shares, for a consideration of S\$5,275,859. The purchase consideration was arrived at on a willing-buyer-willing-seller basis and was based on the audited NTA of Eng Soon Investment as at 31 December 2008 of S\$5,275,859. The purchase consideration was satisfied by the allotment and issue of 5,275,859 Shares (before the Share Split) credited as fully paid, by our Company to Neo Peck Keow @ Ng Siang Keng and her nominees (namely, Ken Low Chee Wee and Low Yin Yin), Leow Mei Lee and her nominees (namely, Eddy Neo Chiang Swee and Eric Neo Chiang Yee), and Teresa Ng Mui Hoon's nominees (namely, Christopher Low Chee Leng and Low Yin Yin).

2. Acquisition of Wang Fatt

Pursuant to a share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Christopher Low Chee Leng (as the vendors), our Company acquired the entire issued share capital of Wang Fatt, comprising 100,000 ordinary shares, for a consideration of S\$10,400,088. The purchase consideration was arrived at on a willing-buyer-willing-seller basis and was based on the audited NTA of Wang Fatt as at 31 December 2008 of approximately S\$10,400,088. The purchase consideration was satisfied by the allotment and issue of 10,400,088 Shares (before the Share Split) credited as fully paid, by our Company to Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee's nominees (namely, Ken Low Chee Wee and Eric Neo Chiang Yee), and Christopher Low Chee Leng.

3. Acquisition of Eng Soon (1999)

Pursuant to a share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Chay Soon, Low Chye Hin and Christopher Low Chee Leng (as the vendors), our Company acquired the entire issued share capital of Eng Soon (1999), comprising 30,000 ordinary shares, for a consideration of approximately S\$1,401,732. The purchase consideration was arrived at on a willing-buyer-willing-seller basis and was based on the audited NTA of Eng Soon (1999) as at 31 December 2008 of S\$1,401,732. The purchase consideration was satisfied by the allotment and issue of 1,401,732 Shares (before the Share Split) credited as fully paid, by our Company to Neo Chay Soon's nominee (namely, Eddy Neo Chiang Swee), Low Chye Hin's nominee (namely, Ken Low Chee Wee), and Christopher Low Chee Leng.

4. Acquisition of ES Offshore

Pursuant to a share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Christopher Low Chee Leng and Eddy Neo Chiang Swee (as the vendors), our Company acquired the entire issued share capital of ES Offshore, comprising 100,000 ordinary shares, for a consideration of S\$1,073,517. The purchase consideration was arrived at on a willing-buyer-willing-seller basis and was based on the audited NTA of ES Offshore as at 31 December 2008 of S\$1,073,517. The purchase consideration was satisfied by the allotment and issue of 1,073,517 Shares (before the Share Split) credited as fully paid, by our Company to Christopher Low Chee Leng and Eddy Neo Chiang Swee.

GENERAL INFORMATION ON OUR GROUP

5. Acquisition of Eng Soon Marine

Pursuant to a share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Chay Soon, Low Chye Hin and Christopher Low Chee Leng (as the vendors), our Company acquired the entire issued share capital of Eng Soon Marine, comprising 33,000 ordinary shares, for a consideration of approximately S\$782,272. The purchase consideration was arrived at on a willing-buyer-willing-seller basis and was based on the audited NTA of Eng Soon Marine as at 31 December 2008 of approximately S\$782,272. The purchase consideration was satisfied by the allotment and issue of an aggregate of 782,272 Shares (before the Share Split) credited as fully paid, by our Company to Neo Chay Soon's nominee (namely, Eddy Neo Chiang Swee), Low Chye Hin's nominee (namely, Ken Low Chee Wee), and Christopher Low Chee Leng.

6. Acquisition of ES Thailand

Pursuant to a share sale and purchase agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Ken Low Chee Wee, Christopher Low Chee Leng and Low Chye Hin (as the vendors), our Company acquired 50% of the issued share capital of ES Thailand, comprising 500,000 ordinary shares, for a cash consideration (by way of capitalisation of a vendor loan) of Baht 50 million (approximately S\$2,148,200). The purchase consideration was arrived at on a willing-buyer-willing-seller basis and was based on the original issue price of Baht 100 per ordinary share in the issued share capital of ES Thailand.

Following the completion of the Restructuring Exercise and immediately before the Share Split and the Placement, the shareholders of our Company and their respective shareholdings were as follows:

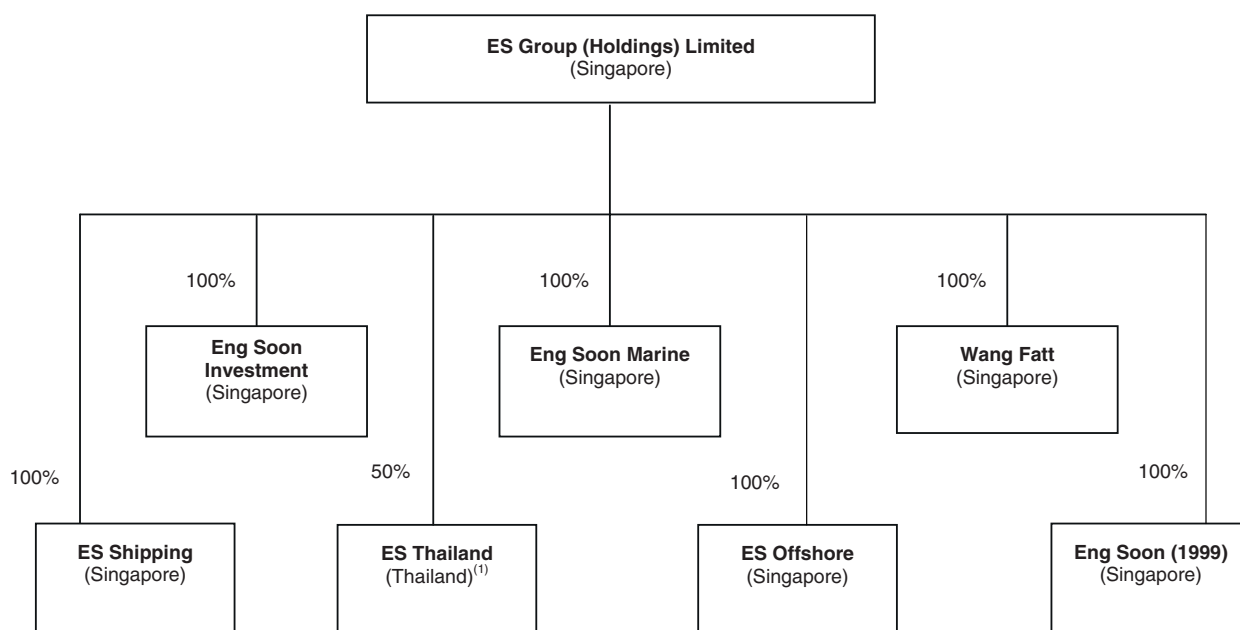
Name ⁽¹⁾	Number of Shares	Percentage shareholding (%)
Neo Peck Keow @ Ng Siang Keng	6,323,780	33.4
Ken Low Chee Wee	5,036,302	26.6
Christopher Low Chee Leng	4,733,368	25.0
Eddy Neo Chiang Swee	946,673	5.0
Low Yin Yin	946,673	5.0
Leow Mei Lee	568,004	3.0
Eric Neo Chiang Yee	378,669	2.0
Total issued and paid-up share capital	18,933,469	100.0

Note:-

- (1) Teresa Ng Mui Hoon (Christopher Low Chee Leng's spouse), Low Chye Hin (Ken Low Chee Wee and Christopher Low Chee Leng's father) and Neo Chay Soon (Eddy Neo Chiang Swee's father) do not own any Shares after the Restructuring Exercise.

GENERAL INFORMATION ON OUR GROUP

GROUP STRUCTURE



Note:-

- (1) The remaining 50% is collectively held by Serm Tantasatien, Ukrit Tanthasatien, Tanida Tantasatien, Kamolrut Jitpradabsilp and Arisara Tanthasathien, who (i) are distant relatives of our Executive Directors, Christopher Low Chee Leng and Ken Low Chee Wee; and (ii) are not Associates of our Directors and Substantial Shareholders.

SUBSIDIARIES

The details of each of our subsidiaries as at the date of this Offer Document are as follows:

Name	Date / country of incorporation	Principal place of business	Principal activities	Issued and paid-up share capital / registered capital	Effective interest held by our Company
Eng Soon Investment	8 January 1992 / Singapore	Singapore	Repair of vessel and related engineering services	S\$100,000	100%
Wang Fatt	17 June 1997 / Singapore	Singapore	Repair of vessel and related engineering services	S\$100,000	100%
Eng Soon (1999)	12 December 1998 / Singapore	Singapore	Repair of vessel and related engineering services	S\$30,000	100%
Eng Soon Marine	28 May 1999 / Singapore	Singapore	Supply of labour for vessel repairs and sale of consumables	S\$33,000	100%
ES Offshore	18 February 2003 / Singapore	Singapore	Repair of vessel and related engineering services	S\$100,000	100%

GENERAL INFORMATION ON OUR GROUP

Name	Date / country of incorporation	Principal place of business	Principal activities	Issued and paid-up share capital / registered capital	Effective interest held by our Company
ES Thailand	20 July 2006 / Thailand	Thailand	Vessel building and repair and steel construction	Baht 100,000,000	50% ⁽¹⁾
ES Shipping	3 November 2008 / Singapore	Singapore	Building of ships, tankers and other ocean-going vessels; chartering of ships, barges and boats without crew	S\$100,000	100%

Note:-

- (1) Our Company holds 51% of the voting shares in ES Thailand. ES Thailand is therefore considered to be controlled by our Company and treated as a subsidiary for the purposes of consolidation.

Save as disclosed above, our Group does not have any subsidiaries or Associated Companies.

None of our subsidiaries is listed on any stock exchange.

SHAREHOLDERS

Our Shareholders and their respective shareholdings in our Company immediately before and after the Placement are set out below:

	Before the Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Wee Siew Kim	–	–	–	–	–	–	–	–
Ken Low Chee Wee ⁽¹⁾	30,000,000	25.0	40,080,000	33.4	30,000,000	21.3	40,080,000	28.4
Christopher Low Chee Leng ⁽¹⁾	30,000,000	25.0	40,080,000	33.4	30,000,000	21.3	40,080,000	28.4
Eddy Neo Chiang Swee ⁽²⁾	6,000,000	5.0	3,600,000	3.0	6,000,000	4.2	3,600,000	2.5
Tan Swee Ling	–	–	–	–	–	–	–	–
Jens Rasmussen	–	–	–	–	–	–	–	–
Controlling Shareholder								
Neo Peck Keow @ Ng Siang Keng ⁽¹⁾⁽³⁾	40,080,000	33.4	–	–	40,080,000	28.4	–	–
Others								
Low Yin Yin ⁽¹⁾	6,000,000	5.0	–	–	6,000,000	4.2	–	–
Leow Mei Lee ⁽²⁾⁽³⁾	3,600,000	3.0	–	–	3,600,000	2.5	–	–
Eric Neo Chiang Yee ⁽²⁾	2,400,000	2.0	3,600,000	3.0	2,400,000	1.7	3,600,000	2.5
Ong Beng Chye ⁽⁴⁾	1,920,000	1.6	–	–	1,920,000	1.4	–	–
Public	–	–	–	–	21,200,000	15.0	–	–
Total	<u>120,000,000</u>	<u>100.0</u>			<u>141,200,000</u>	<u>100.0</u>		

GENERAL INFORMATION ON OUR GROUP

Notes:-

- (1) Ken Low Chee Wee (our Executive Director), Christopher Low Chee Leng (our CEO) and Low Yin Yin are siblings. Their mother is Neo Peck Keow @ Ng Siang Keng (Controlling Shareholder). Although Neo Peck Keow @ Ng Siang Keng is free to vote with her Shares as she chooses, she will generally consult Ken Low Chee Wee or Christopher Low Chee Leng (or both) when doing so, and is accustomed to act in accordance with their directions, instructions, or wishes. As such, Ken Low Chee Wee and Christopher Low Chee Leng are each deemed interested in Neo Peck Keow @ Ng Siang Keng's Shares.
- (2) Eddy Neo Chiang Swee (our Executive Director) and Eric Neo Chiang Yee (our General Manager – Operations) are brothers. Their mother is Leow Mei Lee. Although Leow Mei Lee is free to vote with her Shares as she chooses, she will generally consult Eddy Neo Chiang Swee or Eric Neo Chiang Yee (or both) when doing so, and is accustomed to act in accordance with their directions, instructions, or wishes. As such, Eddy Neo Chiang Swee and Eric Neo Chiang Yee are each deemed interested in Leow Mei Lee's Shares.
- (3) Neo Peck Keow @ Ng Siang Keng (Controlling Shareholder) and Leow Mei Lee are sisters-in-law.
- (4) On 5 February 2010 and prior to the Share Split, Ken Low Chee Wee sold 302,935 Shares to Ong Beng Chye, a business associate of his, for a consideration of S\$302,935 (based on the NTA of our Company as at 31 December 2008).

Save as disclosed above, there are no other relationships among our Directors, Substantial Shareholders and their Associates.

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

Save as disclosed above, our Company is not, whether directly or indirectly, owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust which has occurred between 1 January 2010 and the Latest Practicable Date.

Significant Changes in Percentage of Ownership

Save as disclosed above and under the section entitled "General Information on Our Group – Restructuring Exercise" of this Offer Document, there were no significant changes in the percentages of ownership of our Directors and Substantial Shareholders in our Company from its incorporation until the Latest Practicable Date.

MORATORIUM

Our Substantial Shareholders and their Associates (namely Ken Low Chee Wee, Christopher Low Chee Leng, Eddy Neo Chiang Swee, Neo Peck Keow @ Ng Siang Keng, Low Yin Yin, Leow Mei Lee and Eric Neo Chiang Yee), who hold 118,080,000 Shares in aggregate (representing approximately 83.6% of our Company's post-Placement share capital), have each undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of their respective shareholdings in the share capital of our Company for a period of six months from the date of our Company's admission to Catalist and, for a period of six months thereafter, not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, more than 50% of their respective original shareholdings in our Company.

Ong Beng Chye has also undertaken not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, his shareholdings in the share capital of our Company for a period of six months from the date of our Company's admission to Catalist and, for a period of six months thereafter, not to, directly or indirectly, offer, sell, contract to sell, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, more than 50% of his original shareholdings in our Company.

HISTORY

Our Company was incorporated in Singapore as a private limited company under the Companies Act on 19 August 2004, and under the name “International Marine Tech Pte. Ltd.”. On 18 February 2006, we changed our name to “ES Group (Holdings) Pte. Ltd.”. On 16 June 2010, our Company was converted into a public company limited by shares and our name was changed to “ES Group (Holdings) Limited”. In conjunction with the listing of our Company on Catalist, the Restructuring Exercise was undertaken by our Company. Pursuant to the Restructuring Exercise, our Company became the ultimate holding company of our subsidiaries, Eng Soon (1999), Eng Soon Investment, Eng Soon Marine, ES Offshore, ES Thailand and Wang Fatt.

Our history dates back to 1975, when Low Chye Hin established Eng Soon Engineering Pte Ltd (now known as “Hin Investment Services Pte. Ltd.”) (“ESEPL”), together with two of his business partners (who are unrelated to our Directors and Controlling Shareholder and who had left ESEPL in 1978 and 2007). Low Chye Hin is the father of our Executive Directors, Christopher Low Chee Leng and Ken Low Chee Wee. He is the spouse of Neo Peck Keow @ Ng Siang Keng, our Controlling Shareholder.

We were initially involved in civil engineering work for the construction industry and served some of our existing customers in the marine and offshore industry such as Keppel Shipyard, Jurong Shipyard and Sembawang Shipyard. In 1978, as a result of this relationship, we were made a resident subcontractor of Sembawang Shipyard and commenced conversion and repair operations.

In 1979, we made our first foray into the offshore marine industry by securing and completing the construction of a jack-up column for an offshore rig.

In 1980, we undertook a project to construct the steel structure for a 3,000 ton floating crane. This was evidence of our growth in capabilities and we began to expand our business by participating in more marine and offshore conversion projects.

In 1994, we were awarded a contract to construct the steel structure for a 3,000 ton floating platform, “Karimun Perdana Dok”, by Sembawang Shipyard.

Between 1991 and 1998, we participated in further FPSO conversion projects, which included “Lan Shui” (1992), “Sea Queen” (1993), “Solitaire” (1995), “Tantawan Explorer” (1995), “Lufeng” (1997) and “Triton” (1998).

In 1997, Wang Fatt was established to undertake conversion, repair and scaffolding for the marine industry.

In 1998, Christopher Low Chee Leng joined our Group as a commercial executive and was subsequently promoted to CEO in 2000. ESEPL also transferred its business to Eng Soon Investment and ceased operations in 1998. Low Chye Hin has not owned any shares in our Company since January 2010 and has ceased involvement in the active management of our Group since 1 May 2010. He retains a role as a consultant to our Group. Details of the terms of his engagement are set out in the sections entitled “Interested Person Transactions” and “Potential Conflicts of Interests” of this Offer Document.

We established Eng Soon (1999) in 1998 to provide marine piping services, such as pipe fabrication and the servicing, dismantling and reinstallation of mechanical fittings. This complemented our business of building, conversion and repair of vessels for the marine and offshore oil and gas industries.

Under the leadership of our CEO, Christopher Low Chee Leng, we were able to build on our existing track record. Examples of FPSO conversions undertaken include the “Prostor II” (1999), “Northern Endeavour (Laminaria)” (1999), “CNOOC 114” (2004), “Munin” (2005), “APL Turret” (2005), “Brotojoyo” (2006), “BW Enterprise” (2006) and “Aoka Mizu” (2008).

In addition to our expertise in FPSO conversions, Christopher Low Chee Leng has been instrumental in expanding the scope of our work and technical capabilities over the years by securing other types of projects. These projects include dejumboisation of vessels (“Saudi Hail” (1999) and “Saudi Qassim” (1999)), new build stainless steel living quarters (“Malampaya” (2000)), FSU conversion (“Soorena” (2001)), FSO conversion (“Ataulfo Alves” (2002) and “Cartola” (2002)), crane barge conversion (“Maxita (Saipem 3000)” (2003)), dredger lengthening (“W.D. Fairway” (2003)), heavy duty rock cutting dredger

HISTORY

("Phoenix" (2007)), new build seismic vessel, ("Geowave Voyager" (2008)), repair of a semi-submersible ("Galaxy Driller" (2008)), new build jack-up rig ("Aban 8" (2008)), and upgrading and lengthening of a derrick pipelay vessel ("Java Constructor" (2009)).

Please refer to the section under "Business Overview – New Building and Conversion" for some of the notable projects we were involved in.

We incorporated Eng Soon Marine in 1999 to provide manpower to our customer, ST Marine.

In 2000, we introduced computer-aided drafting software to improve productivity, operational efficiency and reduction in wastage for our operations.

In 2001, Ken Low Chee Wee joined us as our CFO and to assist our CEO, Christopher Low Chee Leng, in managing the expansion and growth of our business.

In 2002, we reached another milestone in our corporate development when Eng Soon Investment was awarded ISO 9001:2002 certification in recognition of its quality process in the fabrication and repair of steelworks for vessels and offshore structures.

We incorporated ES Offshore in February 2003 to provide building and repair services for oil-rigs and semi-submersibles to Keppel FELS. Between 2008 and 2009, ES Offshore undertook five oil-rig block-building projects for Keppel FELS.

In 2004, Eng Soon Investment was elected as an associate member of the Association of Singapore Marine Industries. In 2004, Eng Soon Investment also moved its corporate headquarters from Upper Boon Keng Road to its newly acquired office at 30 Shaw Road, which also currently serves as our Group's registered office.

In 2006, our Executive Directors observed that, due to a shortage of land and labour due to the high volume of projects in Singapore, a number of major shipyards in Singapore had began to commission overseas contractors or subcontractors for their new building projects. As such, we established ES Thailand (together with certain distant relatives of our Executive Directors, Christopher Low Chee Leng and Ken Low Chee Wee) as our 50% owned subsidiary, on 20 July 2006, to tap into this trend. ES Thailand's shipyard facilities, on a land area of 70,000 sq m and waterfront of approximately 290 metres, are located in the city of Thapsakae, Prachupkirikhan, approximately 365 kilometres from Bangkok. The shipyard facilities comprise 40,000 sq m of open fabrication grounds, 6,080 sq m of open storage area, 1,100 sq m of sheltered storage area and a 1,800 sq m fabrication slab, with office and a movable fabrication shelter.

In 2007, ES Thailand commenced new building operations. In the same year, we expanded our operations in Singapore by constructing workshop and repair facilities (including workers' dormitory) at Kwong Min Road. This is to accommodate a larger number of workers, an office and workshop of 4,833 sq m, equipped with a 10-ton moveable gantry crane.

In 2009, Eng Soon Investment, Wang Fatt and Eng Soon (1999) each received a "bizSAFE STAR" from the Workplace Safety and Health Council for their workplace safety and health standards.

This year, we acquired ES Shipping for the purpose of expanding our operations into ship-owning and chartering. Wang Fatt also achieved an SME Growth Excellence Recognition award this year, a tribute honouring SMEs which have demonstrated outstanding growth performance in the areas of sales / turnover, net profit and international performance, amongst others.

As at the Latest Practicable Date, our staff strength was 1,422 employees.

HISTORY

AWARDS AND CERTIFICATIONS

As a testament of our commitment to quality, our Group has received several awards and certifications over the years, some of which are set out below:

Awards

Year	Award	Awarding institution(s)
2010	SME Growth Excellence Recognition	DP Information Group and HSBC
2010	Singapore SME 500 Company (awarded to Wang Fatt)	DP Information Group and HSBC
2010	Singapore SME 500 Company (awarded to Eng Soon Investment)	DP Information Group and HSBC
2009	Safety Incentive Award – Best Sub-Contracting Group Company	ST Marine and Clough Java Offshore Pte Ltd
2009	Subcontractor Training Award (Skills Training & Development Road Map)	Sembawang Shipyard
2009	Subcontractor Training Award (Safety Competency Screening)	Sembawang Shipyard
2009	Singapore SME 500 Company (awarded to Wang Fatt)	DP Information Group
2009	Singapore SME 500 Company (awarded to Eng Soon Investment)	DP Information Group
2009	Safety Commendation Award – Bohai Phase II Development Project – for 15 million man-hours worked without lost-time accident	Conoco Phillips
2009	HSE Recognition Award – FDPSO Dynamic Producer Conversion Project – for two million man-hours worked without lost-time accident	Sembawang Shipyard and Dynamic Producer Inc.
2008	Singapore SME 500 Company (awarded to Eng Soon Investment)	DP Information Group
2008	Subcontractor of the Month Award (for March 2007)	Sembawang Shipyard
2007	Singapore SME 500 Company (awarded to Eng Soon Investment)	DP Information Group
2006	Subcontractor of the Month Award (for September 2005 and October 2005)	Sembawang Shipyard
2004	Certificate of Recognition for outstanding safety performance	Sembawang Shipyard

Certifications

Certifications	Issuer	Expiry date
bizSAFE STAR. Certification of bizSAFE level “STAR” status in relation to workplace safety and health capabilities (awarded to ES Offshore)	Workplace Safety and Health Council	30 January 2013
bizSAFE STAR. Certification of bizSAFE level “STAR” status in relation to workplace safety and health capabilities (awarded to Eng Soon Investment)	Workplace Safety and Health Council	30 September 2012
bizSAFE STAR. Certification of bizSAFE level “STAR” status in relation to workplace safety and health capabilities (awarded to Wang Fatt)	Workplace Safety and Health Council	30 September 2012

HISTORY

Certifications	Issuer	Expiry date
bizSAFE STAR. Certification of bizSAFE level "STAR" status in relation to workplace safety and health capabilities (awarded to Eng Soon (1999))	Workplace Safety and Health Council	30 September 2012
Occupational Health and Safety Management System Certification. OHSAS 18001:2007 (fabrication and repair of marine steelworks for vessels and offshore structures; fabrication and repair of marine piping and mechanical works for vessels and offshore structures) (awarded to Wang Fatt)	BSI Singapore	4 August 2012
Occupational Health and Safety Management System Certification. OHSAS 18001:2007 (fabrication and repair of marine piping and mechanical works for vessels and offshore structures) (awarded to Eng Soon (1999))	BSI Singapore	31 July 2012
Occupational Health and Safety Management System Certification. OHSAS 18001:2007 (fabrication and repair of marine steelworks for vessels and offshore structures; provision of erection and dismantling of marine scaffolds for vessels and offshore structures) (awarded to Eng Soon Investment)	BSI Singapore	31 July 2012
Occupational Health and Safety Management System Certification. OHSAS 18001:2007 (fabrication and repair of marine steelworks for vessels and offshore structures) (awarded to ES Offshore)	BSI Singapore	31 July 2012
Management System Certificate. ISO 9001:2008 (fabrication and repair of steelworks for marine vessels) (awarded to Wang Fatt)	BSI Management Systems	14 April 2012
Management System Certificate. ISO 9001:2008 (fabrication and repair of steelworks for vessels and offshore structures) (awarded to Eng Soon Investment)	BSI Management Systems	31 August 2011

BUSINESS

BUSINESS OVERVIEW

We are a marine and offshore group engaged or involved in new building, conversion and repair of ocean-going vessels. Our customers are primarily shipyard operators in Singapore involved in the construction and repair of seaborne vessels, offshore rigs and semi-submersibles.

We build, convert and repair a wide range of vessels, such as tugs, barges, rigs, offshore support vessels, oil tankers and cargo ships. We are able to perform repairs on marine and offshore structures and vessels of all types and sizes, whether afloat or drydocked.

We are headquartered in Singapore, where we operate out of our workshop and repair facilities at 10 Kwong Min Road and our site offices at the premises of our shipyard customers, Sembawang Shipyard, Keppel FELS and ST Marine. We also own a shipyard in Thailand (through our 50% owned subsidiary in Thailand) where we provide new building and conversion services at a 70,000 sq m shipyard with fabrication grounds.

New Building And Conversion

We fabricate steel structures for new buildings and vessel conversions for our customers, who are reputable shipyard operators in the marine and offshore oil and gas industries, such as Sembawang Shipyard, Keppel FELS and ST Marine. We have experience and technical expertise in (i) building a wide range of specialised and customised vessels such as tugs, barges, jack-up rigs, offshore support vessels, oil tankers and cargo ships; as well as (ii) carrying out FPSO, FSO and FSU conversions.

A list of selected noteworthy new building and conversion projects completed by our Group is as follows:

Project / Vessel name	Project description	Project awarded by	Approximate contract value (\$'000)	Year of completion
B299	Building of oil-rig blocks	Keppel FELS	2,634	2009
B302	Building of oil-rig blocks	Keppel FELS	5,092	2009
B304	Building of oil-rig blocks	Keppel FELS	5,794	2009
B311	Building of oil-rig blocks	Keppel FELS	6,476	2009
B312	Building of oil-rig blocks	Keppel FELS	6,363	2009
Java Constructor	Lengthening and upgrading of derrick pipelay vessel	ST Marine	2,926	2009
Aoka Mizu	FPSO conversion	Sembawang Shipyard	15,632	2008
B293	Building of oil-rig blocks	Keppel FELS	2,336	2008
Brotojoyo	FPSO conversion	Sembawang Shipyard	3,500	2006
BW Enterprise	FPSO conversion	Sembawang Shipyard	4,800	2006
Maxita (Saipem 3000)	Crane barge conversion	Sembawang Shipyard	2,700	2003
W. D. Fairway	Dredger lengthening	Sembawang Shipyard	3,400	2003
Ataulfo Alves	FSO conversion	Sembawang Shipyard	1,200	2002
Soorena	FSU conversion	Sembawang Shipyard	3,500	2001
Northern Endeavour (Laminaria)	FPSO conversion	Sembawang Shipyard	3,200	1999
Prostor II	FPSO conversion	Sembawang Shipyard	4,316	1999
Triton	FPSO conversion	Sembawang Shipyard	1,765	1998

BUSINESS

Repair

Our Group has the capability to undertake repairs for a wide range of offshore vessels and barges, both afloat and drydocked. A list of selected noteworthy repair projects completed by our Group is as follows:

Project / Vessel name	Project description	Project awarded by	Approximate contract value (\$'000)	Year of completion
Castoro 10	Major repair of trench / pipelay vessel	ST Marine	1,871	2010
Aban Abraham	Repair of drill ship	Sembawang Shipyard	2,305	2009
Geo Natuna	Repair of seismic vessel and new sponson tank	ST Marine	442	2009
Harvey H Ward	Major repair of oil-rig	Sembawang Shipyard	973	2009
Java Constructor	Repair of derrick pipelay vessel	ST Marine	672	2009
Liberty Sun	Major repair of bulk carrier	Sembawang Shipyard	422	2009
MSC Kalina	Container vessel collision repair	Sembawang Shipyard	670	2009
Volvox Asia	Major repair of trailing hopper suction dredger	ST Marine	581	2009
Al Kuwait	Major repair of livestock vessel	ST Marine	1,149	2008
Continental Spirit	Renewal of oil tanker main engine bedplate	Sembawang Shipyard	578	2008
Discoverer Seven Seas	Major repair of drilling vessel	Sembawang Shipyard	610	2008
Galaxy Driller	Major repair of semi-submersible	ST Marine	3,047	2008
Key Gibraltar	Major repair of oil-rig	Sembawang Shipyard	410	2008
Neptune Explorer	Major repair of drilling vessel	Sembawang Shipyard	2,400	2008
Morning Express	Oil tanker forecastle collision repair	Sembawang Shipyard	586	2007
Phoenix	Repair of heavy duty rock cutting dredger	ST Marine	3,634	2007
Seadrill 6	Major repair of oil-rig	ST Marine	612	2007
Star Provident	Bulk carrier bow collision repair	Sembawang Shipyard	445	2007
Toisa Mariner	Major repair of support vessel	ST Marine	425	2007
Al Farabi	Major repair of chemical tanker	ST Marine	818	2006

Singapore has an established reputation as a marine logistics hub and is globally renowned for offering a reliable and convenient range of comprehensive marine services at competitive prices to ship owners, managers and agents worldwide. As a result of Singapore's strategic location along international shipping routes, Singapore experiences heavy mercantile traffic, with many vessels and offshore support vessels requiring marine logistics support. Our Directors believe that as long as the ports of Singapore continue to be among the world's busiest, the repair business in Singapore will remain a viable one in the foreseeable future.

BUSINESS

Our Business Process

The principal stages in our new building, conversion and repair business processes are as follows:

No.	Process	Description
(1)	Tender for new projects	<p>We generally tender for new projects from our existing customers, who are typically the shipyards where we are registered as subcontractors. Owners of vessels generally seek new building, conversion and repair services from a shipyard. The shipyard will then obtain quotations from its registered subcontractors through a closed tender exercise. Upon receiving a request for a quotation, our General Manager (Operations / Commercial) reviews the tender documents and prepares costs estimates together with our tender and proposal team. This is based on the expected resources required to complete these projects, taking into consideration the complexity and risks associated with each project. Our tender bid is reviewed and approved by our Executive Directors before we submit them to the customer for consideration.</p>
(2)	Inspection of vessels and structures	<p>Immediately after a project is awarded to our Group, it will be assigned to a project team comprising a project manager and his selected team members. This includes foremen from various departments such as fitters, welders, engineers, draughtsmen, quality assurance and safety assessment teams. After erecting staging areas, the project manager in charge will board the vessel to inspect the vessel together with our draughtsmen and the owner's representative or surveyors.</p> <p>For conversion projects, our draughtsmen will mark out specific areas on the vessel for conversion. This is done in accordance with the tender drawings. As many conversion projects include removing existing obsolete parts or structures, such areas will also be marked out and removed. For repair projects, our draughtsmen will mark out specific areas on the vessel where old, corroded or damaged parts or components are to be removed. If the area of damage is larger than usual, the area will be divided into several blocks in order to make repair works more manageable.</p> <p>Detailed dimensions of the damaged area are measured by our draughtsmen in order to produce accurate shop drawings and cutting plans. To prepare such plans, our engineers will use specialised computer-aided design software. Once the drawings and plans are ready, our project manager will inform the customer of the estimated amount and types of materials required.</p> <p>Prior to commencing work, the project manager will also prepare a project execution plan, which typically includes the scope of work, manpower requirements, project budgeting for cost monitoring, staff authorisation and documentation, and a project schedule which includes major milestones. This plan is then submitted to the customer for approval.</p>

BUSINESS

No.	New building and conversion	Repair
(3)	<p><u>Re-engineering and/or re-design</u></p> <p>The new general arrangement and layout drawings of the new building or conversion projects will usually be provided to us by the vessel's owner. Detailed drawings and dimensions will be produced by the shipyard. We study these drawings from the perspective of our methods and processes, and recommend necessary revisions. Using the finalised drawings, we produce detailed cutting plans and shop drawings using our computer-aided design software. Our project manager will also indicate to the shipyard the estimated amount and types of materials required for the project, as well as timetable for the project.</p>	<p><u>Removal of hazardous materials</u></p> <p>Upon approval of the project execution plan, hazardous materials will first be removed from the area requiring repair, following which the area will be covered by flame resistant cloth and zinc sheets. The area will then be inspected by our safety assessment team, and assessed by the shipyard's safety assessors to ensure that it is safe for repair works to commence. After the safety assessors have given their approval, permits for thermal works such as cutting and welding will be issued by the shipyard for the repair works. With these hot works permits, our workers can be deployed to undertake the repair works.</p>
(4)	<p><u>Fabrication of structures</u></p> <p>We examine the requisitioned materials to ensure that they are of the correct size, quality and of a satisfactory condition. Thereafter, fabrication of the structures required for the new building or conversion commences. In-process testing and inspections are regularly carried out by our quality assurance team for quality control. A more stringent standard is typically applied to new building and conversion projects (as compared to those applied to repair projects).</p> <p>Project meetings are conducted regularly between the shipyard and our project team, as well as between our project manager and our management.</p>	<p><u>Replication or fabrication of structures</u></p> <p>The types of repair works we undertake largely comprise retrofitting and renewal works. Retrofitting entails the fitting of certain structures replicated or fabricated by us onto a vessel or upgrading the vessel for increased functionality. For renewal works we are typically required to replicate and replace existing worn or damaged parts of a vessel. We have the capability to carry out both afloat and drydocked repairs.</p> <p>Once the demarcated area on the vessel has been prepared and the materials have been checked to ensure correct sizing, quality and condition, we manufacture new vessel parts by replicating them to existing specifications, or fabricate new parts to new specifications. These are prepared in accordance with the vessel owner's instructions. In-process testing and inspections are carried out by our quality assurance team, the shipyard's quality control personnel, and the vessel owner's representatives or surveyors. Non-conformity in workmanship that is raised by the vessel owner's representatives or surveyors is then rectified to ensure conformity with contractual and technical specifications.</p> <p>Project meetings are conducted regularly between the shipyard and our project team, as well as between our project manager and our management. These meetings cover updates on progress, engineering issues, client requirements, quality control and budgeting issues. Corrective actions are taken (if necessary) and reported to our management.</p>

BUSINESS

No.	Process	Description
(5)	Assembly and installation / reinstatement	<p>Sub-assemblies that we construct from steel parts are assembled prior to installation. Semi-finished and finished basic block structures are lowered by crane onto the vessel or offshore structure. Once the fittings are checked for alignment, our team of fitters will fit the new parts or structures onto the vessel via strong back and tack welding processes. Modifications or variation works are carried out if necessary.</p> <p>When the fitting process is complete, all the joints will be checked by our quality assurance team. Fit-up inspections are conducted by the vessel owner's representatives or surveyors. These ensure that each joint and gap between the new parts and the existing structure are in compliance with the approved construction standards prescribed by classification bodies such as the American Bureau of Shipping, Det Norske Veritas, Lloyd's Register of Shipping, Germanischer Lloyd and Nippon Kaiji Kyokai. If the results are satisfactory, we will proceed to weld the new parts to the existing structure. This will include back gouging of both sides of the welded area and smooth grinding, both to ensure that complete penetration of the welded joint and integrity of the weldment has been achieved.</p> <p>Non-destructive tests such as radiography, ultrasonic and magnetic particle inspection and air or hydro tests are performed by specialists employed by the shipyards together with our quality assurance team to ensure integrity of the new part and the vessel's structure.</p>

STAFF TRAINING

We send our employees for training on safety and other trade-related skills to ensure that they are equipped for the tasks they undertake. Examples of these courses include training on lifting and rigging operations, risk management, occupational first-aid, safety assessment, shipyard supervisory activities, marine metal scaffolding and fire watchmen training. Our workers are also given on-the-job training to familiarise them with current industrial processes and equip them with the necessary skills to enable them to effectively execute their tasks. Our workforce also includes specialised workers such as technicians and welders who require certain qualifications or certifications of a particular grade for their respective jobs, which typically includes production skills such as welding and operation of heavy machinery and equipment.

Most of our staff training is conducted via external courses. We also send the staff in our finance and administration department staff for courses involving computer skills on an ad hoc basis.

Our staff training costs were approximately S\$197,000, S\$126,000 and S\$133,000, and constituted 4.1%, 1.1%, and 1.5% of our PBT in FY2007, FY2008 and FY2009 respectively.

BUSINESS DEVELOPMENT

As at the Latest Practicable Date, our business development department comprises three members and is headed by our Executive Director, Eddy Neo Chiang Swee. Our approach towards business development is to foster long-term relationships with our customers and the primary responsibility of our business development department is to maintain regular customer contacts in seeking out new business opportunities.

Our business development department markets and secures contracts from existing or new customers. Our Executive Director, Eddy Neo Chiang Swee, conducts fortnightly meetings with our business development personnel in order to evaluate their performance and also evaluate the status of ongoing projects. We work closely with our customers during projects and ensure that their requirements are being met. We also solicit feedback from our customers on a regular basis.

Members of our business development department meet with our CEO on a monthly basis. At these meetings, updates are given on the progress of existing projects and difficulties encountered by our business development department. Our CEO will also be informed of potential new customers and enquiries received by our business development department.

BUSINESS

Due to our long-term relationship with the shipyard operators with whom we are registered subcontractors, our business development team works closely with the sales and marketing departments of these shipyard operators to identify potential new customers and projects. The shipyard operators may refer new customers to us and award contracts to us via a private tender process. In Thailand, new customers are obtained mainly through referrals by existing customers, suppliers and business associates.


In order to expand our reach to potential customers, we also take out advertisements in industry and trade journals such as the Singapore Shiprepairing, Shipbuilding & Offshore Industries Directory and the Marine & Offshore Oil & Gas Supplies Directory. To keep abreast of technological and other developments in the industry, we regularly attend trade conferences and participate in mission trips by the Marine Group LIUP. In 2004, for instance, we participated in a study mission trip organised to Dalian, the PRC, to visit various shipyards and Chinese SMEs in the shipping industry with the prime objective of benchmarking production processes and observing how SMEs function in both Singapore and the PRC. In 2008, we took part in another mission trip to Hamburg, Germany, to attend the Shipbuilding Machineries and Marine Technology fair.

RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out regular or extensive research and development activities.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have applied for the following trademark:

Registered owner	Trademark	Class ⁽¹⁾	Country of Registration	Registration number	Registration date	Expiry date
Our Company		37, 39 and 42	Singapore	T1000645F	21 January 2010	Ten years from 21 January 2010

Note:-

- (1) Class 37: Marine construction; marine engineering (construction); ship building; ship repair;
Class 39: Chartering of marine vessels; chartering of ships; and
Class 42: Ship design consultancy services.

We do not own or use any patents, trademarks or intellectual property on which our business or profitability is materially dependent. We have not paid or received any royalties for any licence or use of any intellectual property.

INSURANCE

We maintain general insurance coverage in respect of our business and employees. Our insurance policy coverage includes workmen's compensation (for any mishap that occurs to our employees in the course of their work), public liability, motor vehicle insurances (for transport vehicles used by our Group) and security bonds for foreign workers.

We are of the view that the above insurance policies are adequate for our existing operations. However, significant damage to our operations may still have a material adverse effect on our results of operations or financial condition. Also, we are not insured against loss of key personnel and business interruption. If such events were to occur, our business may be materially or adversely affected. We have not experienced any difficulties obtaining or renewing our insurance policies or realising claims under any of our insurance policies. As at the Latest Practicable Date, our Directors believe that the policy specifications and insured limits of these insurance policies are in line with normal commercial practice. We perform an annual review on the insurance coverage to ensure that it adequately satisfies both regulatory and business requirements, and may increase the coverage if we deem it necessary and appropriate.

BUSINESS

QUALITY ASSURANCE

We believe that having an established quality management system and our commitment to delivering high quality services are important factors contributing to the success of our Group.

ISO 9001:2008 Quality Management System

We are committed to high quality standards in all our projects and have set up a quality assurance department to achieve this. We have implemented a comprehensive work instruction procedure in accordance with ISO 9001 requirements and all our projects are required to comply with this management system. We monitor each stage of our projects to ensure that the stringent standards set by our internal quality control manual are adhered to. We also conduct workmanship checks and in-process tests and inspections to ensure that all materials procured by the shipyards for our projects are suitable and our customers' specifications and requirements are met. Records of our customers' acceptance rate and progress completion rate in respect of each production stage during the course of a project are duly maintained and endorsed as well.

Company name	Certification ⁽¹⁾	Issuer	Issue date / Expiry date
Wang Fatt	ISO 9001:2008 certification in relation to fabrication and repair of steelworks for marine vessels	BSI Management Systems	3 September 2001 / 14 April 2012
Eng Soon Investment	ISO 9001:2008 certification in relation to fabrication and repair of steelworks for vessels and offshore structures	BSI Management Systems	29 July 2002 / 31 August 2011

Note:-

(1) Subject to annual audits.

Quality Assurance Team

Our quality assurance team ("QA Team") is headed by our Executive Officer, Koay Swee Heng and comprises ten members as at the Latest Practicable Date. Our QA Team is trained in all aspects of quality control processes and is tasked with the responsibility of ensuring compliance with our service quality standards. To this end, our QA Team conducts regular reviews on our quality management system to ensure its relevance to the changing work environment. Our QA Team holds regular meetings with our project personnel to review our quality performance and to discuss improvements that should be put in place to enhance our standards. Our QA Team also conducts in-house training for our inspection staff.

Each of our project stages is monitored by our QA Team to ensure that: (i) work is being carried out in accordance with our internal quality control manual; (ii) materials wastage is minimised; and (iii) workplace safety and health issues are taken care of. Our QA Team inspects and tests materials procured for our projects, such as steel plates and consumables, to ensure that our customers' specifications and quality requirements are met. For completed steel structures, our QA Team also performs workmanship checks to ensure adherence to the prescribed specifications (including designs, plans and drawings) and quality.

Workplace Safety

Our workplace safety procedures are aligned with the safety initiatives of the various shipyards in which we operate. Our safety management system regulates occupational safety in various stages of our operations, such as maintenance and use of plant, machinery and equipment, incident reporting, actions to be taken in emergency cases, promotion of safety awareness and task-specific safety training. By defining in detail our step-by-step work processes, we have been able to assess occupational safety risks involved and implement preventive and control measures to reduce the identified risks as far as reasonably practicable. Our safety assessment team is headed by our Executive Officer, Koay Swee Heng, and comprises 11 members as at the Latest Practicable Date. It conducts regular inspections at our various worksites to ensure that our safety management system is being adhered to.

BUSINESS

In August 2009, our subsidiaries, Eng Soon (1999), Eng Soon Investment, ES Offshore and Wang Fatt, were each awarded OHSAS 18001:2007 by BSI Singapore in relation to our occupational health and safety management systems. As part of the certification process, our department managers attended the internal auditor's training course in order to enhance their knowledge on current occupational health and safety requirements under OHSAS 18001:2007. The certifications expire three years after the date of issue and will be subject to annual audits.

In 2009, our subsidiaries, Eng Soon (1999), Eng Soon Investment and Wang Fatt, and in 2010, our subsidiary, ES Offshore, each received a bizSAFE STAR certification from the Workplace Safety and Health Council as a testament to our workplace safety and health capabilities.

For further information on the above awards and certifications, please refer to the section entitled "History – Awards and Certifications" of this Offer Document.

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group owns the following properties:

Location	Tenure	Gross floor area (approximately) (sq m)	Use of property	Encumbrances
<u>Singapore</u>				
30 Shaw Road #06-06 Roche Building Singapore 367957	Freehold	217	Corporate office	Mortgaged to UOB
10 Kwong Min Road Singapore 628712 ⁽¹⁾	60 years leasehold from 1 March 1968 to 29 February 2028	4,833	Workshop, repair facilities and workers' dormitory	Mortgaged to UOB
<u>Thailand</u>				
161/2 Moo 7 Tambon Nahukwang Amphur Thapsakae Prachupkirikhan 77130 Thailand	Freehold	48,980 (land area of 70,000 sq m)	Shipyards and registered branch office	Mortgaged to UOB Thailand
136/76 Moo 5 Tambon Thapsakae Amphur Thapsakae Prachupkirikhan 77130 Thailand	Freehold	252	Workers' dormitory	Nil

Note:-

(1) This property is being leased by Eng Soon Investment from JTC.

BUSINESS

As at the Latest Practicable Date, our Group leases the following properties:

Location	Tenure	Gross floor area (approximately) (sq m)	Use of property	Monthly rental (excluding GST) (S\$)	Lessor
Singapore					
Cochrane Lodge I 51 Admiralty Road West, Dormitory units B01-01 to B01-05, B02-01 to B02-14, B03-01 to B03-14, Singapore 757443	1 April 2010 to 31 March 2011	1,584	Workers' dormitory	69,300	Aik Chuan Construction Pte. Ltd.
Cochrane Lodge I 51 Admiralty Road West, seven dormitory units, Singapore 757443	1 January 2010 to 31 October 2010	336	Workers' dormitory	15,470	Sembawang Shipyard
Land alongside Sembawang Shipyard panel line workshop at west yard, and used for storing of staging materials	1 January 2010 to 31 December 2010	803	Site office and storage	1,855	Sembawang Shipyard
Annexed building to central store and adjacent land of Sembawang Shipyard	1 January 2010 to 31 December 2010	1,852	Site office and storage	4,049	Sembawang Shipyard
Alaunia Lodge, Rooms A2-06, A2-12, A2-13, A3-06, A3-12, A3-13, A4-11, A4-13, B2-03, B2-11 and C2-05 in Sembawang Shipyard at Admiralty Road West Singapore 759956	1 December 2009 to 30 November 2011	703	Workers' dormitory	15,400	Sembawang Shipyard
Alaunia Lodge, Rooms B1-13, B2-10, B2-14, B4-06 and B4-12 in Sembawang Shipyard at Admiralty Road West Singapore 759956	1 February 2010 to 31 January 2012	320	Workers' dormitory	7,000	Sembawang Shipyard
50 Admiralty Road West Singapore 759946	Renewable on a monthly basis	1,978	Site office and storage	4,154	Sembawang Shipyard Project Services Pte Ltd

Our property, plant and equipment comprises mainly leasehold land and properties, freehold land, freehold property, land improvement, plant, machinery and equipment, motor vehicles, construction-in-progress and other assets (comprising office equipment, furniture and fittings, air conditioners and containers). Our property, plant and equipment had a net book value of approximately S\$12.1 million as at 31 December 2009.

Save as disclosed above, and other than finance leases for motor vehicles, as at the Latest Practicable Date, none of our property, plant and equipment is subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowings.

BUSINESS

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal (when they expire).

To the best of our Directors' knowledge, save as disclosed in the section entitled "Government Regulations" of this Offer Document, there are no regulatory requirements or environmental issues that may materially affect our utilisation of our property, plant and equipment as at the Latest Practicable Date.

PRODUCTION CAPACITY

The concept of production capacity is not meaningful to our business – as we do not manufacture standardised items, the calculation of break-even production level is not relevant to us. We are in the business of providing new building, conversion and repair services, primarily to shipyard operators in Singapore. Our services vary for each project in terms of specifications, complexity, resource requirements and time required to completion. We often perform our services at our customers' shipyard facilities, as well as our shipyard in Thailand. To improve our operating flexibility, we utilise subcontract labour for our new building, conversion and repair projects which allows us flexibility in managing our costs according to the number of projects on-hand.

MAJOR SUPPLIERS

Our purchases comprise mainly materials (such as consumables, tools, steel plates and pipes) and services (such as logistics and transportation) for our new building, conversion and repair businesses. We select our suppliers based on their reputation, reliability, pricing, purchase terms, timeliness of delivery and quality and specifications of their products and services.

The table below sets forth our suppliers which accounted for 5% or more of our purchases of materials and services during the periods under review:

Supplier	Main types of services supplied	As a percentage of purchases (%)		
		FY2007	FY2008	FY2009
Yew Choon Pte Ltd	Logistics and transportation services	–	28.2	40.6
Jotun Thailand Limited	Consumables	–	–	13.6
Unique Hardware Co. Pte. Ltd	Consumables and tooling	30.7	8.2	8.5
ESAB Asia / Pacific Pte Ltd	Consumables	5.2	2.3	1.6
Nexus Sealand Trading Pte Ltd ⁽¹⁾	Consumables and tooling	9.5	0.2	0.0 ⁽²⁾
Asia Enterprises (Private) Limited	Consumables and tooling	5.3	0.9	–

Notes:-

(1) Nexus Sealand Trading Pte Ltd is a subsidiary of Beng Kuang Marine Limited, a company listed on the SGX-ST of which Chua Wui Wui, the spouse of our Executive Director, Eddy Neo Chiang Swee, is a shareholder and an executive officer (business development manager). Transactions with Nexus Sealand Trading Pte Ltd are not interested person transactions. Please refer to the section entitled "Potential Conflicts of interests" of this Offer Document for further information.

(2) Less than 0.05%.

Over the periods under review, the difference between our Singapore and Thai operations in terms of the type and volume of purchases is largely attributable to the differences in the nature of our operations in both countries. In Singapore, our customers will typically source for and provide the materials needed for the project. For projects we undertake in Thailand, we generally procure materials such as steel plates and pipes.

Our Directors are of the opinion that our Group does not depend on a single supplier and our purchases from each of our suppliers may vary substantially from year to year and the products supplied by the above major suppliers can be sourced from other alternative suppliers in the market without significant difficulties. We expect the volume of our purchases of raw materials, such as steel plates, to increase

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substantially in the future as we intend to expand our operations into the areas of EPC projects and ship chartering. Please refer to the section entitled “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” of this Offer Document for further information.

We generally do not enter into long-term or exclusive contracts with any of our major suppliers so as to allow us flexibility in terms of pricing, quality and timeliness of delivery of our supplies.

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

Save as disclosed above, none of our Directors, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our major suppliers listed above.

MAJOR CUSTOMERS

Our customers operate primarily in the marine and offshore oil and gas industries.

The table below sets forth our customers which accounted for 5% or more of our revenue during the periods under review:

Customer	Geographical location	As a percentage of revenue (%)		
		FY2007	FY2008	FY2009
Sembawang Shipyard ⁽¹⁾	Singapore	55.4	36.1	40.2
Keppel FELS ⁽²⁾	Singapore	3.5	25.1	29.3
ST Marine ⁽³⁾	Singapore	40.0	32.7	24.2
Total		98.9	93.9	93.7

Notes:-

- (1) Sembawang Shipyard is a ship repair yard specialising in liquefied natural gas carriers, passenger ships, chemical tankers, liquefied gas carriers, navy ships repairs, life extensions of very large crude carriers and damage repairs. Sembawang Shipyard is a subsidiary of SembCorp Marine Limited, a company listed on the Main Board of the SGX-ST.
- (2) Keppel FELS is a designer, builder and repairer of mobile offshore rigs, particularly jack-ups and semi-submersibles. Keppel FELS is a subsidiary of Keppel Corporation Limited, a company listed on the Main Board of the SGX-ST.
- (3) ST Marine is a specialist shipyard providing turnkey shipbuilding, ship conversion and ship repair services to a worldwide customer base in naval and commercial markets. ST Marine is a subsidiary of Singapore Technologies Engineering Limited, a company listed on the Main Board of the SGX-ST.

We fabricate steel structures for new building and conversion projects and repair services to all our major customers.

Revenue generated by each major customer is subject to the value of projects which we secure from them and time to completion.

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

Save for personal investments (whether directly or through nominees) in quoted investments which may include companies above listed on the SGX-ST, none of our Directors, Substantial Shareholders or their Associates has any material interest, direct or indirect, in any of our major customers listed above. Any personal investments exceeding 5% of the issued share capital of any of our major customers or suppliers (or such other threshold to be decided at the discretion of the Audit Committee) will be disclosed to our Audit Committee on a continuing basis in order for our Audit Committee to determine whether they will result in conflict of interest situations.

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CREDIT POLICY

Credit terms from our suppliers

The credit terms granted by our suppliers are generally between 30 days and 60 days, depending on our relationship with the suppliers and the size of the transactions.

Our average trade payables turnover days during the periods under review are as follows:

	FY2007	FY2008	FY2009
Average trade payables turnover days ⁽¹⁾	177	121	107

Note:-

- (1) Average trade payables turnover days is computed according to the following formula: average trade payables / cost of services (excluding labour costs) X 365 days in a year.

Credit terms to our customers

We typically grant credit terms of 30 days to both our new and existing customers. We may grant longer credit terms to customers, depending on the reputation, reliability and payment history of such customers, as well as the size and scale of the project.

For repairs, customers are generally invoiced upon completion of repairs by us, although this may vary depending on the duration, complexity and contract value of each repair project. Our repair contracts are typically short-term contracts with a duration of less than one year. For new building and conversions, payments are based on milestones achieved (pursuant to the payment schedule under contracts with our customers) during each project. We will render our final bill when we complete our work.

Outstanding payments are closely monitored by our CEO and CFO. Specific provisions for writing-off of bad debts may be made if (i) we are unable to collect payment despite efforts and follow-ups with the customers on overdue payments or when our customers are unable to meet their financial obligations; and (ii) we consider the amounts to be non-recoverable. Our Group has not, since its establishment, experienced any material trade bad debts. We have not provided for any doubtful debts during the periods under review.

Our average trade receivables turnover days during the periods under review are as follows:

	FY2007	FY2008	FY2009
Average trade receivables turnover days ⁽¹⁾	90	95	98

Note:-

- (1) Average trade receivables turnover days is computed according to the following formula: average trade receivables (net of unbilled receivables) / revenue X 365 days in a year.

Our trade receivables as at 31 December 2009 amounted to approximately S\$18.7 million (of which approximately S\$9.5 million has been collected as at the Latest Practicable Date):

Age of trade receivables	Percentage of total trade receivables (%)
0 - 90 days	66.5
91 - 180 days	21.7
181 - 365 days	10.0
More than 365 days	1.8
	<hr/>
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INVENTORY MANAGEMENT

Our inventories comprise mainly materials such as consumables, tools, steel plates and pipes used in the fabrication of steel structures. We adopt the first-in-first-out method of inventory management and costing. We have a computerised inventory management system in place which tracks the movement of our inventory on a real-time basis. Our finance department performs monthly sample inventory counts, while a full inventory count is carried out on an annual basis. We do not maintain significant inventory of steel plates and pipes in Singapore as these materials are provided for our use by our shipyard customers here.

Our inventories as at 31 December 2009 amounted to S\$0.6 million. Our average inventory turnover days during the periods under review are as follows:

	FY2007	FY2008	FY2009
Average inventory turnover days ⁽¹⁾	25	35	50

Note:-

- (1) Average inventory turnover days is computed according to the following formula: average inventory / purchase of materials X 365 days in a year.

COMPETITION

We operate in a highly competitive industry and our Directors believe that barriers to entry are relatively high in terms of capital investment. We face competition from existing competitors as well as new market entrants in each of the countries where we operate. Our competitors are other medium-sized companies in Singapore and Thailand operating in the same industries as our Group. Our Directors believe that factors contributing to our competitiveness include quality services, pricing, reliability, good customer relationships and timeliness of delivery. We believe that our competitive strengths, as set out in the section entitled "Business – Competitive Strengths" of this Offer Document, set us apart from our existing and potential competitors.

Our Directors consider the following to be our main competitors:

Competitor	Country in which we compete	Areas of competition
Asian Marine Services Public Company Limited	Thailand	Shipyard owner, fabrication of steel structures and other vessel repair services
Fu Onn Marine Engineering Pte Ltd	Singapore	Fabrication of steel structures
Hoo Huat Marine Engineering Pte Ltd	Singapore	Scaffolding services and fabrication of steel structures
Oakwell Engineering Limited	Thailand	Shipyard operator and fabrication of steel structures
Tellus Marine Engineering Pte Ltd	Singapore	Fabrication of steel structures and marine piping services

To the best of our Directors' knowledge, our Directors are not aware of any published statistics that can provide an accurate measure of our market share.

To the best of our Directors' knowledge, none of our Directors, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our competitors listed above.

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COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:

We have an established track record

We have a long operating history spanning over 30 years with an established record of successful projects. Our Directors believe that we have established our reputation as a provider of new building, conversion and repair services in Singapore's marine and offshore oil and gas industries. We are known for our timely completion of projects, efficient project management, reliability and high quality services. We are also regarded as specialists in hull, bow and stern extensions.

We have an experienced and committed management team

Our Group is led by a strong, dedicated and experienced management team, spearheaded by Ken Low Chee Wee, Christopher Low Chee Leng and Eddy Neo Chiang Swee. Each of Ken Low Chee Wee, Christopher Low Chee Leng and Eddy Neo Chiang Swee, have ten or more years of experience in the marine and offshore oil and gas industries, and have been with our Group for ten years or more. Our Executive Officers have, collectively, been with our Group for over 30 years. Our Directors and Executive Officers have been instrumental in the growth of our Group. The in-depth knowledge, business experience and networking resource of our Executive Directors and Executive Officers are valuable assets of our Group which are essential to our continued growth.

Our operational facilities in Thailand give us a competitive edge

Our shipyard facilities in Thailand comprise 40,000 sq m of open fabrication grounds, 6,080 sq m of open storage area, 1,100 sq m of sheltered storage area and a 1,800 sq m fabrication slab, with an office and a movable fabrication shelter. We are able to attain further cost efficiency from the rationalisation of operations between our customers' shipyard in Singapore and our shipyard in Thailand without compromising on turnaround time. New building, conversion and repair projects may be carried out entirely in one shipyard or may be segregated and managed in parts or modules with work performed at either our customers' shipyard in Singapore or our shipyard in Thailand, depending on where the greatest advantage in costs, management and technical expertise can be achieved. For new building projects, various parts of a vessel can be built or fabricated at our shipyard in Thailand, and in turn assembled at our customers' shipyard in Singapore. For example, the superstructure of an oil-rig or a semi-submersible is built in modules at our Thailand shipyard and then transported to our customers' shipyard in Singapore for final assembly. Furthermore, we can mobilise our technical personnel between the shipyards in Singapore and Thailand.

We have good relationships with our customers

Over the years, we have developed good working relationships with our major customers as we have consistently provided timely, reliable and quality services at competitive prices. We have longstanding relationships with our major customers, namely, Sembawang Shipyard, Keppel FELS and ST Marine dating back to 1972, 1975 and 1999 respectively. Due to our established relationships with these customers, we receive repeat business and referrals from them. As a testament of their confidence in our Group, we have also received various awards from these customers. Please refer to the sections entitled "History – Awards and Certifications" and "Business – Major Customers" of this Offer Document for further details.

Our repeat customers account for approximately 99.6% of our revenue in FY2009.

We have strong technical expertise

We have an in-house engineering department comprising 10 engineers and 20 draughtsmen as at 31 December 2009. As such, we are able to render technical advice to customers in relation to compliance with certification requirements, general seaworthiness of their vessel and minimisation of their repair costs. We also provide a full suite of services from the initial stage of production drawings and system design, to welding and actual construction. This is greatly enhanced by our experience and expertise in the use of computer-aided design software, which allows greater speed and accuracy in

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rendering production drawings, as compared to the traditional practice of creating production drawings by hand. We believe that our strong technical expertise and willingness to identify and invest in the suitable technology increase the value of our services and set us apart from our competitors.

We have a skilled and qualified workforce and focus on staff training and development

Our employees are well skilled and qualified, enabling us to provide high quality new building, conversion and repair services to satisfy our customers' requirements. Our in-house engineering department comprises of skilled personnel made up of 10 engineers and 20 draughtsmen as at 31 December 2009.

In addition, we have a pool of 1,292 full-time production staff as at 31 December 2009 who can be deployed as and when our projects require. As such, we are not reliant on subcontractors and are generally well-equipped to meet the manpower demands of our customers for all major projects. We also utilise subcontract labour for our new building, conversion and repair projects in order to have flexibility in managing our costs (in view of variations in the projects in progress).

We recognise the importance of staff training and development and have made this one of our top priorities. We believe that staff training and development enhances the skills of our workforce. We regularly send our staff for training and skills upgrading to keep them technically proficient and well-equipped with the requisite skill sets for handling complex projects. Our well-trained and motivated workforce is an important strength of our Group.

Please refer to the section entitled "Business – Staff Training" of this Offer Document for further information.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

PROSPECTS

As we fabricate steel structures for our new building, conversion and repair services to the marine and offshore oil and gas industries, our Group's prospects are largely linked to the growth of shipping traffic in Singapore and the growth of vessel building and repair services in Singapore and Thailand. In particular, demand for vessels such as FPSO and jack-up rigs is affected by prices for energy, namely, crude oil, the demand for which is in turn dependent on global economic growth.

Barring unforeseen circumstances, our Directors believe that the underlying demand trends for our services will likely be positive in the foreseeable future for the reasons stated below.

The growth of shipping traffic in Singapore

As most ships drydock on routes which they ply, Singapore's strategic location makes it a natural choice as a port of call in Asia. As the Best Seaport in Asia for the 21st time at the Asian Freight and Supply Chain Awards¹, Singapore remains the port of choice for industry leaders.

The Maritime and Port Authority of Singapore reported a fall of 13.5% in box traffic in 2009 from the previous year's total.² Container throughput dropped from 29.9 million 20-foot equivalent units ("TEU") from 2008 to 25.9 million TEUs and total cargo tonnage fell by 8.9% to 469.9 million tonnes. However, Singapore has continued to maintain its global leading position in bunker sales, vessel arrival tonnage and containers handled despite the decline in world trade. Vessel arrivals in terms of shipping tonnage increased from 1.62 billion gross tonnage ("gt") in 2008 to 1.78 billion gt in 2009. The total volume of bunkers sold in Singapore also grew by 4.2%, to reach 36.4 million tonnes and the Singapore Registry of Ships also continued to grow in size and ranks among the top 10 worldwide.³

The growth of vessel building and repair services for the offshore oil and gas industry

Singapore vessel builders have an established reputation for providing cost-effective, high quality workmanship, offering a wide range of sophisticated and customised services to a worldwide customer base in the offshore oil and gas sector. The range of sophisticated repair services includes refurbishment, upgrading, jumboisation, lengthening and conversion for a wide variety of vessels like seismic, dredgers, chemical tankers and FPSOs. In particular, Singapore is the world leader for production of jack-up rigs and conversion of FPSO units with 70% of the world market share in both fields. It also has 20% of the world market share for vessel repairs.⁴

Our Directors believe that the long-term fundamentals of the offshore and marine business remain positive.

The vessel repair services industry in Singapore has also remained robust. In 2009, 7,200 vessels called at Singapore for repairs, representing an increase of approximately 9.3% compared to the previous year.⁵ Our Directors believe that the supplies and services for repairs will continue to provide a stable revenue stream for our Group.

¹ The information was extracted from an article dated 22 April 2009 entitled "23rd Asian Freight And Supply Chain Awards: Singapore Remains Port Of Choice In Asia" accessed from the Maritime and Port Authority of Singapore's ("MPA") website at (http://www.mpa.gov.sg/sites/global_navigation/news_center/mpa_news/mpa_news_detail.page?filename=nr090422b.xml)

² The information was extracted from an article by Fairplay dated 8 January 2010 entitled "Singapore Box Traffic Drops" published on the website of Fairplay at (<http://www.fairplay.co.uk/secure/display.aspx?articleid=dn0020100108000012>)

³ The information was extracted from an article by Seatrade Asia Online dated 7 January 2010 entitled "Singapore to Retain its Box Crown in 2009 Despite 13.5% dip: MPA" published on the website of Seatrade Asia Online at (<http://www.seatradeasia-online.com/News/5070.html>)

⁴ The statistics were extracted from the website of the Singapore Economic Development Board (the "EDB Singapore") at (http://www.edb.gov.sg/en_sg/en_uk/index/industry_sectors/marine___offshore/facts_and_figures.html)

⁵ The information was extracted from the MPA's website at (<http://www.mpa.gov.sg/sites/pdf/vessel-purpose.pdf>)

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

The growth of vessel building and repair services in Thailand

We believe that Thailand has strong potential in the vessel building and repair industry because of its advantages in terms of geographical location and skilled labour. This industry has shown continued growth in recent years due to increased demand for container vessels in the global market.⁶ On 15 October 2009, the Board of Investment of Thailand issued an announcement categorising the investment of shipbuilding and repair as a priority activity that has special importance and benefits to the country, so as to provide the maximum incentives to support a significant growth of investments in the industry, including exemption of import duties on machinery and eight-year exemption of corporate income tax.⁷

Notwithstanding the political instability in Thailand, specifically the recent civil strife in Bangkok, our operations in Thailand remained largely unaffected. Subject to further developments in the political situation in Thailand, we expect our operations in Thailand to benefit from the initiatives by the BOI and the growth of the vessel building and repair industry in the longer term.

TREND INFORMATION

Our Directors have made the following observations for the current financial year based on current trends to-date:

- (i) with our continued efforts in marketing and promoting our services, and barring unforeseen circumstances, we expect the volume of our repair activities to improve while the volume of our new building and conversion activities will depend largely on our ability to secure projects from our customers who are shipyard operators;
- (ii) we expect ES Thailand's revenue to decrease in FY2010 as we are focusing our resources in Thailand on building our own vessels for charter;
- (iii) we expect fluctuations in steel prices to affect our purchasing costs in future as we begin to build more of our own vessels for charter. As steel will be a major component in these projects, and as we anticipate an increase in steel prices in the near term, our costs of products and services are expected to increase; and
- (iv) we expect our operating expenses to increase in FY2010 mainly as a result of professional fees and expenses in relation to the Placement and the Service Agreements (further details of which are set out in the sections entitled "Use of Proceeds and Listing Expenses" and "Directors, Executive Officers and Staff – Service Agreements" of this Offer Document).

In view of the global financial crisis in 2008 and 2009 and its economic impact on world trade, our Directors are of the view that our Group may not be able to sustain the same growth patterns or profit growth as reflected in the periods under review.

Save for the above, as at the Latest Practicable Date, our Directors do not expect any significant recent trends or any other known trends, uncertainties, demands, commitments or events to have a material effect on us in the current financial year.

⁶ The information was extracted from an article in The Nation newspaper dated 11 March 2009, entitled "ITALTHAI MARINE 200% GROWTH in sales targeted", published on the website of The Nation at (<http://www.nationmultimedia.com/option/print.php?newsid=30097650>)

⁷ The information was extracted from the Board of Investment Announcement No. 10/2552 dated 15 October 2009 Re: Types, Sizes and Conditions of Activities Eligible for Promotion, at (http://www.boi.go.th/english/download/law_regulations/606/Por10_2552_eng.pdf)

The MPA, Fairplay, Seatrade Asia Online, the EDB Singapore, The Nation newspaper and the BOI have not consented to the inclusion of the above information in this Offer Document and are thereby not liable for such information under Sections 253 and 254 of the SFA. While our Directors have included such information in their proper form and context in this Offer Document, they have not verified the accuracy of such information.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

ORDER BOOK

From 1 January 2010 to the Latest Practicable Date, our Group has secured orders amounting to approximately S\$7.6 million in respect of our new building and conversion business, and S\$9.7 million in respect of our repair business. These mainly include a crane pedestal fabrication and installation project valued at S\$2.2 million, an FDP SO conversion project valued at S\$2.0 million and a fall pipe rock dumper project valued at S\$1.0 million. Our repair projects are typically short-term contracts of less than one year duration.

Notwithstanding the aforesaid, there is no assurance that our projects with our customers will not be postponed or cancelled. Please refer to the section entitled "Risk Factors" of this Offer Document for further details.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

To expand our business scope into EPC projects and ship chartering

We intend to expand the existing scope of our business by developing our engineering capabilities in order to allow us to undertake EPC projects, specifically the building of product tankers and bunker vessels. EPC projects (where we are engaged to provide all three engineering, procurement and construction services) are highly valued due to the nature, scale and complexity of such projects. EPC projects require resources in conceptual design and project management. We believe that entry into EPC projects is a progressive expansion of our business scope for which we are well-positioned as a result of our experience in steel fabrication for new building and conversion of vessels.

As part of our expansion, we also intend to enter into the ship-owning and chartering businesses. As at the Latest Practicable Date, we are in the process of securing charter orders for the construction of two bunker vessels (targeted to commence in the second half of FY2010 and to be ready for chartering by FY2012).

In expanding our business to include EPC projects and ship chartering, our Directors believe that we will also be catering to existing and prospective customers by offering a more integrated and comprehensive suite of services.

We intend to allocate S\$2.0 million of the net proceeds from the Placement for the abovementioned purposes.

To explore investments, acquisitions and/or joint ventures

We may consider investing in or acquiring other companies with businesses similar or complementary to our business, and/or joint ventures with suitable parties as and when the opportunities arise. Our criteria for evaluation will include factors such as the creation of synergy, possible sharing of technical resources, reduction of operational and distribution costs, and higher market penetration.

Our Directors believe that for our overseas ventures, forming joint ventures with business partners with local knowledge or local contacts is a prudent and cost-effective strategy of penetrating the overseas market.

GOVERNMENT REGULATIONS

We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our operations and the relevant regulatory bodies, in the following countries. Details of these laws and regulations are set out below.

Singapore

(a) Workplace Safety and Health Act 2006

Under the Ministry of Manpower's Workplace Safety and Health Act 2006 ("WSHA"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate facilities and arrangements for their welfare at work, ensuring that sufficient safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations. Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health. In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health ("CWSH") may, among other things, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

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

(b) Workplace Safety and Health (Registration of Factories) Regulations 2008 ("2008 WSH Factories Regulations")

Pursuant to the 2008 WSH Factories Regulations which came into operation on 1 November 2008 repealing the Workplace Safety and Health (Registration of Factories) Regulations 2006, any person who desires to occupy or use any premises as a factory falling within any of the classes of factories described in the First Schedule of the 2008 WSH Factories Regulations must apply to the CWSH to register the premises as a "factory" one month before the factory starts operations. A

GOVERNMENT REGULATIONS

certificate of registration issued by the CWSH is valid for a period of one year, or such other period as the CWSH may determine, and may be renewed subsequently upon the payment of a renewal fee.

Under the 2008 WSH Factories Regulations, any person who desires to occupy or use any premises as a factory not falling within any of the classes of factories described in the First Schedule of the 2008 WSH Factories Regulations must, before the commencement of operation of the factory, submit a notification to the CWSH informing the CWSH of his intention to occupy or use those premises as such a factory. The notification is not subject to any renewal requirements. However, in the event that the CWSH is of the view that the factory in respect of which a notification has been submitted is to pose or likely to pose a risk to the safety, health and welfare of persons at work in the factory, the CWSH may, by notice in writing, (i) specify the date from which the notification shall cease to be valid; and (ii) direct the occupier of the factory to register the factory notwithstanding that the factory does not fall within any of the classes of the factories described in the First Schedule.

As our premises at 10 Kwong Min Road does not fall within any of the classes of the factories described in the First Schedule, we were informed by the MOM in November 2008 that we have been automatically converted to the notification scheme.

(c) Work Injury Compensation Act (Chapter 354)

The Work Injury Compensation Act (Chapter 354) (“WICA”), as regulated by the MOM, applies to all employees (with the exception of those set out in the Fourth Schedule of the WICA), who have entered into or works under a contract of service or apprenticeship with an employer, in respect of injury suffered by them in the course of their employment and sets out, among other things, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with a fixed formula as set out in the Third Schedule of the WICA, subject to a maximum and minimum limit.

Thailand

The main laws and regulations that materially affect the operations of our subsidiary in Thailand, ES Thailand, are set out below.

(a) Investment Promotion Law

ES Thailand has obtained an investment promotion certificate issued by Thailand Board of Investment (“BOI”) under the Investment Promotion Act B.E. 2520 (A.D. 1977) (“Investment Promotion Act”) which entitles the main business of ES Thailand to certain tax-based and non-tax privileges, for example, exemption of import duties on machinery and raw materials, corporate income tax exemptions, and permission to bring in foreign workers and to own land.

As a BOI promoted company, ES Thailand is required to comply with the conditions set out in its investment promotion certificate and the provisions stipulated in the Investment Promotion Act.

(b) Foreign Business Law

As our Company presently owns 50% of the issued share capital of ES Thailand, ES Thailand is considered as a foreign entity for the purposes of the FBA.

As a BOI promoted company, ES Thailand has obtained a foreign business certificate issued by the Bureau of Foreign Business Administration, Department of Business Development, Ministry of Commerce which is necessary to carry on its BOI promoted business under the FBA.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, we have obtained all requisite licences and approvals and we are in compliance with all laws and regulations that materially affect our business operations.

EXCHANGE CONTROLS

The following is a description of the exchange controls that exist in the jurisdictions which our Group operates in.

Singapore

Currently, no foreign exchange control restrictions exist in Singapore.

Thailand

Thailand's exchange controls are established by the Exchange Control Act B.E. 2485 (A.D. 1942) ("ECA") and foreign exchange transactions are regulated by the Bank of Thailand.

Under the ECA, payment of current transactions, such as payment for imported goods, payment for services, interest payment on overseas loans, repatriation of profits or dividends on foreign investment, may be made in unlimited amounts and without permission.

Regarding payment for imported goods, importers may purchase or withdraw foreign currencies from their own foreign currency accounts for import payments upon submission of supporting documents. Letters of credits may also be opened without authorisation.

Outward remittances of amounts properly due to non-residents are permitted for items of a non-capital nature such as service fees, interest, dividends, profits, or royalties, provided that supporting documents are submitted to the banks or authorised financial institutions.

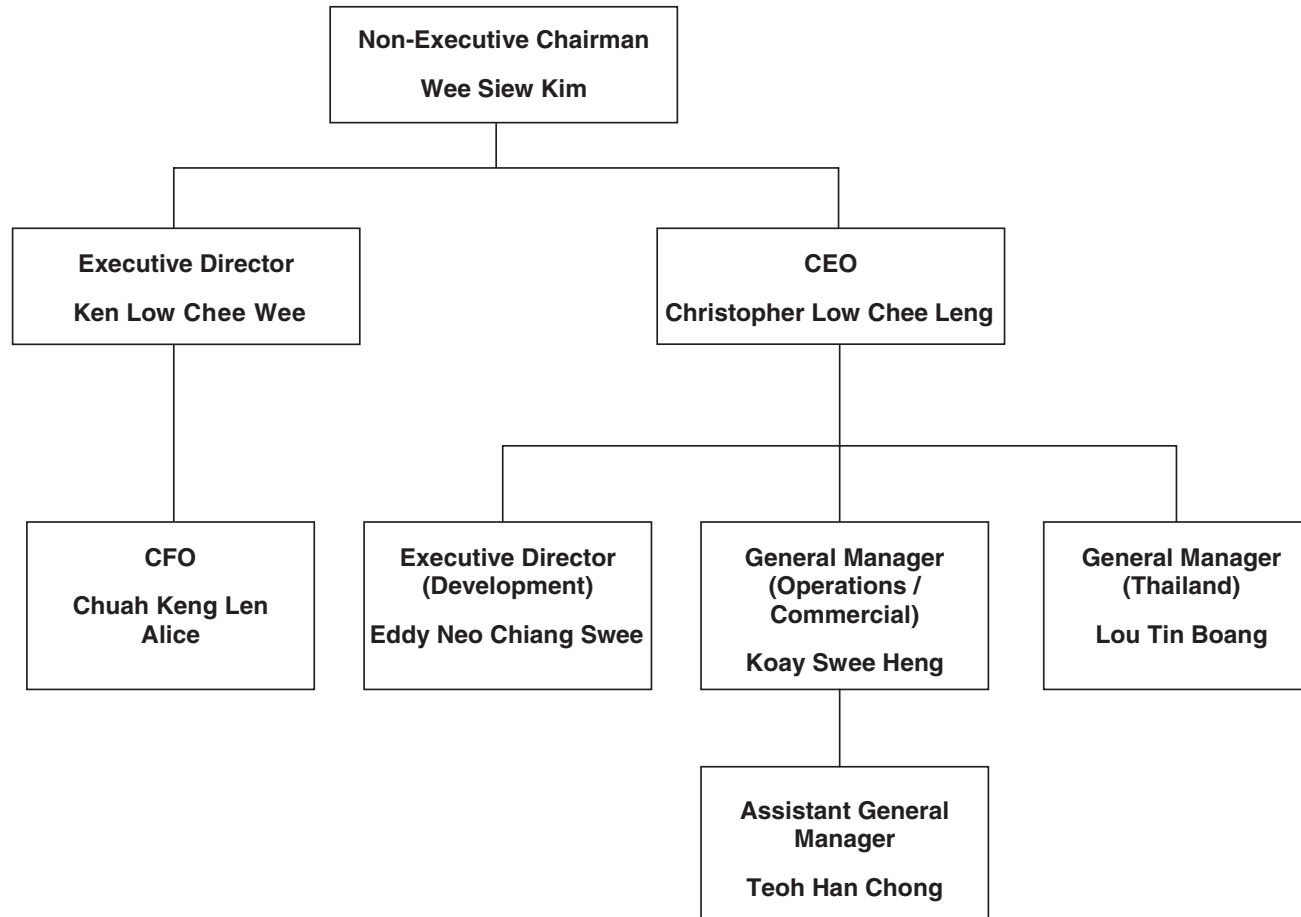
Under the ECA, transfers in foreign currency for direct and portfolio investments in Thailand are freely permitted. Proceeds must be surrendered to a bank or an authorised financial institution or deposited in a foreign currency account with a bank or an authorised financial institution in Thailand within 360 days.

Repatriation of capital investments may be made freely without permission for repatriation of the principal amounts under loan agreements, repayment of capital investment following the liquidation of a business, and sale of equities, including outward remittances by Thai residents of foreign currencies for the purposes of (a) making overseas investments or loans extended to (i) their overseas affiliated business establishments not in excess of US\$100,000,000 per year or (ii) overseas companies which hold not less than 10% of the equity interest of the Thai companies or affiliated business entities of such overseas companies in an aggregate amount not exceeding US\$100,000,000 per year; or (b) buying property overseas not in excess of US\$5,000,000. Individual and corporate investors can invest in securities abroad through private funds and securities companies. However, all outward remittances by Thai residents of foreign currencies to pay for securities in overseas markets must receive prior permission from the Exchange Control Department.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS, EXECUTIVE OFFICERS AND STAFF

DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group.

The particulars of our Directors are set out below:

Name	Age	Residential address	Principal occupation	Country of principal residence
Wee Siew Kim	49	6 John Road Singapore 298865	Group CEO of NIPSEA Group	Singapore
Ken Low Chee Wee ⁽¹⁾	39	49 Hindhede Walk #09-04 Singapore 587976	Executive Director	Singapore
Christopher Low Chee Leng ⁽¹⁾	38	83A Lorong Gambir Singapore 536649	CEO	Singapore
Eddy Neo Chiang Swee ⁽¹⁾	33	4 Borthwick Drive Singapore 559508	Executive Director (Development)	Singapore
Tan Swee Ling	41	Block 305 Tampines Street 32 #07-90 Singapore 520305	Director of Want Want Holdings Ltd	Singapore
Jens Rasmussen	55	51 Lorong 40 The Waterina Unit #06-04 Singapore 398075	Site manager of Floatel International Ltd	Denmark

Note:-

- (1) Ken Low Chee Wee and Christopher Low Chee Leng are brothers. Eddy Neo Chiang Swee is the cousin of Ken Low Chee Wee and Christopher Low Chee Leng.

Our Directors' career and academic history, business experience and general areas of responsibility within our Group are set out below:

Wee Siew Kim is our Non-Executive Chairman and Independent Director and was appointed to our Board on 8 June 2010. Mr Wee has been the group CEO of the NIPSEA group of companies (manufacturers of paints under the "Nippon" brand) since August 2009, and a non-executive director of SBS Transit Ltd (a company listed on the Main Board of the SGX-ST) since April 2003. Mr Wee started his career in 1984, joining the aerospace arm ("ST Aero") of Singapore Technologies Engineering Ltd ("ST Engineering") as an engineer. He was subsequently promoted to president of ST Aero in December 1997, a position he held until July 2001, when he became president of ST Engineering's European operations. He was later appointed president of ST Engineering's defence business from May 2002 to August 2009; before he went on to join the NIPSEA group of companies. Mr Wee obtained a Bachelor of Science (Engineering) from the Imperial College of Science and Technology, University of London, in 1984, and a Master of Business Administration from the Leland Stanford Junior University in 1991. In 2008, he was awarded a Fellowship by the Council of the City & Guilds of London Institute, a United Kingdom examining and accreditation body for vocational, managerial and engineering training. As part of his public service, Mr Wee has also been a Member of Parliament for the Ang Mo Kio Group Representative Constituency since 2001.

Ken Low Chee Wee is our Executive Director and was appointed to our Board on 25 November 2009. His primary function is to formulate and oversee the corporate and strategic development of our Group. He started his career in 1995 as an audit assistant at Deloitte & Touche (now known as "Deloitte & Touche LLP") and left in 1999 as an audit supervisor. From 1999 to 2001, he was the finance manager for Harringdale International Pte Ltd, a project management company, where he was in charge of the finance and accounting matters of the company. Mr Low joined our Group in 2001 as our CFO, and has

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

had general oversight of all finance-related aspects of our Group from the time he joined our Group and to-date. Mr Low obtained a Bachelor of Accountancy from Nanyang Technological University of Singapore in 1994 and is a non-practising member of the Institute of Certified Public Accountants in Singapore.

Christopher Low Chee Leng is our CEO and was appointed to our Board on 19 August 2004 and has overall responsibility for our Group's day-to-day operations. He started his career by joining our Group in 1998 as a commercial executive, where he was responsible for project tenders. In 2000, he became our CEO and under his management the scope of our Group's business eventually grew to include shipyard management and various offshore projects. Mr Low obtained a Bachelor of Commerce from Murdoch University, Perth, Western Australia in 1998.

Eddy Neo Chiang Swee is our Executive Director (Development) and was appointed to our Board on 25 November 2009. He is responsible for overseeing and managing our Group's information technology and receivables functions and heads up our business development department. Mr Neo joined our Group in 2000 as a commercial executive at Wang Fatt, where he was in charge of preparation of sales quotation and invoicing matters. In 2001, he became a commercial executive of Eng Soon (1999) where he was responsible for manpower and recruitment functions until 2004. He was promoted to business development manager in 2005 and assumed responsibility for our Group's receivables functions. Mr Neo obtained a Diploma in Electrical Engineering from Ngee Ann Polytechnic, Singapore in 1997.

Tan Swee Ling is our Independent Director and was appointed to our Board on 8 June 2010. Ms Tan was appointed as an Independent Director of Sinobest Technology Holdings Ltd (a company listed on the Main Board of the SGX-ST) in 2009. She is also currently a director of Want Want Holdings Ltd (a company listed on the Main Board of the SGX-ST from 1996 to 2007) as well as its subsidiary, Want Want Food Pte Ltd. Prior to joining Want Want Holdings Ltd, she was a treasurer at the investment banking arm of DBS Bank Ltd from 1994 to 1996. In 2000, she was also the group financial controller for JK Yaming International Holdings Ltd (a company listed on the Main Board of SGX-ST), a position she held until 2002 while remaining as a non-executive director of Want Want Holdings Ltd and Want Want Food Pte Ltd. Ms Tan obtained a Bachelor of Business Administration from the National University of Singapore in 1991 and is a Fellow of the Association of Chartered Certified Accountants.

Jens Rasmussen is our Non-Executive Director and was appointed to our Board on 1 January 2010. Since 2008, he has been the site manager for a new building project at Keppel FELS by Floatel International Ltd, an owner and operator of modern accommodation and construction support vessels. Mr Rasmussen has also been the owner of Raza Service, a consultancy firm, since 2006. Mr Rasmussen has 28 years of professional experience in the marine and offshore industry, having been involved in the management, engineering, certification and construction of various types of new building and conversion projects associated with offshore oil and gas exploration and development, as well as shipbuilding. From 1984 to 2006 he was a General Manager with GVA-Consultants AB, where he was responsible for sales, concept development of new oil and gas fields, deepwater drilling semi-submersibles, commercial and technical feasibility evaluation for floating offshore platforms. During the period between 2000 and 2004, he also held the position of Engineering Manager and Construction Manager (Korea) and Engineering Coordination Manager (Houston) at BP Exploration Company Inc. In 2006, he was a project manager with Frontier Drilling Inc., where he was responsible for overseeing the upgrade and refurbishment of a drillship in Keppel FELS. Mr Rasmussen obtained a Master of Science in Engineering from the Technical University of Denmark, Copenhagen in 1980.

Certain Directors of our Company, namely Wee Siew Kim and Tan Swee Ling, have prior experience as directors of public listed companies in Singapore and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Our other Directors, namely Ken Low Chee Wee, Christopher Low Chee Leng, Eddy Neo Chiang Swee and Jens Rasmussen, have undertaken relevant training in Singapore by attending the training course on "Directors' Roles and Responsibilities and Disclosure Requirements in a Listed Company – Understanding the Regulatory Requirements in Singapore" conducted by KCS Corporate Services Pte Ltd in January 2010 to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The list of present and past directorships of each Director over the last five years preceding the date of this Offer Document (and excluding those held in our Company), is set out below:

Name	Present Directorships	Past Directorships
Wee Siew Kim	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Asia Industries Ltd Changi Airports International Pte. Ltd. Nippon Paint (India) Pte Ltd Nippon Paint (Singapore) Company Private Limited Nippon Paint (Malaysia) Sendirian Berhad Nippon Paint Australia Pty Ltd Nippon Paint (China) Pte Ltd Nippon Paint (Chengdu) Pte Ltd Nippon Paint (Guang Zhou) Pte Ltd Nippon Paint Vietnam (Hanoi) Pte Ltd Nippon Paint (HK) Co Ltd Nippon Paint (Langfang) Pte Ltd Nippon Paint (Tianjing) Pte Ltd Nippon Paint (Thailand) Company Ltd Nippon Paint (Vietnam) Company Ltd Paint Marketing Company (M) Sdn Bhd Nipsea Chemical Korea SBS Transit Ltd	<i>Other corporations</i> 1988 JV Pte. Ltd. Basketball Enterprises Pte. Ltd. DSO National Laboratories Nipsea Technologies Pte. Ltd. Singapore British Engineering (Pte) Ltd Singapore Technologies Aerospace Ltd Singapore Technologies Dynamics Pte Ltd Singapore Technologies Electronics Limited Singapore Technologies Kinetics Ltd Singapore Technologies Marine Ltd ST Engineering Financial I Ltd. STSE Engineering Services Pte Ltd
Ken Low Chee Wee	<i>Group corporations</i> ES Shipping	<i>Group corporations</i> Nil
	<i>Other corporations</i> Appleton Global Private Limited Da Lian Yingshun Marine Technology Consultancy Pte. Ltd. Ying Shun Wang Fa Marine Technology Development (Shenzhen) Pte. Ltd.	<i>Other corporations</i> Tiger Capital Private Limited
Christopher Low Chee Leng	<i>Group corporations</i> Eng Soon Investment ES Offshore ES Shipping ES Thailand Eng Soon Marine Eng Soon (1999) Wang Fatt	<i>Group corporations</i> Nil
	<i>Other corporations</i> E-Marine Interblast Universal Shipbuilding (gazetted to be struck off)	<i>Other corporations</i> ES Automation Hin Soon Marine Professional Coating Fok Tat Land Sdn. Bhd. Kampa Properties Sdn. Bhd. Sing Partners Marine Pte. Ltd.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present Directorships	Past Directorships
Eddy Neo Chiang Swee	<i>Group corporations</i> ES Offshore ES Shipping Eng Soon Marine <i>Other corporations</i> E-Marine Interblast Universal Shipbuilding (gazetted to be struck off) R E N Supplies & Services Pte. Ltd.	<i>Group corporations</i> Nil <i>Other corporations</i> ES Automation Panerai Engineering Sdn. Bhd. Professional Coating
Tan Swee Ling	<i>Group corporations</i> Nil <i>Other corporations</i> Want Want Food Pte Ltd Want Want Holdings Ltd Sinobest Technology Holdings Ltd	<i>Group corporations</i> Nil <i>Other corporations</i> Long Run Studios International Pte. Ltd.
Jens Rasmussen	<i>Group corporations</i> Nil <i>Other corporations</i> Raza Service	<i>Group corporations</i> Nil <i>Other corporations</i> GVA-Consultants AB GVA-Consultants Inc

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

EXECUTIVE OFFICERS

The day-to-day operations of our Group are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Residential address	Principal occupation
Chuah Keng Len Alice	38	92 Zion Road #09-187 Singapore 160092	CFO
Koay Swee Heng	41	Block 737 Yishun Street 72 #08-93 Singapore 760737	General Manager (Operations / Commercial)
Teoh Han Chong	38	Block 737 Yishun Street 72 #08-93 Singapore 760737	Assistant General Manager
Lou Tin Boang	45	Block 737 Yishun Street 72 #08-93 Singapore 760737	General Manager (Thailand)

Our Executive Officers' career and academic history, business experience and areas of responsibility within our Group are set out below:

Chuah Keng Len Alice is our CFO and has overall responsibility for, and reports to our Executive Director, Ken Low Chee Wee, on all finance-related matters of our Group. Aside from overseeing the finance department, she is also in charge of public relation matters and human resource management of our Group. Ms Chuah started her career in 1997 as an audit assistant at Deloitte & Touche (now known as "Deloitte & Touche LLP"), where she was promoted to an audit senior in 1998 and an audit supervisor in 1999. Ms Chuah subsequently joined our Group in 2000 as our finance manager, a position she held until 2005. She was responsible for setting up our accounting systems and internal controls, overseeing our finance, human resources and administrative operations, management reports and coordination of tax and audit queries. Ms Chuah left our Group briefly to join Akai Sales Pte Ltd, an electronics distributor, from 2005 to 2006 as its financial controller. During her time there, she prepared consolidated management reports, budget reports and audit reports. In 2006, Ms Chuah re-joined our Group as our finance and administrative manager and resumed responsibility over our finance, administrative and human resource departments as well as general corporate matters. Ms Chuah was appointed as our CFO in November 2009. Ms Chuah obtained a Diploma in Accountancy from Ngee Ann Polytechnic, Singapore, in 1992 and is a Fellow of the Association of Chartered Certified Accountants, as well as a non-practising member of the Institute of Certified Public Accountants of Singapore.

Koay Swee Heng is our General Manager (Operations / Commercial), reporting directly to our CEO, Christopher Low Chee Leng. Mr Koay is largely in charge for overseeing our projects with Sembawang Shipyard and ST Marine, with overall responsibility of project tenders, reports and billings, project management, budget estimation, supervision of workers and manpower allocation. Mr Koay also oversees the quality assurance and safety assessment teams. Prior to joining us, Mr Koay was an accommodation design draughtsman at Keppel FELS from 1989 to 1995, before he went on to become a senior draughtsman / project coordinator at Ho & Associates Chartered Architects in Malaysia. In 1998, Mr Koay joined our Group as a commercial executive and was responsible for project coordination and tenders. In 2004, he was promoted to commercial manager, in charge of project tendering, project management, budget planning and manpower planning. Mr Koay was subsequently appointed assistant general manager in 2007, a position he held until January 2010. Mr Koay obtained his Certificate for Architectural Course conducted by the Ministry of Education (Malaysia) in 1988, Certificate in Introduction to Prime Medusa 2D Basic Drafting conducted by Singapore Polytechnic in 1989, Certificate in Basic Shipbuilding from Ngee Ann Polytechnic in 1990, Certificate of Quality Work Group Training conducted by FELS (now known as Keppel FELS) in 1991 and Certificate in Shipyard Supervisors Safety Course conducted by the MOM in 1999.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Teoh Han Chong is our Assistant General Manager, reporting directly to our General Manager (Operations / Commercial, Koay Swee Heng. As our Assistant General Manager, Mr Teoh is largely responsible for project management, budget planning and manpower allocation for our projects with Keppel FELS, as well as coordination between our Singapore operations and our shipyard in Thailand. Prior to joining our Group in 2005, Mr Teoh was a manager at Symphony Engineering Pte. Ltd., a company in the business of steelworks repair and fabrication, where he was in charge of project tenders, reports and billings from 2000 to 2005. From 1997 to 2000, Mr Teoh was a project coordinator at Oakwell Engineering Limited, an engineering firm listed on the SGX-ST, and was responsible for project management, reports and billings. Mr Teoh obtained his National Trade Certificate Grade 3 in Marine Steelwork from the Vocational and Industrial Training Board, Singapore in 1992.

Lou Tin Boang is our General Manager (Thailand) and has been in charge of overseeing the day-to-day operations of our Thailand operations since 2007. Mr Lou joined our Group in 1995 as a commercial executive and was promoted to commercial manager in 1997. In 2000, he became our general manager and took on greater responsibility for project tenders, billings, project management, budget estimation and manpower supervision and planning. Mr Lou obtained his Certificate in Architectural conducted by the Institut Teknik Jasa Pusat Vocational, Malaysia in 1986, Certificate in Introduction to Prime Medusa 2D Basic Drafting conducted by Singapore Polytechnic in 1990 and Certificate in Basic Shipbuilding conducted by Ngee Ann Polytechnic Singapore in 1991.

Each of our Executive Officers have attended the training course on “Directors’ Roles and Responsibilities and Disclosure Requirements in a Listed Company – Understanding the Regulatory Requirements in Singapore” conducted by KCS Corporate Services Pte Ltd in January 2010 to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

The list of present and past directorships of each Executive Officer over the last five years preceding the date of this Offer Document and excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Chuah Keng Len Alice	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Allegiance Associates Pte. Ltd. ⁽¹⁾	<i>Other corporations</i> Universal Shipbuilding (gazetted to be struck off)
Koay Swee Heng	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Teoh Han Chong	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Lou Tin Boang	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil

Note:-

- (1) Allegiance Associates Pte. Ltd. is in the business of providing insurance agency services. Chuah Keng Len Alice does not have an executive role in the management of the company and is not involved in its day-to-day operations.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Save as disclosed above and in the sections entitled “General Information on Our Group – Shareholders” and “Interested Person Transactions” of this Offer Document, none of our Directors, Substantial Shareholders or Executive Officers has any family relationship with one another.

To the best of our knowledge and belief, there is no arrangement or understanding with a customer or supplier of our Company or any other person, pursuant to which any of our Directors or Executive Officers was appointed.

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Remuneration of Directors and Executive Officers

The compensation paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000 during FY2008 and FY2009 (being the two most recent completed financial years) and as estimated for FY2010, excluding bonuses and any profit sharing plan or any other profit-linked agreement(s), is as follows:

	FY2008	FY2009	FY2010 (estimated)
Directors⁽¹⁾			
Wee Siew Kim	-(2)	-(2)	Band A
Ken Low Chee Wee ⁽³⁾	Band A	Band A	Band B
Christopher Low Chee Leng ⁽³⁾	Band A	Band A	Band B
Eddy Neo Chiang Swee ⁽³⁾	Band A	Band A	Band A
Tan Swee Ling	-(2)	-(2)	Band A
Jens Rasmussen	-(2)	-(2)	Band A
Executive Officers⁽¹⁾			
Chuah Keng Len Alice	Band A	Band A	Band A
Koay Swee Heng	Band A	Band A	Band A
Teoh Han Chong	Band A	Band A	Band A
Lou Tin Boang	Band A	Band A	Band A

Notes:-

(1) Remuneration bands:

“Band A” refers to remuneration from S\$0 to S\$250,000 per annum.

“Band B” refers to remuneration from S\$250,001 to S\$500,000 per annum.

(2) Not appointed during the relevant period.

(3) Ken Low Chee Wee and Christopher Low Chee Leng are brothers. Eddy Neo Chiang Swee is the cousin of Ken Low Chee Wee and Christopher Low Chee Leng.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Remuneration of Employees Related to Directors and Substantial Shareholders

As at the Latest Practicable Date, we have two 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	Relationship with our Directors and/or Substantial Shareholders
Eric Neo Chiang Yee	General Manager – Operations	Eddy Neo Chiang Swee's brother; Ken Low Chee Wee and Christopher Low Chee Leng's cousin
Low Chye Huek	Manager – Human Resources	Ken Low Chee Wee, Christopher Low Chee Leng and Eddy Neo Chiang Swee's uncle

The basis of determining the remuneration of these related employees is the same as the basis for determining the remuneration of other unrelated employees. The aggregate remuneration of these related employees (which includes salary, bonus, CPF contribution and benefits-in-kind) amounted to approximately S\$101,000 and S\$102,000 in FY2008 and FY2009 respectively. This represents approximately 0.9% and 1.1% of our PBT in FY2008 and FY2009 respectively.

For FY2010, the estimated aggregate remuneration of the abovementioned employees (excluding bonuses) will amount to approximately S\$87,000.

The remuneration of employees who are related to our Directors and Substantial Shareholders 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 responsibility levels. Any bonuses, salary increments and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from the review.

The total remuneration paid to employees related to our Directors and Substantial Shareholders for each financial year shall be disclosed in the annual report of our Company.

Pension or retirement benefits

As at the Latest Practicable Date, other than amounts set aside or accrued in respect of the relevant laws and regulations such as CPF contributions, no amounts have been set aside or accrued by our Company or subsidiaries to provide pension, retirement or similar benefits for any of our employees.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

EMPLOYEES

As at 31 December 2009, we have a workforce of 1,342 full-time employees. We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary employees. We utilise subcontract labour for our new building, conversion and repair projects in order to have flexibility in managing our costs (in view of variations in the projects in progress).

Our employees are not unionised. There has not been any incidence of work stoppages or labour disputes that affected our operations. Accordingly, we consider our relationship with our employees to be good.

The functional and geographical distribution of our employees as at the end of each of the periods under review is as follows:

Function	← Number of employees as at →		
	31 December 2007	31 December 2008	31 December 2009
Management ⁽¹⁾	7	7	7
Finance and administration	34	40	40
Business development	3	3	3
Production ⁽²⁾	1,378	1,367	1,292
Total	1,422	1,417	1,342

Geographical			
Singapore	1,354	1,332	1,280
Thailand	68	85	62
Total	1,422	1,417	1,342

Notes:-

- (1) Executive Directors and Executive Officers are classified under Management.
- (2) Includes our engineers, draughtsmen, quality assurance and safety assessment teams.

None of our employees are members of any labour unions. The relationship and co-operation between our management and staff is good. There has not been any incidence of work stoppages or labour disputes affecting our operations.

SERVICE AGREEMENTS

Our Company entered into respective Service Agreements with our Executive Directors, Ken Low Chee Wee and Christopher Low Chee Leng (each an "Appointee") on 1 February 2010.

The Service Agreements took effect from 1 February 2010 (the "Commencement Date") and shall continue for an initial period of three years ("Initial Term"). Subsequently, the Service Agreements are automatically renewed annually unless either party gives notice of its intention to terminate in the manner set out below. After the Initial Term, the Service Agreements may be terminated by either party giving the other party not less than six months' notice in writing or an amount equal to six months' salary in lieu of notice. During the Initial Term, either party may only terminate the Service Agreements by giving to the other party not less than 12 months' notice or an amount equal to 12 months' salary in lieu of notice.

The Service Agreements provided for, among other things, the salary payable to the Appointees, annual leave, medical benefits, grounds of termination and certain restrictive covenants (including non-compete obligation). Under the terms of the respective Service Agreements, Ken Low Chee Wee is entitled to receive a monthly salary of S\$25,000 and Christopher Low Chee Leng is entitled to receive a monthly

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

salary of S\$28,000. They will each be entitled to receive a fixed annual wage supplement of one month's salary and an annual variable bonus of up to three months' salary in addition to the performance bonus described below.

Each Appointee will also be paid an incentive bonus based on our PBT, provided that our PBT exceeds S\$6.0 million for the financial year. For this purpose, "PBT" means our Group's audited consolidated profit before tax before payment of the performance bonus, excluding any gains earned from extraordinary items and after minority interests of our Group for the relevant financial year. The amount of performance bonus that each Appointee will receive in each financial year will be determined as follows:

PBT	Performance bonus	
	Christopher Low Chee Leng	Ken Low Chee Wee
Where PBT is S\$6.0 million or less	Nil	Nil
Where PBT is above S\$6.0 million and up to S\$9.0 million	4.0% of PBT in excess of S\$6.0 million	3.0% of PBT in excess of S\$6.0 million
Where PBT is above S\$9.0 million	5.0% of PBT in excess of S\$9.0 million	4.0% of PBT in excess of S\$9.0 million

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Company and any of our Directors, Executive Officers or employees.

All reasonable travelling, hotel, entertainment and such other out-of-pocket expenses incurred by the Appointees in the discharge of their duties will be borne by our Company.

Each of the Service Agreements may be terminated by our Company by summary notice upon the occurrence of certain events, such as criminal conviction, grave misconduct or bankruptcy involving the relevant Appointee. None of the Appointees will be entitled to any benefit upon termination of his Service Agreement.

Under the Service Agreements, the remuneration of the Appointees is subject to annual review by the Remuneration Committee.

Subject to the approvals of the Shareholders of our Company, the SGX-ST and other regulatory authorities, where necessary, Ken Low Chee Wee and Christopher Low Chee Leng shall be eligible to participate in any other employee scheme or plan implemented by our Company on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

Had the Service Agreements mentioned above been in place with effect from 1 January 2009, the aggregate remuneration (including CPF contributions and other benefits, if any) paid or provided to the Appointees for FY2009 would have been approximately S\$0.8 million instead of S\$0.3 million and our audited PBT for FY2009 would have been approximately S\$8.6 million instead of S\$9.1 million.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiaries with any of our Directors or Executive Officers.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders, and will endeavour to comply with the recommendations set out in the Code of Corporate Governance. Accordingly, our Directors have established an Audit Committee, a Remuneration Committee and a Nominating Committee.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in the section entitled “Summary of Articles of Association of our Company” in Appendix B of this Offer Document.

Nominating Committee

Our Nominating Committee comprises Wee Siew Kim, Tan Swee Ling and Jens Rasmussen. The Chairman of the Nominating Committee is Wee Siew Kim.

Our Nominating Committee will be responsible for:

- (a) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Director’s contribution and performance;
- (b) determining on an annual basis 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) reviewing and approving any new employment of related persons and the proposed terms of their employment.

Our Nominating Committee will decide how the Board’s performance is to be evaluated and will propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term Shareholder value. The Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of our Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as a Director.

Remuneration Committee

Our Remuneration Committee comprises Wee Siew Kim, Tan Swee Ling and Jens Rasmussen. The Chairman of the Remuneration Committee is Tan Swee Ling.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for 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, the Options to be issued under the ESOS, the Awards to be granted under the Performance Share Plan and other benefits-in-kind shall be covered by our Remuneration Committee.

In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and/or Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

The Remuneration Committee will also review the terms of Low Chye Hin’s consultancy arrangement with our Company on a yearly basis. Please refer to the sections entitled “Interested Person Transactions – Other Transactions and Interests” and “Potential Conflicts of Interests” for further details.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Audit Committee

Our Audit Committee comprises Wee Siew Kim, Tan Swee Ling and Jens Rasmussen. The Chairman of the Audit Committee is Tan Swee Ling.

Our Non-Executive Chairman, Independent Director and Non-Executive Director do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

Our Audit Committee will meet periodically to perform the following functions:

- (a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;
- (b) review with the internal auditors the internal audit plan and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report;
- (c) review the quarterly (if applicable), half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory / regulatory requirements;
- (d) review the internal control procedures and ensure coordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review and discuss with external and internal auditors (if any), any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our operating results or financial position, and our management's response;
- (f) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external auditors;
- (g) review transactions falling within the scope of Chapter 9 of the Listing Manual;
- (h) review potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- (i) conduct periodic review of foreign exchange transactions and hedging policies (if any) undertaken by our Group;
- (j) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (k) generally, to 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.

Apart from the duties listed above, our 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 suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Our Company will appoint a compliance advisor to provide advice as to the laws, rules and regulations of Singapore within three months of our Company's admission to Catalist for a period of two years after which the Audit Committee will review and assess, on an annual basis, if it is necessary for our Company to continue with such engagement or to appoint a full-time compliance officer. The compliance advisor or officer shall have direct access to the Audit Committee.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Our Audit Committee, after having:

- (a) conducted an interview with Chuah Keng Len Alice;
- (b) considered the qualifications and past working experiences of Chuah Keng Len Alice, including her eight-year stint with our Group (as described in the section entitled "Directors, Executive Officers and Staff – Executive Officers" of this Offer Document);
- (c) observed Chuah Keng Len Alice's abilities, familiarity and diligence in relation to the financial matters and information of our Group; and
- (d) noted the absence of negative feedback on Chuah Keng Len Alice from Deloitte & Touche LLP, our Group's Auditors and Reporting Accountants,

is of the view that Chuah Keng Len Alice is suitable for the position of CFO of our Group.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, CEO or Controlling Shareholders of our Company or the Associates of such Directors, CEO or Controlling Shareholders) would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual and the fourth schedule of the SFR. This section sets out details of interested person transactions for the last three financial years ended 31 December 2009 and for the period commencing from 1 January 2010 up to the Latest Practicable Date (the “Relevant Period”).

Save as disclosed below and in the sections entitled “General Information on Our Group – Restructuring Exercise” and “History” of this Offer Document, our Group does not have any other material transactions with any of its interested persons during the Relevant Period.

INTERESTED PERSONS

The following persons or companies are considered “interested persons” or related persons for the purposes of this section and the section entitled “Potential Conflicts of Interests” of this Offer Document.

Interested Persons	Relationship with our Group
Individuals	
Christopher Low Chee Leng	Our CEO and Controlling Shareholder. He is Ken Low Chee Wee’s brother and Eddy Neo Chiang Swee’s cousin. As at the date of this Offer Document, Christopher Low Chee Leng owns approximately 25.0% of the pre-Placement share capital of our Company.
Eddy Neo Chiang Swee	Our Executive Director. He is Ken Low Chee Wee and Christopher Low Chee Leng’s cousin. As at the date of this Offer Document, Eddy Neo Chiang Swee owns approximately 5.0% of the pre-Placement share capital of our Company.
Ken Low Chee Wee	Our Executive Director and Controlling Shareholder. He is Christopher Low Chee Leng’s brother and Eddy Neo Chiang Swee’s cousin. As at the date of this Offer Document, Ken Low Chee Wee owns approximately 25.0% of the pre-Placement share capital of our Company.
Leow Mei Lee	The mother of our Executive Director, Eddy Neo Chiang Swee. As at the date of this Offer Document, Leow Mei Lee owns approximately 3.0% of the pre-Placement share capital of our Company.
Low Chye Hin	The father of our Executive Directors, Ken Low Chee Wee and Christopher Low Chee Leng. He was the founder of our Group but does not own any shares in our Company or any active involvement in the day-to-day operations of our Group since 1 May 2010.
Neo Peck Keow @ Ng Siang Keng	The mother of our Executive Directors, Ken Low Chee Wee and Christopher Low Chee Leng. As at the date of this Offer Document, Neo Peck Keow @ Ng Siang Keng owns approximately 33.4% of the pre-Placement share capital of our Company.
Teresa Ng Mui Hoon	The spouse of our CEO, Christopher Low Chee Leng.

INTERESTED PERSON TRANSACTIONS

Interested Persons	Relationship with our Group
Companies	
ES Automation	<p>Christopher Low Chee Leng and Eddy Neo Chiang Swee were the directors and shareholders of ES Automation and they collectively owned 59.0% of the issued share capital of ES Automation until 11 December 2009. The other 41.0% of the issued share capital of ES Automation was owned by third parties unrelated to our Directors, Controlling Shareholders or their Associates.</p> <p>ES Automation, a company incorporated in Singapore, is principally engaged in the business of providing marine engineering services.</p> <p>As at the Latest Practicable Date, Christopher Low Chee Leng and Eddy Neo Chiang Swee are not directors and do not own any shares in the issued share capital of ES Automation, after having disposed of their interests in ES Automation in December 2009. Since then, Low Chye Huek (Ken Low Chee Wee's and Christopher Low Chee Leng's uncle) has owned 100.0% of the issued share capital of ES Automation.</p>
Hin Soon Marine	<p>Christopher Low Chee Leng and Leow Mei Lee were the directors and shareholders of Hin Soon Marine and they collectively owned 50.0% of the issued share capital of Hin Soon Marine until 6 August 2009. The other 50.0% of the issued share capital of Hin Soon Marine was owned by third parties unrelated to our Directors, Controlling Shareholders or their Associates.</p> <p>Hin Soon Marine, a company incorporated in Singapore, is principally engaged in the building and repair of ships, tankers and other ocean-going vessels.</p> <p>As at the Latest Practicable Date, Christopher Low Chee Leng and Leow Mei Lee are not directors and do not own any shares in the issued share capital of Hin Soon Marine, after having disposed of their interests in Hin Soon Marine in August 2009.</p>
Professional Coating	<p>Christopher Low Chee Leng and Eddy Neo Chiang Swee were the directors and shareholders of Professional Coating and they collectively owned 50.0% of the issued share capital of Professional Coating until 17 November 2009. The other 50.0% of the issued share capital of Professional Coating was owned by third parties unrelated to our Directors, Controlling Shareholders or their Associates.</p> <p>Professional Coating, a company incorporated in Singapore, is principally engaged in the business of blasting and paint coating and the repair of ships, tankers and other ocean-going vessels.</p> <p>As at the Latest Practicable Date, Christopher Low Chee Leng and Eddy Neo Chiang Swee are not directors and do not own any shares in the issued share capital of Professional Coating after having disposed of their interests in Professional Coating in November 2009.</p>

INTERESTED PERSON TRANSACTIONS

Interested Persons	Relationship with our Group
REN Supplies	<p>Eddy Neo Chiang Swee is a director and shareholder of REN Supplies, a company incorporated in Singapore that is principally engaged in the business of providing business management and consultancy services for scuba related businesses.</p> <p>As at the Latest Practicable Date, Eddy Neo Chiang Swee owns 32.0% of the issued share capital of REN Supplies. The other 68.0% of the issued share capital of REN Supplies is owned by third parties unrelated to our Directors, Controlling Shareholders or their Associates.</p>
SSL	<p>Christopher Low Chee Leng and Low Chye Hin were the directors and shareholders of SSL and they each owned 15.0% of the issued share capital of SSL until December 2009 and January 2010, respectively. The other 70.0% of the issued share capital of SSL was owned by Serm Tantasatien (a distant relative of Christopher Low Chee Leng and Low Chye Hin) and third parties unrelated to our Directors, Controlling Shareholders or their Associates.</p> <p>SSL, a company incorporated in Thailand, is principally engaged in the business of providing fabrication services for ship repairs.</p> <p>As at the Latest Practicable Date, Christopher Low Chee Leng and Low Chye Hin are not directors and do not own any shares in the issued share capital of SSL after having disposed of their interests in SSL in December 2009 and January 2010, respectively.</p>
Universal Shipbuilding	<p>Christopher Low Chee Leng and Eddy Neo Chiang Swee are the directors and shareholders of Universal Shipbuilding and they collectively own 100.0% of the issued share capital of Universal Shipbuilding as at the Latest Practicable Date.</p> <p>Universal Shipbuilding, a company incorporated in Singapore, was principally engaged in the business of building and repairing ships, marine engineering work and the provision of labour supply. Universal Shipbuilding is currently dormant, after having ceased operations in October 2009.</p> <p>Universal Shipbuilding is gazetted for striking off and will be struck off the register three months from 11 May 2010 (unless cause to the contrary is shown that the company is carrying on business).</p>

INTERESTED PERSON TRANSACTIONS

PAST INTERESTED PERSON TRANSACTIONS

Loans and advances to and from interested persons

Loans and advances to our Group from interested persons

There have been amounts due to certain interested persons listed below arising from directors' fees in respect of FY2006 and FY2008 not collected by them. These amounts were converted to advances extended by the respective interested persons for our working capital purposes. These advances were made on a preferential basis as they were interest-free, unsecured and had no fixed terms of repayment. The amounts owing from our Group to these interested persons during the Relevant Period were as follows:

Amounts owing to:	← As at 31 December →			As at the Latest Practicable Date
	2007 (S\$'000)	2008 (S\$'000)	2009 (S\$'000)	
Leow Mei Lee	139	327	–	–
Teresa Ng Mui Hoon	–	31	–	–
Neo Peck Keow @ Ng Siang Keng	–	2	–	–

During the Relevant Period, the largest amounts owed by our Group to each of these interested persons, based on month-end balances of such amounts, were as follows:

Amounts owing to:	(S\$'000)
Neo Peck Keow @ Ng Siang Keng	1,276
Leow Mei Lee	327
Teresa Ng Mui Hoon	177

As at the Latest Practicable Date, all the aforesaid amounts owing have been repaid by our Group to each of the above interested persons. After our admission to Catalist, we have no intention of obtaining further loans and advances from any interested persons.

INTERESTED PERSON TRANSACTIONS

Loans and advances from our Group to interested persons

We had in the past granted loans and advances to certain interested persons listed below for their personal needs. These advances were made on a preferential basis as they were interest-free, unsecured and had no fixed terms of repayment. The amounts owing to our Group by the relevant interested persons during the Relevant Period were as follows:

Amounts owing from:	← As at 31 December →			As at the Latest Practicable Date
	2007 (S\$'000)	2008 (S\$'000)	2009 (S\$'000)	
Neo Peck Keow @ Ng Siang Keng	166	–	–	–
Teresa Ng Mui Hoon	33	–	–	–
Leow Mei Lee	–	–	–	–

The amounts owing from Leow Mei Lee were repaid before the end of each relevant financial year. Therefore, there were no amounts owing from Leow Mei Lee as at the end of each of the periods under review and as at the Latest Practicable Date.

During the Relevant Period, the largest amounts owed to our Group by each of these interested persons, based on month-end balances of such amounts, were as follows:

Amounts owing from:	(S\$'000)
Teresa Ng Mui Hoon	2,508
Neo Peck Keow @ Ng Siang Keng	1,848
Leow Mei Lee	508

As at the Latest Practicable Date, all the aforesaid amounts owing have been repaid to our Group by each of the interested persons. After our admission to Catalist, we have no intention of granting such loans and advances to any interested persons.

Transactions with SSL

ES Thailand had previously subcontracted certain steelworks and sold consumables to SSL. These transactions were entered into at arm's length. The award of contracts to SSL was made after obtaining at least one other comparative quotation from third party subcontractors in Thailand and that SSL's quotation was comparable to the ones provided by these third party subcontractors.

During the Relevant Period, the amounts transacted at the end of each financial year were as follows:

	FY2007 (S\$'000)	FY2008 (S\$'000)	FY2009 (S\$'000)	1 January 2010 to the Latest Practicable Date (S\$'000)
Sale of consumables to SSL	22	159	125	–
Subcontractor services provided by SSL	199	1,389	1,494	–
Sale of freehold land to SSL	–	–	–	140
Discount for subcontractor services provided by SSL	–	–	–	111

On 8 March 2010, ES Thailand entered into a sale and purchase agreement for the sale of the property known as Land No. 63, Tambon Nahukwang, Amphur Thapsakae, Prachupkirikhan to SSL for a cash consideration of THB 3.3 million. The purchase consideration was arrived at on a willing-buyer-willing-seller basis. The land was sold as ES Thailand was regarded as a foreign company with effect from March 2009 and was required to comply with certain restrictions on foreign ownership of land imposed under the laws of Thailand. The cash consideration was fully settled in June 2010.

None of our Directors, Controlling Shareholders or their Associates, own any shares in the issued and paid-up share capital of SSL. As such, any subsequent transactions between our Group and SSL will not be interested person transactions. Notwithstanding the foregoing, the Audit Committee shall review future transactions with SSL (if any) from time to time.

INTERESTED PERSON TRANSACTIONS

Other past interested person transactions

Company name	FY2007 (S\$'000)	FY2008 (S\$'000)	FY2009 (S\$'000)	1 January 2010 to the Latest Practicable Date (S\$'000)	Nature of transaction	As at the Latest Practicable Date
ES Automation	–	24	12	–	In FY2008 and FY2009, Eng Soon Investment supplied labour, manpower and rental services to ES Automation. The transactions were entered into on an arm's length basis.	None of our Directors, Controlling Shareholders or their Associates, own any shares in the issued and paid-up share capital of ES Automation. As such, any subsequent transactions between our Group and ES Automation will not be interested person transactions.
	–	2	–	–	In FY2008, ES Offshore provided steelwork fabrication services to ES Automation. The transactions were entered into on an arm's length basis.	
Hin Soon Marine	1	–	–	–	In FY2007, Eng Soon Investment made payments for and on behalf of Hin Soon Marine for advertisements taken out in newspaper publications. Eng Soon Investment did not charge any fees or commissions for, or derive any benefits from rendering such services to Hin Soon Marine. As such, the transactions were not entered into on an arm's length basis.	None of our Directors, Controlling Shareholders or their Associates, own any shares in the issued and paid-up share capital of Hin Soon Marine. As such, any subsequent transactions between our Group and Hin Soon Marine will not be interested person transactions.
	11	7	–	–	In FY2007 and FY2008, Hin Soon Marine supplied labour and manpower services to Wang Fatt. The transactions were entered into on an arm's length basis.	
	–	–	1	–	In FY2009, Hin Soon Marine supplied transportation services to Eng Soon Investment. The transactions were entered into on an arm's length basis.	

INTERESTED PERSON TRANSACTIONS

Company name	FY2007 (S\$'000)	FY2008 (S\$'000)	FY2009 (S\$'000)	1 January 2010 to the Latest Practicable Date (S\$'000)	Nature of transaction	As at the Latest Practicable Date
Professional Coating	1	–	–	–	In FY2007, Eng Soon Investment made payments for and on behalf of Professional Coating for certain advertisements taken out in newspaper publications. Eng Soon Investment did not charge any fees or commissions for, or derive any benefits from rendering such services to Professional Coating. As such, the transactions were not entered into on an arm's length basis.	None of our Directors, Controlling Shareholders or their Associates, own any shares in the issued and paid-up share capital of Professional Coating. As such, any subsequent transactions between our Group and Professional Coating will not be interested person transactions.
	1	–	–	–	In FY2007, Eng Soon Investment made interest payments to Professional Coating for loans it received from Professional Coating prior to FY2007 for Eng Soon Investment's working capital purposes. The transactions were not entered into on an arm's length basis.	
	15	–	2	–	In FY2007 and FY2009, Wang Fatt supplied labour and manpower services to Professional Coating. The transactions were entered into on an arm's length basis.	
	–	3	31	–	In FY2007 and FY2009, Professional Coating supplied labour, manpower and rental services to Wang Fatt and ES Offshore. The transactions were entered into on an arm's length basis.	

INTERESTED PERSON TRANSACTIONS

Company name	FY2007 (S\$'000)	FY2008 (S\$'000)	FY2009 (S\$'000)	1 January 2010 to the Latest Practicable Date (S\$'000)	Nature of transaction	As at the Latest Practicable Date
REN Supplies	–	–	3	–	In FY2009, REN Supplies provided travel agency services to Eng Soon Investment. The transactions were entered into on an arm's length basis.	We have no intention of entering into transactions with REN Supplies in the future.
Universal Shipbuilding	8	16	–	–	In FY2007 and FY2008, Universal Shipbuilding supplied labour and manpower services to Eng Soon Investment, ES Offshore and Wang Fatt. In FY2007 and FY2008, Universal Shipbuilding charged Eng Soon Investment management fees for services rendered.	Universal Shipbuilding is gazetted for striking off and will be struck off the register three months from 11 May 2010.

INTERESTED PERSON TRANSACTIONS

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Provision of guarantees and/or indemnities by interested persons

As at the Latest Practicable Date, certain of our Directors and Substantial Shareholders had provided guarantees and/or indemnities to secure our Group's obligations under certain credit facilities, details of which are set out below:

Financial institution	Facilities	Facilities for use by	Guarantees and/or indemnities provided by	Amount guaranteed (approximately)	Amount outstanding as at the Latest Practicable Date (approximately)
Hong Leong Finance Limited	Hire-purchase facility	Wang Fatt	Christopher Low Chee Leng	S\$55,600	S\$47,100
HSBC	Factoring loan	Wang Fatt	Christopher Low Chee Leng, Neo Peck Keow @ Ng Siang Keng and Leow Mei Lee	S\$2,500,000	S\$2,500,000
Index Credit Pte Ltd	Hire-purchase facility	Eng Soon Investment	Leow Mei Lee	S\$21,000	S\$1,700
Maybank	Hire-purchase facility	Eng Soon Investment	Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng	S\$94,100	S\$19,500
Maybank	Hire-purchase facility	Wang Fatt	Christopher Low Chee Leng	S\$65,800	S\$55,400
Mercedes Benz Financial Singapore Ltd	Hire-purchase facility	Eng Soon Investment	Leow Mei Lee, Neo Peck Keow @ Ng Siang Keng, and Teresa Ng Mui Hoon	S\$50,900	S\$20,700
Mercedes Benz Financial Singapore Ltd	Hire-purchase facility	Wang Fatt	Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng	S\$40,900	S\$20,700
OCBC	Hire-purchase facility	ES Offshore	Eddy Neo Chiang Swee	S\$64,600	S\$39,400
Orix Capital Limited	Hire-purchase facility	Eng Soon Investment	Neo Peck Keow @ Ng Siang Keng	S\$15,700	S\$3,100
UOB	Three-year bridging loan under the SPRING Singapore Local Enterprise Finance Scheme	Eng Soon Investment	Low Chye Hin, Teresa Ng Mui Hoon, Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng	S\$2,000,000	S\$1,555,600

INTERESTED PERSON TRANSACTIONS

Financial institution	Facilities	Facilities for use by	Guarantees and/or indemnities provided by	Amount guaranteed (approximately)	Amount outstanding as at the Latest Practicable Date (approximately)
UOB	Overdraft, term loans, performance guarantee, trust receipts and letter of credit facilities	Eng Soon Investment	Low Chye Hin, Teresa Ng Mui Hoon and Leow Mei Lee	S\$7,959,000	S\$2,491,400
UOB	Hire-purchase facility	Eng Soon Investment	Neo Peck Keow @ Ng Siang Keng	S\$117,700	S\$62,800
UOB	Revolving short-term loan facility	ES Offshore	Christopher Low Chee Leng and Eddy Neo Chiang Swee	S\$300,000	S\$300,000
UOB	Overdraft facility, term loan and performance guarantee facility	Wang Fatt	Christopher Low Chee Leng and Low Chye Hin	S\$1,210,000	S\$389,900
UOB Thailand	Overdraft and term loan facilities	ES Thailand	Ken Low Chee Wee, Christopher Low Chee Leng, Serm Tantasatien and Low Chye Hin	Baht 65,000,000	–

The largest aggregate outstanding amount guaranteed and secured during the Relevant Period, based on month-end balances, was S\$7.5 million. The interest rate applicable to our above facilities ranges from 2.50% to 6.25% per annum.

The above arrangements were beneficial to our Group, but as no fee was paid to the above guarantors for the provision of the guarantees and/or indemnities, the arrangements were not conducted at arm's length.

Following the admission of our Company to Catalyst, we intend to request for the discharge of the above personal guarantees and/or indemnities by the individual guarantors and replace them with corporate guarantees and/or indemnities provided by our Group. Our Directors do not expect any material change in the terms and conditions of the relevant credit facilities arising from the discharge of the personal guarantees and/or indemnities. Nevertheless, each of the above guarantors has given an undertaking that in the event that the relevant financial institution does not agree to the release of his personal guarantees and/or indemnities or to provide financing on comparable or better terms, he will not withdraw or revoke such guarantees and/or indemnities and that such guarantees and/or indemnities will remain in full force and effect. Each of them has further confirmed that he will not receive any consideration (monetary or otherwise) for the provision of the above guarantees and/or indemnities in the future.

INTERESTED PERSON TRANSACTIONS

Provision of indemnities by interested persons for security bonds for foreign workers

During the Relevant Period, our Group obtained security bonds from certain insurance companies for foreign workers employed by our Group. The insurance companies provided these security bonds to the MOM. In return for these security bonds, our Directors and their Associates provided indemnities to the insurance companies.

Under their indemnities, our Directors and their Associates agreed to indemnify the insurance companies against all claims, payments, demands, actions, suits, proceedings, losses, liabilities, costs and expenses arising from or in connections with the issuance of the security bonds. Details are set out below:

Insurance Company	Beneficiary of security bond	Indemnities provided by
China Taiping Insurance	Eng Soon (1999)	Low Chye Hin and Leow Mei Lee
China Taiping Insurance	Eng Soon Investment	Teresa Ng Mui Hoon, Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng
China Taiping Insurance	Eng Soon Marine	Christopher Low Chee Leng, Eddy Neo Chiang Swee and Leow Mei Lee
China Taiping Insurance	ES Offshore	Christopher Low Chee Leng and Eddy Neo Chiang Swee
China Taiping Insurance	Wang Fatt	Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng
Liberty Insurance	Eng Soon (1999)	Low Chye Hin and Leow Mei Lee
Liberty Insurance	Eng Soon Investment	Teresa Ng Mui Hoon, Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng
Liberty Insurance	Wang Fatt	Leow Mei Lee and Neo Peck Keow @ Ng Siang Keng

These indemnities were not provided on an arm's length basis as the abovementioned persons did not receive any interest or other benefits from doing so. Our Group, however, benefited from the security bonds provided by these insurance companies.

	← As at 31 December →			As at the Latest Practicable Date
	2007 (S\$'000)	2008 (S\$'000)	2009 (S\$'000)	
Total amount of security bonds from China Taiping Insurance provided to our Group	2,940	3,985	5,055	5,625
Total amount of security bonds from Liberty Insurance provided to our Group	1,680	1,865	565	440

The largest aggregate outstanding amount indemnified by the abovenamed interested persons during the Relevant Period was S\$6.1 million. The total amount indemnified under the security bonds increased as more foreign workers were hired to cater to our growing business.

The above interested persons have agreed to continue providing the indemnities subsequent to the Placement; they have agreed to do so until such time the employment of the relevant foreign worker(s) is terminated, or if the insurance companies agree to adjust the terms of the security bonds in a manner acceptable to our Group.

INTERESTED PERSON TRANSACTIONS

Consultancy Agreement with Low Chye Hin

Our Company entered into a consultancy agreement with Low Chye Hin dated 30 April 2010 (“Consultancy Agreement”), pursuant to which Low Chye Hin was retained as a consultant to our Company in respect of the marketing and operational aspects of our business, in order to take advantage of his established network of contacts in the business, which may be useful to our Company from time to time. Under the terms of the Consultancy Agreement, our Company shall pay a monthly fee of S\$15,000 to Low Chye Hin, whose engagement commenced on 1 May 2010 and terminates on 30 April 2013, upon which the Consultancy Agreement shall automatically be extended by one year unless either party gives notice otherwise.

Our Directors are of the view that the above agreement was not entered into at arm’s length but was beneficial to the interests of our Company.

Upon admission of our Company to Catalist, the Consultancy Agreement will be reviewed by the Remuneration Committee and considered by the Board on a yearly basis. It is envisaged that, upon expiry of the Consultancy Agreement, we may continue to engage the services of Low Chye Hin in the future as and when the need arises. In the event that such need is contemplated, we will comply with the procedures set out under the section entitled “Interested Person Transactions – Guidelines and Review Procedures for Future Interested Person Transactions” of this Offer Document.

OTHER TRANSACTIONS AND INTERESTS

We set forth below transactions involving persons connected to our Group but which do not fall within the ambit of the definition of an “interested person” under Chapter 9 of the Listing Manual and the fourth schedule of the SFR.

Transactions with Tongbao Singapore (Shipping) Pte Ltd (“Tongbao”)

Tongbao, a company incorporated in Singapore, is principally engaged in ship chartering. Tongbao currently owns one tugboat and one 4,500 deadweight tonnes cargo vessel.

Low Chye Hin was a shareholder of Tongbao during the Relevant Period, and held 20.0% of the issued and paid-up share capital of Tongbao. He ceased being a shareholder of Tongbao on 6 November 2009. The other 80.0% of the issued share capital of Tongbao was owned by third parties unrelated to our Directors, Controlling Shareholders and their Associates.

During the Relevant Period, transactions between ES Thailand and Tongbao were as follows:

	FY2007 (S\$'000)	FY2008 (S\$'000)	FY2009 (S\$'000)	1 January 2010 to the Latest Practicable Date (S\$'000)
Payments for and on behalf of Tongbao by ES Thailand	–	–	4	–
Ship building services provided by ES Thailand to Tongbao	2	1,495	1,045	–

The above transactions were not entered into at arm’s length. We have no intention of entering into similar transactions with Tongbao in the future. As at the Latest Practicable Date, none of our Directors, Controlling Shareholders or their Associates, own any shares in the issued and paid-up share capital of Tongbao.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

In respect of all interested person transactions, we will implement the following review procedures:

- (i) in relation to any purchase of products or procurement of services from interested persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties;
- (ii) in relation to any sale of products or provision of services to interested persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties;
- (iii) when renting property from or to interested persons, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of properties of similar location and size, or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where appropriate). The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries; and
- (iv) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an interested person, the interested person transaction will be approved by either our Group's Non-Executive Chairman, CEO or CFO, who has no interest in the transaction, in accordance with our usual business practices and policies. In determining the transaction price payable to the interested person for such products and/or services, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

In addition, we shall monitor all interested person transactions entered into by us by categorising the transactions as follows:

- (a) a "category one" interested person transaction is one where the value thereof is in excess of 3% of the NTA of our Group; and
- (b) a "category two" interested person transaction is one where the value thereof is below or equal to 3% of the NTA of our Group.

"Category one" interested person transactions must be reviewed and approved by our Audit Committee prior to entry. "Category two" interested person transactions must be approved by either our Non-Executive Chairman, our Independent Director or our Non-Executive Director and must be reviewed on a half-yearly basis by our Audit Committee. In its review, our Audit Committee will ensure that all future interested person transactions are conducted on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders.

In respect of all interested person transactions, we shall adopt the following policies:

- (a) in the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from deliberating, reviewing and/or approving that particular transaction;
- (b) we shall maintain a register to record all interested person transactions which are entered into by our Group, including any quotations obtained from unrelated parties to support the terms of the interested person transactions;
- (c) we shall incorporate into our internal audit plan a review of all interested person transactions entered into by our Group; and

INTERESTED PERSON TRANSACTIONS

- (d) our Audit Committee shall review the internal audit reports at least half-yearly to ensure that all interested person transactions are carried out on an arm's length basis and in accordance with the procedures outlined above. Furthermore, if during these periodic reviews, our Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that the interests of minority Shareholders are not prejudiced, we will adopt new guidelines and procedures. Our Audit Committee may request for an independent financial adviser's opinion as it deems fit.

We shall ensure that all interested person transactions comply with the provisions in Chapter 9 of the Listing Manual, and if required, we will seek independent Shareholders' approval for such transactions. In accordance with Rule 919 of the Listing Manual, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. In addition, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the Shareholder(s).

Our Board of Directors will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with. We will disclose in our annual report the aggregate value of interested person transactions during the financial year.

POTENTIAL CONFLICTS OF INTERESTS

Generally, a conflict of interests arises when any of our Directors, Controlling Shareholders or their Associates is carrying on the same business or dealing in similar products as our Group. The potential conflicts of interest are set out herewith. Our Directors are of the view that adequate safeguards and measures to prevent the occurrence of any potential conflicts of interests have been established.

Shenzhen Ying Shun and Da Lian Ying Shun

Ken Low Chee Wee is the sole director, shareholder and legal representative of Ying Shun Wang Fa Marine Technology Development (Shenzhen) Pte. Ltd. ("Shenzhen Ying Shun"), a wholly foreign-owned enterprise incorporated in the PRC on 30 August 2005, with a registered and paid-up capital of US\$150,000. Shenzhen Ying Shun is currently dormant but was previously in the business of providing steelworks and repair services to shipyards in Shenzhen, the PRC.

Ken Low Chee Wee is also the sole director, shareholder and legal representative of Da Lian Yingshun Marine Technology Consultancy Pte. Ltd. ("Da Lian Ying Shun"), a wholly foreign-owned enterprise incorporated in the PRC on 8 July 2008, with a registered and paid-up capital of US\$150,000. Da Lian Ying Shun was previously dormant from the date of incorporation to April 2010 and is currently in the business of providing design engineering services to a shipyard in Da Lian, the PRC.

To mitigate any conflicts of interests that may arise between our Group and either of Shenzhen Ying Shun and Da Lian Ying Shun, Ken Low Chee Wee entered into a deed of undertaking with our Company, pursuant to which Ken Low Chee Wee undertook that each of Shenzhen Ying Shun and Da Lian Ying Shun:

- (i) shall not, and shall procure that its subsidiaries and associated companies (whether present or future) will not, carry on business that is directly or indirectly in competition with the business of our Group;
- (ii) shall not, and shall procure that its subsidiaries and associated companies (whether present or future) will not, have any interest in or provide any financial assistance to any other person to carry on business or other activity that will directly or indirectly compete with our Group;
- (iii) shall not, and shall procure that its subsidiaries and associated companies (whether present or future) shall not, solicit or entice away or attempt to solicit or entice away from our Group the custom of any person, firm, company or organisation who shall at the date of the deed has been a customer, client, agent or correspondent of our Group or in the habit of dealing with our Group;
- (iv) shall not, and shall procure that its subsidiaries and associated companies (whether present or future) shall not, solicit or entice away or attempt to solicit or entice away from our Group any person who is an officer, manager or employee of our Group whether or not such person would commit a breach of his contract of employment by reason of leaving such employment;
- (v) shall not counsel or procure or otherwise assist any person to do any of the acts referred to in (ii), (iii) and (iv) above;
- (vi) shall not interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between our Group and any of our Group's suppliers or customers; and
- (vii) shall confirm our Company, on a quarterly basis, that it and its subsidiaries and associated companies (whether present or future) have not, directly or indirectly, carried on any business that is directly or indirectly in competition with the business of our Group.

Ken Low Chee Wee has also further undertaken that, for so long as our Company's shares are listed on either Catalist or the Main Board of the SGX-ST and he remains as a Director (or a director of any our Company's subsidiaries) and/or a Substantial Shareholder and/or Executive Officer, to offer to our Company the right of first refusal to acquire his entire shareholding interest in Shenzhen Ying Shun or (as the case may be) Da Lian Ying Shun, at such price to be determined by any one of (a) an internationally recognised accounting firm; (b) an international management consultant; or (c) an international investment bank, in the event that:

POTENTIAL CONFLICTS OF INTERESTS

- (i) a conflict of interest occurs;
- (ii) our Group decides to expand its business into Shenzhen or Da Lian, the PRC; or
- (iii) he decides to dispose of his shareholding interest in either of Shenzhen Ying Shun or Da Lian Ying Shun.

Beng Kuang Marine Limited

Beng Kuang Marine Limited is a company listed on the SGX-ST of which Chua Wui Wui, the spouse of our Executive Director, Eddy Neo Chiang Swee, is a shareholder and an executive officer (business development manager). Beng Kuang Marine Limited operates in a similar industry as our Group, being primarily in the business of providing corrosion prevention services and infrastructure engineering services and the supply and distribution of hardware equipment and tools, mainly to the marine and oil and gas industries. Nexus Sealand Trading Pte Ltd, a subsidiary of Beng Kuang Marine Limited, is a major supplier of our Group. Please refer to the section entitled “Business – Major Suppliers” of this Offer Document for further information on the transactions between Nexus Sealand Trading Pte Ltd and our Group.

Eddy Neo Chiang Swee has undertaken not to divulge or communicate to any person any information which our Company owns or is licensed to use and which it is entitled to protect against unrestricted disclosure to others, which (i) if in written or other tangible form, or if stored or maintained in a permanent or printed record in whatever form, is designated as confidential; or if disclosed orally, is designated to be confidential prior to such oral disclosure; or (ii) any other information of our Company which he is to identify as being confidential in nature including but not limited to trade secrets, client / customer lists, drawings, know-how, techniques, business and marketing plans, projections, arrangements and agreements with third parties and our Company, the financial affairs of our Company’s business, details of our Company’s clients and customers, and any information proprietary to such clients or customers, formulae, concepts not reduced to material form, designs, plans and models. In the event that a conflict of interests arises involving Beng Kuang Marine Limited and our Group or Eddy Neo Chiang Swee, Eddy Neo Chiang Swee shall (i) bring this to the attention of our Audit Committee; and (ii) abstain from voting on any resolutions relating to transactions arising out of this conflict.

Low Chye Hin

Low Chye Hin, the father of our Executive Directors, Ken Low Chee Wee and Christopher Low Chee Leng, and uncle of our Executive Director, Eddy Neo Chiang Swee, has interests in the following companies operating in a similar industry as our Group:

- (i) Uni-werks Marine and Engineering Pte. Ltd. (“Uni-werks”)

Low Chye Hin owns 5.0% of the issued share capital of Uni-werks, a company incorporated in Singapore engaged in ship-owning and management and provision of ship building and repair services. The remaining 95.0% of Uni-werks issued share capital is owned by third parties unrelated to our Directors, Controlling Shareholders or their Associates.

- (ii) Tong Bao Marine Pte. Ltd. (“Tong Bao Marine”)

Low Chye Hin is a director and owns 20.0% of the issued share capital of Tong Bao Marine, a company incorporated in Singapore that currently owns an anchor handling tug. The remaining 80.0% of Tong Bao Marine’s issued share capital is owned by third parties unrelated to our Directors, Controlling Shareholders or their Associates.

Low Chye Hin does not own any Shares in our Company, directly or indirectly (whether under a trust or nominee arrangement or otherwise), and does not have an executive role in the active management of our Group. As at 1 May 2010, Low Chye Hin has been retained as a consultant to our Group (“Consultant”). Pursuant to the terms of the Consultancy Agreement, Low Chye Hin:

- (a) is to keep secret and shall not use or disclose and shall use his best endeavours to prevent the use or disclosure by or to any person, firm or organization of any of our Company’s confidential information relating to the business organization, transactions, finances, technology, processes,

POTENTIAL CONFLICTS OF INTERESTS

specifications, methods, designs, formulae, technology and business activities or affairs of our Company or any of our customers and suppliers, which comes to his knowledge during his engagement. This restriction applies during and after the termination of the Consultant's engagement without any time limit; and

- (b) shall not, without the prior written consent of our Company, whether directly or indirectly, and whether alone or in conjunction with or on behalf of any other business, concern or person, and whether as principal, shareholder, director, employee, agent, consultant, partner or otherwise, whilst the Consultancy Agreement is in force and for a period of three years immediately following its termination:
 - (i) advise or undertake any work or enter into any employment or consultancy for any other person if such work, employment or consultancy relates to any products or services which are the same as, similar to or competitive with the products or services of our Company; or
 - (ii) be engaged in any business which competes with any business then carried on by our Company to which the services relate, or solicit customers from or procure orders or services from or deal with or supply services to, a customer or former customer or supplier or subcontractor of our Company with whom Low Chye Hin has had dealings at the date of termination of within one year prior thereto; or
 - (iii) solicit or entice, or endeavour to solicit or entice, away from our Company, any employee of our Company, whether or not such solicitation or enticement shall be for Low Chye Hin's own business or the business of any other person.

Our Company may terminate the Consultancy Agreement forthwith if the Consultant shall:

- (a) be in breach of any of the terms of the Consultancy Agreement and, where the breach is capable of remedy, fail to remedy such breach within 14 days after service of a written notice from our Company specifying the breach and requiring it to be remedied;
- (b) in our Company's opinion, be incompetent, commit any acts of gross or persistent misconduct and/or neglect or omit to perform any of his duties or obligations under the Consultancy Agreement;
- (c) fail or refuse after written warning from our Company to carry out the duties reasonably and properly required of him under the Consultancy Agreement;
- (d) become mentally or physically unable to perform his duties or be deceased; or
- (e) have done anything which brings or might reasonably be expected to bring our Company into disrepute or otherwise damage other contractors, employees, agents, customers, other business associates or the general public (including, but not limited to, committing an act of fraud or dishonesty whether or not connected with the provision of the Consultant's services under the Consultancy Agreement).

In order to mitigate any conflicts of interest that may occur involving his consultancy with our Company and through his involvement with either of Uni-werks or Tong Bao Marine, Low Chye Hin has undertaken that for so long as our Company's Shares are listed on either Catalist or the Main Board of the SGX-ST:

- (a) he shall not have any executive role in the management, or active involvement in the day-to-day operations, of our Group, whether as a shadow director or otherwise; and
- (b) in the event that an irreconcilable conflict of interests arises (such conflict to be decided in the absolute discretion of our Company) between Uni-werks and/or Tong Bao Marine and our Group, he shall:
 - (i) resign from his appointment as a director of Uni-werks or Tong Bao Marine (as the case may be); and

POTENTIAL CONFLICTS OF INTERESTS

- (ii) subject to existing pre-emption rights, offer to our Company the right of first refusal to acquire his shareholding interests to be disposed of, at such price to be determined by any one of (a) an internationally recognised accounting firm; (b) an international management consultant; or (c) an international investment bank.

Save as disclosed above and in the sections entitled “Interested Person Transactions”, “History” and “General Information on Our Group – Restructuring Exercise” of this Offer Document, none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any transaction to which we were or are to be a party.

Save as disclosed above, none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in:

- (a) any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group; and
- (b) any company that is our customer or supplier of goods and services.

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 Offer Document, been acquired or disposed of by or leased to our Company or any of its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of its subsidiaries.

No expert is employed on a contingent basis by our Company or any of our subsidiaries; has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

INTERESTS OF SPONSOR AND FINANCIAL ADVISERS

In the reasonable opinion of our Directors, save as disclosed below and in the section entitled “Management and Placement Arrangements” of this Offer Document, our Company does not have any material relationship with the Sponsor and the Placement Agent or any other financial adviser in relation to the Placement:

- (a) Collins Stewart is the Sponsor of the Placement;
- (b) Collins Stewart is the Placement Agent;
- (c) UOB is the Receiving Banker of the Placement;
- (d) UOB and HSBC are our principal bankers and have granted us banking facilities; and
- (e) Collins Stewart will be the continuing sponsor of our Company for an initial period of three years from the date our Company is admitted and listed on Catalist.

ENG SOON PERFORMANCE SHARE PLAN

In conjunction with our listing on the SGX-ST, we have adopted a performance share plan known as the “Eng Soon Performance Share Plan” and a share option scheme known as the “Eng Soon Employee Share Option Scheme” both of which were approved at an extraordinary general meeting of our Shareholders held on 25 June 2010. The rules of our Performance Share Plan and Share Option Scheme are set out in Appendix D and Appendix E of this Offer Document, respectively. These rules comply with the requirements set out in the Listing Manual and the Companies Act.

Both the Performance Share Plan and the Share Option Scheme will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. Both the Performance Share Plan and Share Option Scheme form an integral and important component of our compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group.

The Performance Share Plan and Share Option Scheme are designed to complement each other in our Company’s efforts to reward, retain and motivate employees to achieve better performance. The aim of implementing more than one incentive plan is to grant our Company the flexibility in tailoring reward and incentive packages suitable for each group of the participants by providing an additional tool to motivate, reward and retain staff members so that our Company can offer compensation packages that are competitive.

The focus of the Performance Share Plan is principally to target management in key positions who are able to drive the growth of our Company through creativity, firm leadership and excellent performance. The number of Shares to be granted under the Performance Share Plan is determined by performance targets. Our Company believes that it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals.

In contrast, the Share Option Scheme is meant to be more of a “loyalty” driven time-based incentive program. The Share Option Scheme will be available to all employees and will function as a generic share-based incentive scheme. The Share Option Scheme will thus be complementary to the Performance Share Plan.

A summary of the rules of the Eng Soon Performance Share Plan is set out below. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in section 2 of Appendix D of this Offer Document.

As at the Latest Practicable Date, no Awards have been granted under the Performance Share Plan.

1. Objectives Of The Performance Share Plan

The objectives of the Performance Share Plan are to:

- (a) foster a culture of ownership within our Group which aligns the interests of Group Executives with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of our Company and/or their respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with our Company’s ambition to become a world-class marine and offshore company involved in new building, conversion and repair services.

2. Operation Of The Performance Share Plan

Awards granted under the Performance Share Plan will principally be performance-based, incorporating an element of stretched targets for senior executive and significantly stretched targets for key senior management, aimed at delivering long-term Shareholder value. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per Share and return on investment.

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The Performance Share Plan uses methods fairly common among major local and multinational companies to incentivise and motivate senior executives and key senior management to achieve pre-determined targets, which we believe will create and enhance economic value for our Shareholders. Our Company believes that the Performance Share Plan will be an effective tool in motivating senior executives and key senior management to work towards stretched targets.

The Performance Share Plan contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished.

A Participant's Award under the Performance Share Plan will be determined at the sole discretion of the Committee. In considering the grant of an Award to a Participant, the Committee may take into account, amongst others, the Participant's capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skill set.

Awards granted under the Performance Share Plan will be performance-based, with performance targets to be set over a designated performance period (typically three years). Performance targets set are intended to be premised on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

The performance targets will be stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Board's as well as the Chairman and CEO's corporate key performance indicators.

Under the Performance Share Plan, Participants are encouraged to continue serving our Group beyond the deadline for the achievement of the pre-determined performance targets. The Committee has the discretion to impose a further vesting period after the performance period to encourage the Participant to continue serving our Group.

3. Maximum Limits On New Shares

The aggregate number of Shares available under the Eng Soon Performance Share Plan and/or the Eng Soon Employee Share Option Scheme (details as set out in the section entitled "Eng Soon Employee Share Option Scheme" of this Offer Document) shall not exceed 15% of the total issued share capital of our Company post-Placement and from time to time. Our Directors have decided to utilise the maximum limit available as permitted under the Listing Manual so as to allow our Company the flexibility to cater for future expansion of our Group.

4. Summary Of Rules Of The Performance Share Plan

4.1 Eligibility

Group Executives who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as at the Award Date, been in full-time employment of our Group for a period of at least 12 months shall be eligible to participate in the Performance Share Plan.

Controlling Shareholders or Associates of such Controlling Shareholders (who are not Group Executives) are not eligible to participate in the Performance Share Plan.

Executive and Non-executive Directors (including Independent Directors) of our Group will be eligible to participate in the Performance Share Plan.

Group Executives who are Associates of our Controlling Shareholders are also eligible to participate in the Performance Share Plan provided that the Awards to be granted under the Performance Share Plan to a Participant who is an Associate of our Controlling Shareholder shall be approved by our independent Shareholders in a separate resolution for each such person on the actual number and terms of new Shares to be granted.

ENG SOON PERFORMANCE SHARE PLAN

4.2 **Awards**

Awards represent the right of a Participant to receive fully-paid Shares free-of-charge, provided that certain prescribed performance targets (if any) are met and the prescribed performance period has expired.

Shares which are allotted, issued or transferred to a Participant pursuant to the grant of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by the Committee in the Award letter), except as approved by the Committee.

The Committee, may in its absolute discretion, make a Release of an Award, wholly or partly, in the form of cash rather than Shares.

4.3 **Participants**

The selection of a Participant and the number of Shares (which are the subject of each Award) to be granted to a Participant in accordance with the Performance Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

4.4 **Details of Awards**

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;
- (d) the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed performance target(s) being satisfied (whether fully or partially or exceeded or not being satisfied as the case may be at the end of the performance period); and
- (e) any other condition which the Committee may determine in relation to that Award.

4.5 **Timing**

While the Committee has the discretion to grant Awards at any time during each year, it is currently anticipated that Awards would in general be made once a year. An Award Letter confirming the Award and specifying, amongst others, the prescribed performance target(s), the performance period during which the prescribed performance target(s) is to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each Participant as soon as is reasonably practicable after the granting of an Award.

4.6 **Events Prior to Vesting**

Special provisions for the vesting, lapsing and/or cancellation of Awards apply in certain circumstances including the following:

- (a) misconduct on the part of a Participant as determined by the Committee in its discretion;
- (b) the Participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (f) below);

ENG SOON PERFORMANCE SHARE PLAN

- (c) an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;
- (d) the bankruptcy of a Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of the Award;
- (e) the completion of a fixed-term contract for a Participant (who is on a fixed-term contract);
- (f) the Participant ceasing to be in the employment of our Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company in which he is employed ceasing to be a company within our Group or the undertaking or part of the undertaking of such company being transferred to a company not within our Group;
 - (vi) his transfer of employment between companies within our Group where such reason for cessation of employment is approved in writing by the Committee; or
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group; or
 - (viii) any other event approved by the Committee;
- (g) any other event approved by the Committee; or
- (h) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (c) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, subject as provided in the Rules of the Performance Share Plan and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to Vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

ENG SOON PERFORMANCE SHARE PLAN

4.7 **Size and Duration of the Performance Share Plan**

The total number of new Shares which may be issued pursuant to Awards granted under the Performance Share Plan, when added to (i) the number of new Shares issued and issuable in respect of all Awards granted thereunder; and (ii) ESOS Shares granted under the Eng Soon Employee Share Option Scheme, shall not exceed 15% of the issued share capital of our Company post-Placement as well as on the day preceding the relevant date of award. The aggregate number of Shares available under the Eng Soon Performance Share Plan and the Eng Soon Employee Share Option Scheme (details as set out in the section entitled “Eng Soon Employee Share Option Scheme” of this Offer Document) shall not exceed 15% of the total issued Share capital of our Company post-Placement and from time to time.

The Performance Share Plan shall continue in force at the discretion of the Committee, subject to a maximum period of ten years commencing on the date on which the Performance Share Plan is adopted by our Company in general meeting, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

We have made an application to the SGX-ST for permission to deal in and for quotation of new Shares which may be issued upon the grant of Awards under the Performance Share Plan. The approval of the SGX-ST is not to be taken as an indication of the merits of our Group, our Shares or the Performance Shares.

4.8 **Operation of the Performance Share Plan**

Subject to the prevailing legislation, our Company may deliver Shares to Participants upon Vesting of their Awards by way of an issue of new Shares or by the procurement of existing Shares.

In determining whether to issue new Shares to Participants upon vesting of their Awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares.

The financial effects of the above methods are discussed in paragraph 8 below.

New Shares allotted and issued, on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded; and in making any such determination, the Committee shall have the right to make reference to the audited results of our Company or our Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

5. **Adjustments And Alterations Under The Performance Share Plan**

The following describes the adjustment events under, and provisions relating to alterations of, the Performance Share Plan.

ENG SOON PERFORMANCE SHARE PLAN

5.1 *Adjustment Events*

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless the Committee considers an adjustment to be appropriate.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

5.2 *Modifications or Alterations to the Performance Share Plan*

The Performance Share Plan may be modified and/or altered from time to time by a resolution of the Committee subject to the prior approval of our Shareholders and the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the Performance Share Plan who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued in full in accordance with all outstanding Awards under the Performance Share Plan.

No alteration shall be made to particular rules of any of the Performance Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

6. *Disclosures in Annual Reports*

Our Company will make such disclosures in its annual report for so long as the Performance Share Plan continues in operation as from time to time required by the Listing Manual including the following (where applicable):

- (a) the names of the members of the Committee administering the Performance Share Plan;
- (b) the Participants who have received Shares pursuant to the Release of Awards granted under the Performance Share Plan which, in aggregate, represent 5% or more of the aggregate of the total number of new Shares available under the Performance Share Plan;
- (c) the name of the Participant;
- (d) the number of new Shares issued to such Participant during the financial year under review;
- (e) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan during the financial year under review;

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- (f) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan since the commencement of the Performance Share Plan to the end of the financial year under review;
- (g) the aggregate number of Shares comprised in Awards which have Vested under the Performance Share Plan during the financial year under review and in respect thereof, the proportion of new Shares issued upon the Release of the Vested Awards granted under the Performance Share Plan;
- (h) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan which have not been Released, as at the end of the financial year under review; and
- (i) such other information as may be required by the Listing Manual or the Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

7. **Role and Composition of the Committee**

The Remuneration Committee will be designated as the Committee responsible for the administration of the Performance Share Plan, and will comprise such Directors to administer the Performance Share Plan.

8. **Financial Effects of the Performance Share Plan**

Financial Reporting Standard 102, Share-based Payments ("FRS 102") is effective for the financial statements of our Company for the financial year beginning on or after 1 January 2005. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to profit or loss over the period between the grant date and the Vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to Vest by the Vesting date is revised, and the impact of the revised estimate is recognised in profit or loss with a corresponding adjustment to the reserve account. After the Vesting date, no adjustment to the charge to profit or loss is made.

The amount of the charge to profit or loss also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to profit or loss are made whether or not the market condition is met. However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the amount to be charged to profit or loss at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to Vest. Thus, where the Vesting conditions do not include a market condition, there would be no cumulative charge to profit or loss if the Awards do not ultimately Vest.

The following sets out the financial effects of the Performance Share Plan.

8.1 **Share capital**

The Performance Share Plan will result in an increase in our Company's issued Shares where new Shares are issued to Participants. The number of new Shares issued will depend on, amongst others, the size of the Awards granted under the Performance Share Plan. In any case, the Performance Share Plan provides that the number of new Shares to be issued under the said Performance Share Plan (and Eng Soon Employee Share Option Scheme) will be subject to the maximum limit of 15% of our total issued Shares. The aggregate number of Shares available under

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the Eng Soon Performance Share Plan and/or the Eng Soon Employee Share Option Scheme (details as set out in the section entitled “Eng Soon Employee Share Option Scheme” of this Offer Document) shall not exceed 15% of the total issued Share capital of our Company post-Placement and from time to time.

8.2 **NTA**

As described in paragraph 8.3 below on EPS, the Performance Share Plan is likely to result in a charge to our Company’s profit or loss over the period from the grant date to the Vesting date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are issued under the Performance Share Plan, there would be no effect on the NTA.

It should be noted that the delivery of Shares to Participants under the Performance Share Plan will generally be contingent upon the eligible Participants meeting prescribed performance targets and conditions.

8.3 **EPS**

The Performance Share Plan is likely to result in a charge to earnings over the period from the grant date to the Vesting date, computed in accordance with FRS 102.

It should again be noted that the delivery of Shares to Participants of the Performance Share Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

8.4 **Dilutive Impact**

It is expected that the dilutive impact of the Performance Share Plan on the NTA per Share and EPS will not be significant.

9. **Participation of Executive Directors and Employees of our Group**

The extension of the Performance Share Plan to Executive Directors and employees of our Group allows us to have a fair and equitable system to reward Executive Directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group and to inculcate in Participants a stronger and more lasting sense of identification with our Group.

We believe that the Performance Share Plan will also enable us to attract, retain and provide incentives to its Participants to optimise their standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants generally to contribute towards the long-term growth of our Group.

10. **Participation of Non-Executive Directors (including Independent Directors) of our Company**

The extension of the Performance Share Plan to the Non-executive Directors (including Independent Directors) of our Company allows our Group to have a fair and equitable system that recognises and benefits not only persons who are in the direct employment of our Company but also persons who are not employed but nevertheless work closely with our Company and/or are in the position to contribute their experience, knowledge and expertise to the development and success of our Company.

Although the Non-executive Directors are not involved in the day-to-day running of our Company, they are nonetheless in a position to provide valuable support, input and business contacts and to contribute their experience, knowledge and expertise, and/or to provide our Company and our Group with strategic business alliances and opportunities. The Non-executive Directors are individuals from various disciplines with different working experiences and backgrounds which we may tap for assistance in furthering our business objectives and shaping our business strategies. It is desirable that the Non-executive Directors of our Company be allowed to participate in our Performance Share Plan to give recognition to their services and contributions.

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We do not expect that the grant of Awards to our Non-executive Directors, who are also members of our Audit Committee, will compromise their independence, as the total number of Shares issued pursuant to Awards granted to our Non-executive Directors will not be significant.

11. Participation of employees who are Associates of Controlling Shareholders

Employees who are Associates of our Controlling Shareholders (for example, the Related Employees) are also eligible to participate in the Performance Share Plan provided that the actual number of Shares granted under the Performance Share Plan to a Participant who is an Associate of our Controlling Shareholder shall be approved by our independent Shareholders in a separate resolution for each such person subject to the following:

- (i) the aggregate number of Shares available under the Performance Share Plan and the Share Option Scheme (details as set out in the section entitled “Eng Soon Employee Share Option Scheme” of this Offer Document) shall not exceed 15% of the total issued Share capital of our Company post-Placement and from time to time; and
- (ii) the aggregate number of Shares granted to an Associate of our Controlling Shareholder shall not exceed 10% of the total number of Shares which may be granted under the Performance Share Plan and the Share Option Scheme (details as set out in the section entitled “Eng Soon Employee Share Option Scheme” of this Offer Document).

We acknowledge that the services and contributions of the employees who are Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Performance Share Plan to the eligible Directors and employees who are Associates of our Controlling Shareholders allows our Company to have a fair and equitable system for rewarding the eligible Directors and employees who have made and continue to make important contributions to the long-term growth of our Group notwithstanding that they are Associates of our Controlling Shareholders. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Performance Share Plan solely by reason that he/she is an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of and the grant of Awards to such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Associates of our Controlling Shareholders, the number of Shares and terms of the Awards to be granted to Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Performance Share Plan resulting from the participation of eligible Directors and employees who are Associates of our Controlling Shareholders.

ENG SOON EMPLOYEE SHARE OPTION SCHEME

In conjunction with our listing on Catalist we have adopted a share option scheme known as the “Eng Soon Employee Share Option Scheme” which was approved at an Extraordinary General Meeting of our Shareholders held on 25 June 2010. The rules of our Share Option Scheme are set out in Appendix E of this Offer Document. These rules comply with the requirements set out in the Listing Manual and the Companies Act.

Capitalised terms used herein, unless otherwise defined, bear the same meanings as defined in Appendix E of this Offer Document.

As of the Latest Practicable Date, no Options have been granted under the Share Options Scheme.

The purpose of our Share Option Scheme is to provide an opportunity for Directors (including Non-Executive Directors and Independent Directors) and Employees of our Group to participate in the equity of our Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of our Company and/or our Group. Our Company believes that aside from the Eng Soon Performance Share Plan, an additional share-based compensation scheme will strengthen the overall effectiveness of its performance-based compensation schemes in rewarding our Employees and Directors and incentivising them to achieve higher performance targets and strive for the long-term prosperity of our Company and/or our Group.

Our Share Option Scheme is proposed on the basis that it is important to recognise the fact that the services of our Employees and Directors are important to the success and continued well-being of our Group. The implementation of our Share Option Scheme will enable our Company to give our Employees and Directors a direct interest in our Company, and will also help to achieve the following positive objectives:

- (i) the motivation of participants to optimise performance standards and efficiency and to maintain a high level of contribution;
- (ii) the retention of key employees whose contributions are important to the long-term growth and prosperity of our Group;
- (iii) the attainment of harmonious employer/employee relations;
- (iv) to align the interest of employees and other participants with the interests of the Shareholders; and
- (v) the development of a participatory style of management which promotes greater commitment and dedication amongst the employees and instils loyalty and a stronger sense of identification with the long-term prosperity of our Group.

SUMMARY OF THE RULES

The following is a summary of the Rules of our Share Option Scheme:

Eligibility

A. Full-time Employees

Full-time Employees of our Group (including Employees who are Associates of our Controlling Shareholders), Executive Directors and Non-Executive Directors (including Independent Directors) are eligible to participate in our Share Option Scheme.

The term “Associate” shall have the meaning ascribed to it by the Listing Manual as set out below:

- (a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
 - (i) his immediate family;

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- (ii) the 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 corporation in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

B. Controlling Shareholders

Controlling Shareholders (who are not Employees) are not eligible to participate in our Share Option Scheme.

The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

The aggregate number of Shares available under (i) the Eng Soon Performance Share Plan (details as set out in the section entitled “Eng Soon Performance Share Plan” of this Offer Document); and (ii) the Share Option Scheme to full-time Employees of our Group (including Employees who are Associates of our Controlling Shareholders), Executive Directors and Non-Executive Directors (including Independent Directors), shall not exceed 15% of the total issued Share capital of our Company post-Placement and from time to time.

Administration

Our Share Option Scheme will be administered by our Remuneration Committee in its sole and absolute discretion with such powers and duties as are conferred on it by the Board. Our Remuneration Committee will determine the terms and conditions of the grant of the Options, including the vesting periods of the Options (which may be above the minimum vesting periods prescribed by the SGX-ST), the maximum number of ESOS Shares in respect of which Options may be offered to an eligible participant and the price at which the Options may be exercised.

Our Directors who are in the Remuneration Committee may also participate in our Share Option Scheme but under the Rules of our Share Option Scheme, a Participant who is a member of the Remuneration Committee shall not be involved in its deliberation in respect of Options to be granted to him.

Limitations on our Share Option Scheme

Size

The aggregate number of Shares (including ESOS Shares) available under the Eng Soon Performance Share Plan and/or the Eng Soon Employee Share Option Scheme shall not exceed 15% of the total issued share capital of our Company post-Placement and from time to time. This percentage is based on the post-Placement issued share capital of 141,200,000 Shares, where this 15% will be equivalent to approximately 21,180,000 ESOS Shares. However, the ESOS Shares available will vary depending on the issued share capital of our Company at the relevant time.

Our 15% Share Option Scheme size (which shall take into consideration any Shares proposed to be awarded pursuant to the Eng Soon Performance Share Plan) is intended to accommodate the potential pool of participants arising from our base of eligible participants. We also hope that with the significant portion of our issued share capital set aside for our Share Option Scheme, our Employees and Directors will recognise that we are making a good effort to reward them for their invaluable contributions to our Company by allowing them greater opportunities to participate in our equity.

We are of the view that the size of our Share Option Scheme is reasonable, taking into account the share capital base of our Company, the contributions by our Employees and Directors and the potential number of Employees as our business expands. Implementing our Share Option Scheme with the maximum amount of Shares not exceeding 15% (including the Shares available under the Eng Soon Performance Share Plan) of the total issued share capital of our Company will enable us to maintain flexibility and remain competitive in the industry.

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Entitlement

Subject to the size of our Share Option Scheme as described above and any requirements of the SGX-ST, the aggregate number of ESOS Shares in respect of which Options may be offered for subscription shall be determined at the discretion of our Remuneration Committee which will take into consideration criteria such as rank, past performance, years of service and potential for future development of the Participant.

Grant of Options

The Remuneration Committee may grant Options at any time during the period when our Share Option Scheme is in force. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, the Remuneration Committee may only grant Options on or after the second Market Day from the date on which the announcement is released.

Acceptance of Options

Options granted to our Directors and Employees shall not be transferred, charged, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever save as provided for in the rules of our Share Option Scheme. All offers made to our Directors and Employees, if not accepted by the closing date (which shall not exceed 30 days from the date of the offer) shall lapse and shall be null and void and of no effect. Upon acceptance of the offer, the Participant must pay to us a consideration of S\$1.00.

Exercise of Options

A Market Price Option can be exercised during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

Exercise Price

Under our Share Option Scheme, the exercise price of the Options granted will be determined by our Remuneration Committee, in their absolute discretion. Our Remuneration Committee may grant Incentive Options to the Participants at up to 20% discount to the Market Price of the ESOS Shares (determined by reference to the daily official list or other publication published by the SGX-ST for the five consecutive trading days immediately preceding the date of the offer of that Option, rounded up to the nearest whole cent in the event of fractional prices) and if the exercise price so determined is less than the nominal value of the Share, the nominal value will be taken to be the exercise price.

Incentive Options will only be granted to deserving executives and Employees whose performance has been consistently good and/or whose future contributions to our Group will be invaluable. The ability to offer Incentive Options at exercise prices up to 20% discount to the Market Price of the ESOS Shares will operate as a means to recognise the performance of Participants as well as to motivate them to continue to excel while encouraging them to focus on improving the profitability and returns of our Group to a level that benefits all Shareholders when these are eventually reflected through an appreciation of our Share price. Incentive Options would be perceived in a more positive light by the Participants, inspiring them to work hard and produce results in order to be granted Incentive Options as only Employees who have made outstanding contributions to the success and development of our Group will be offered Incentive Options.

In determining which Participant should be granted Incentive Options and the quantum of the discount, the Remuneration Committee shall be at liberty to take into consideration such criteria as they deem fit, including factors such as (i) the performance of our Group, taking into account financial considerations such as our Group's sales / revenue, profit and performance targets, (ii) the performance of the individual Participant, his effectiveness and contribution to the success and development of our Group and (iii) the potential for future contribution by the Participant to the success and development of our Group.

In addition, it is envisaged that we may consider granting Incentive Options at up to 20% discount to the Market Price of the ESOS Shares under circumstances including, but not limited to, the following:

- (i) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of the Shares at the time of the exercise of Incentive Options;

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- (ii) to enable our Group to offer competitive remuneration packages in the event that the practice of granting options with exercise prices that have a discount element becomes a general market norm. As share options become more significant components of executive remuneration packages, a discretion to grant options with discounted prices will provide our Group with a means to maintain the competitiveness of our Group compensation strategy; and/or
- (iii) where our Group needs to provide more compelling motivation for specific business units to improve their performance, grants of share options with discounted exercise prices will help to align the interest of Employees to those of Shareholders by encouraging them to focus more on profitability and returns of our Group above a certain level that will benefit all Shareholders when these are eventually reflected through an appreciation of our Share price, as such options granted at a discount would be perceived more positively by the Employees who receive such options.

The Remuneration Committee will determine on a case-by-case basis whether a discount will be given, and the quantum of the discount, taking into consideration the objective that is desired to be achieved by our Group and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, subject to a maximum discount of 20% of the Market Price of an ESOS Share, as described above.

Lapse of Options

- (i) An Option shall, to the extent that it is unexercised, lapse:
 - (a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
 - (b) in the event of misconduct on the part of the Participant, as determined by the Remuneration Committee in its absolute discretion; or
 - (c) subject to paragraph (b), upon the Participant ceasing to be in full-time employment of our Group, for any reason whatsoever; or
 - (d) in the event that the Remuneration Committee shall, at its sole and absolute discretion, deem it appropriate that such Option shall lapse on the grounds that any of the objectives of the Share Option Scheme have not been met; or
 - (e) in the event that our Company is liquidated or wound-up prior to the acceptance of the Option.
- (ii) Where a Participant who is an Executive Director ceases to be an Employee of our Group due to a change in control of the Board, he shall be entitled to exercise in full all unexercised Options from the last date of employment with our Group until the end of the relevant Option Period.

Rights of ESOS Shares

ESOS Shares allotted and issued upon the exercise of the Option shall rank *pari passu* in all respects with the then existing issued Shares in the capital of our Company except for any dividends, rights, allotments or other distributions, the record date of which is prior to the date of which such an Option is exercised. For this purpose, "record date" means the date as at the close of business on which Shareholders must be registered in order to participate in any dividend, rights, allotments or other distributions, as the case may be.

Duration of our Share Option Scheme

Our Share Option Scheme shall continue in operation for a maximum duration of ten years commencing from the date on which our Share Option Scheme was adopted by our Company in general meeting. However, our Share Option Scheme may continue beyond the period above with the approval of the Shareholders in general meeting by way of ordinary resolution and the relevant authorities.

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Our Share Option Scheme may also be terminated at any time by our Remuneration Committee or by resolution of our Shareholders at a general meeting subject to all other relevant approvals which may be required and if our Share Option Scheme is so terminated, no further Options shall be offered by our Company thereunder.

Alteration of Capital

If a variation in the issued ordinary share capital of our Company (whether by way of rights issue or capitalisation of profits or reserves, reduction of capital, or subdivision or consolidation or distribution of Shares or otherwise) shall take place:

- (a) the Exercise Price in respect of the ESOS Shares comprised in the Option to the extent unexercised; and/or
- (b) the nominal value, class and/or number of ESOS Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the nominal value, class and/or number of ESOS Shares in respect of which additional Options may be granted to Participants,

shall be adjusted by the Remuneration Committee in such manner as it may determine to be appropriate provided that written confirmation is given by the Auditors that such adjustment is fair and reasonable.

Upon any such adjustment being made, the Remuneration Committee shall notify the Participant in writing informing him of the subscription price thereafter to be in effect and the number of ESOS Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

Modifications or alterations to the Share Option Scheme

The Share Option Scheme may be modified and/or altered from time to time by a resolution of our Remuneration Committee, subject to the prior approval of SGX-ST and such other regulatory authorities as may be necessary. However, no modification or alteration shall adversely affect the rights attached to Options granted except with the written consent of Participants who are entitled to not less than three-quarters of all our issued and paid-up Share capital which would be issued upon exercise in full of all outstanding Options held by Participants.

No alteration shall be made to the particular rules of the Share Option Scheme to the advantage of the holders of the Options, except with the prior approval of Shareholders in a general meeting.

Cost of Options granted under the Share Option Scheme to our Group

Any Options granted under the Share Option Scheme would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to our Group. The amounts of such costs may be more significant in the case of Incentive Options, where such Options are granted with exercise prices set at a discount to the prevailing market price of the Shares. The cost to our Group of granting Options under the Share Option Scheme is as follows:

- (i) the exercise of an Option at the Exercise Price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Group would have received from such exercise had the exercise been made at the prevailing market price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to our Group;
- (ii) as the monetary cost of granting Options with a discounted Exercise Price is borne by our Group, the earnings of our Group would effectively be reduced by an amount corresponding to the reduced interest earnings that our Group would have received from the difference in proceeds from Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of our Group's EPS; and

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- (iii) with effect from financial year beginning on or after 1 January 2005, FRS102 will require listed companies to measure equity-settled share-based payments at fair value at the date of grant, which is then expensed off on a straight-line basis over the vesting period.

Details of the number of Options granted pursuant to the Share Option Scheme, the number of Options exercised and the exercise price (as well as any applicable discounts) will be disclosed in our annual report.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Shares which may be issued upon the exercise of the Options to be granted under the Share Option Scheme. The approval of the SGX-ST is not to be taken as an indication of the merits of our Group, our Shares or the ESOS Shares.

Participation of Executive Directors and Employees of our Group

The extension of the Scheme to Executive Directors and Employees of our Group allows us to have a fair and equitable system to reward Executive Directors and Employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the Scheme will also enable us to attract, retain and provide incentives to its Participants to optimise their standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants generally to contribute towards the long-term growth of our Group.

Participation of Non-Executive Directors (including Independent Directors) of our Company

Our Company has some flexibility in formulating a share option scheme that recognises and benefits not only persons who are in the direct employment of our Company but also persons who are not employed but nevertheless work closely with our Company and/or are in the position to contribute their experience, knowledge and expertise to the development and success of our Company.

Although the Non-Executive Directors (including Independent Directors) of our Company are not involved in the day-to-day running of our Company, they also play an invaluable role in the future success of our Group. The Non-Executive Directors of our Company are in a position to provide valuable support, input and business contacts and to contribute their experience, knowledge and expertise, and/or to provide our Company and our Group with strategic business alliances and opportunities. The Non-Executive Directors are individuals from various disciplines with different working experiences and backgrounds which we may tap for assistance in furthering our business objectives and shaping our business strategies. It is desirable that the Non-Executive Directors of our Company be allowed to participate in our Share Option Scheme to give recognition to their services and contributions and to further align their interests with that of our Group.

It is anticipated that remuneration to the Non-Executive Directors of our Company will be by way of directors' fees (for their services as directors of a company), which is wholly in the form of cash. No directors' fees have been paid to any of the Non-Executive Directors of our Company. None of the Non-Executive Directors of our Company are entitled to any profit sharing or other benefits. Through our Share Option Scheme, our Company may acknowledge and give recognition to the efforts, achievements and contributions made by such persons in a combination of cash and Share options. Although the level of their remuneration is in accordance with the level of remuneration paid to non-executive directors of other companies, by allowing the Non-Executive Directors of our Company to participate in our Share Option Scheme, our Company will have the flexibility to consider, in the future, compensating the Non-Executive Directors of our Company for their services in cash and in Share options.

We intend to extend our Share Option Scheme to the Non-Executive Directors of our Company as a token of our appreciation for their contribution, even though we recognise that the services of such Directors cannot be measured in the same way as our full-time Employees. We envisage that the bulk of the Options will be given to our Employees. Non-Executive Directors of our Company will be granted the Options at the discretion of our Remuneration Committee.

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Our Remuneration Committee, when deciding on the selection of the Non-Executive Directors of our Company to participate in our Share Option Scheme and the number of ESOS Shares to be offered, will take into consideration the nature and extent of their input, assistance and expertise rendered to the committees on which they sit and the impact thereof on the growth, success and development of our Company and our Group, as well as their involvement and commitment to the committees on which they sit. Our Remuneration Committee may, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance. The Non-Executive Directors of our Company will abstain from making any recommendation as a Director or abstain from voting as a member of our Company when the grant of Options to him or her is being considered. We will ensure that the number of Options granted to the Non-Executive Directors of our Company will be such that any conflict of interests that may potentially arise is kept minimal and that the independence of our Non-Executive Directors of our Company is not compromised.

We do not expect that the grant of Options to our Non-Executive Directors, who are also members of our Audit Committee, will compromise their independence, as the total number of Options granted to our Non-Executive Directors will not be significant.

Our Remuneration Committee may in future grant Options to other Non-Executive Directors of our Company who may be appointed from time to time. The ability to do so will ensure that we will be able to continue to attract onto our boards, persons of significant ability and aptitude.

Participation of Employees who are Associates of Controlling Shareholders

Employees who are Associates of our Controlling Shareholders are also eligible to participate in the Share Option Scheme provided that the actual number of Shares granted under the Share Option Scheme to a Participant who is an Associate of our Controlling Shareholder shall be approved by our independent Shareholders in a separate resolution for each such person subject to the following:

- (i) the aggregate number of Shares available under the Eng Soon Performance Share Plan (details as set out in the section entitled "Eng Soon Performance Share Plan" of this Offer Document) and the Share Option Scheme shall not exceed 15% of the total issued Share capital of our Company post-Placement and from time to time; and
- (ii) the aggregate of the number of Shares granted to an Associate of our Controlling Shareholder shall not exceed 10% of the total number of Shares which may be granted under the Eng Soon Performance Share Plan (details as set out in the section entitled "Eng Soon Performance Share Plan" of this Offer Document) and the Share Option Scheme.

The purpose for the participation of Employees who are Associates of Controlling Shareholders in the Share Option Scheme is to provide an opportunity for eligible Directors and Employees who have contributed significantly to the growth and performance of our Group to participate in the equity of our Company.

We acknowledge that the services and contributions of the Employees who are Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Share Option Scheme to the eligible Directors and Employees who are Associates of our Controlling Shareholders allows our Company to have a fair and equitable system for rewarding the eligible Directors and Employees who have made and continue to make important contributions to the long-term growth of our Group notwithstanding that they are Associates of our Controlling Shareholders.

Although Participants who are Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the Share Option Scheme to encompass them ensures that they are equally entitled, together with other eligible Directors and Employees of our Group who are not Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Share Option Scheme solely by reason that he/she is an Associate of our Controlling Shareholder(s).

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The specific approval of our independent Shareholders is required for the participation of and the grant of Options to such persons as well as the actual number of and terms of such Options. A separate resolution must be passed for each such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Associates of our Controlling Shareholders, the number of ESOS Shares and terms (including the exercise price) of the Options to be granted to Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Share Option Scheme resulting from the participation of eligible Directors and Employees who are Associates of our Controlling Shareholders.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding the Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$20.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

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 Catalist is payable at the rate of 0.04% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0%.

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 Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) has, at any time during the last ten 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 two years from the date he ceased to be a partner;
 - (b) has, at any time during the last ten 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 two 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 trust, on the ground of insolvency;
 - (c) has any unsatisfied judgement against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (f) has, at any time during the last ten years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has ever been disqualified from acting as a director or 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 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

GENERAL AND STATUTORY INFORMATION

- (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.

Disclosures Relating to Ken Low Chee Wee

In October 1999, our Executive Director, Ken Low Chee Wee, was adjudged bankrupt. The circumstances leading up to the bankruptcy order are as follows:

In April 1995, Ken Low Chee Wee (who was 25 years old at the time) became a non-executive director and both Ken Low Chee Wee and Christopher Low Chee Leng (our CEO) became shareholders of Emkay Integrated Engineering Pte Ltd (“Emkay”), a company in the business of manufacturing, assembling and modifying gondola systems for use in the cleaning of high-rise buildings in Singapore, as well as provision of these cleaning services. In 1996, Emkay participated in a tender for the construction of a gondola system (“Project”) and was awarded the contract by SIA Properties Pte. Ltd. Emkay had initially engaged the services of a third party in Sweden to produce the design and technical specifications for the Project (“Designer”). The Designer also procured the appropriate subcontractor in Sweden (“Subcontractor”) to manufacture the systems for the Project. However, the Subcontractor subsequently increased his quote threefold, which would have resulted in Emkay incurring losses in excess of S\$1 million. The chairman of Emkay unilaterally decided that Emkay was to bear all such losses in connection with the Project as withdrawal from the Project may have led to legal action against Emkay and its eventual liquidation.

Ken Low Chee Wee, in disagreement with the chairman of Emkay over the Project, resigned as a director of Emkay in October 1996 but remained as a shareholder of Emkay and a guarantor (together with the chairman of Emkay) under two joint and several personal guarantees in support of credit facilities granted to Emkay by OCBC Finance Limited (“OCBC Finance”). As the guarantees were irrevocable, Ken Low Chee Wee was unable to discharge himself as a guarantor although he had resigned as a director.

When Emkay ran into financial difficulties and defaulted in its payments to OCBC Finance as a result of losses incurred in connection with the Project, leasehold property located in Tuas (which was owned by Emkay and mortgaged to OCBC Finance) was seized and sold by OCBC Finance. As the proceeds from the sale of the property were not sufficient to cover the outstanding amounts under the credit facilities, Emkay still owed OCBC Finance approximately S\$824,000 (comprising the principal amount and interest). When OCBC Finance called on the guarantors of the credit facilities to repay the sums owing, Ken Low Chee Wee was unable to repay the entire sum using his own financial resources. When the guarantors failed to satisfy their obligations under the guarantees, OCBC Finance petitioned for a bankruptcy order to be made against Ken Low Chee Wee. In October 1999, Ken Low Chee Wee was adjudged bankrupt by the High Court of Singapore.

Ken Low Chee Wee and his co-guarantor subsequently made restitution of 75% of the sums owed to OCBC Finance. Ken Low Chee Wee made an application for discharge from bankruptcy, which was granted in December 2003.

Ken Low Chee Wee was a non-executive director of the company until his resignation in 1996. He was not involved in the day-to-day operations of Emkay and during the relevant period, he had a full-time job with Deloitte & Touche (now known as “Deloitte & Touche LLP”) as an auditor. Christopher Low Chee Leng was never a director of Emkay and was not involved in the day-to-day operations of Emkay. Ken Low Chee Wee and Christopher Low Chee Leng own 4.6% and 23.1%, respectively, of the issued share capital of Emkay as at the Latest Practicable Date. Since becoming shareholders of Emkay in April 1995, Ken Low Chee Wee and Christopher Low Chee Leng have not acquired or subscribed for any additional shares, or disposed of any of their existing shares, in Emkay. To the best of Ken Low Chee Wee’s and Christopher Low Chee Leng’s knowledge, Emkay has ceased operations and is currently dormant.

GENERAL AND STATUTORY INFORMATION

2. There is no shareholding qualification for our Directors under the Articles of Association of our Company.
3. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any person for each of FY2007, FY2008 and FY2009.
4. Save as disclosed in the sections entitled “General Information on Our Group – Restructuring Exercise” and “Interested Person Transactions” of this Offer Document, 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.

SHARE CAPITAL

5. 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 our Articles.
6. Save as disclosed below and in the sections entitled “General Information on Our Group – Share Capital” and “General Information on Our Group – Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three years preceding the Latest Practicable Date.

Date of issue	Number of shares issued / capital contributed	Issue price / consideration	Purpose of issue	Resultant issued share capital
Our Company				
30 December 2009	18,933,468	Pursuant to the share swap agreements described in the section entitled “General Information on Our Group – Restructuring Exercise” of this Offer Document	Pursuant to the Restructuring Exercise	S\$18,933,469
ES Shipping				
3 November 2008	2	S\$4.00	Incorporation	S\$4
16 March 2010	99,998	S\$99,996	Capitalisation	S\$100,000

7. Save as disclosed above and under the section entitled “General Information on Our Group – Restructuring Exercise” of this Offer Document, 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, during the last three years preceding the date of lodgement of this Offer Document.
8. Except pursuant to the ESOS and the Performance Share Plan, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.
9. Apart from the ESOS and the Performance Share Plan, our Company does not have any arrangement that involves the issue or grant of options or shares to the employees of our Group.

GENERAL AND STATUTORY INFORMATION

MEMORANDUM AND ARTICLES OF ASSOCIATION

10. (a) Memorandum of Association

The Memorandum of Association of our Company states, among others, that the liability of members of our Company is limited.

The principal purpose of our Company is investment holding. Our Company's Memorandum of Association is available for inspection at our registered office as stated in the sub-section entitled "Documents Available for Inspection" under this section of this Offer Document.

(b) Articles of Association

An extract of the relevant provisions of our Articles, providing, among others, for (i) a Director's power to vote on a proposal, arrangement or contract in which the Director is interested; (ii) the Director's power to vote on remuneration for himself or for any other director; (iii) borrowing powers exercisable by the Directors and variation thereof; (iv) retirement or non-retirement of Directors under an age limit requirement; (v) number of shares, if any, required for Director's qualification; (vi) the rights, preferences and restrictions attaching to each class of shares; (vii) any change in capital; (viii) any change in the respective rights of the various classes of shares; (ix) any time limit after which a dividend entitlement will lapse; and (x) any limitation on the right to own Shares, are set out in Appendix B of this Offer Document.

The complete Articles are available for inspection at our registered office as stated in the sub-section entitled "Documents Available for Inspection" under this section of this Offer Document.

MATERIAL CONTRACTS

11. 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 date of lodgement of this Offer Document and are or may be material:

- (a) share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Teresa Ng Mui Hoon (as the vendors), where our Company acquired the entire issued share capital of Eng Soon Investment, comprising 100,000 ordinary shares, for an aggregate consideration of S\$5,275,859, satisfied by the allotment and issue of an aggregate of 5,275,859 Shares (before the Share Split) credited as fully paid, by our Company to Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Teresa Ng Mui Hoon;
- (b) share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Christopher Low Chee Leng (as the vendors), where our Company acquired the entire issued share capital of Wang Fatt, comprising 100,000 ordinary shares, for an aggregate consideration of S\$10,400,088, satisfied by the allotment and issue of an aggregate of 10,400,088 Shares (before the Share Split) credited as fully paid, by our Company to Neo Peck Keow @ Ng Siang Keng, Leow Mei Lee and Christopher Low Chee Leng;
- (c) share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Chay Soon, Low Chye Hin and Christopher Low Chee Leng (as the vendors), where our Company acquired the entire issued share capital of Eng Soon (1999), comprising 30,000 ordinary shares, for an aggregate consideration of S\$1,401,732, satisfied by the allotment and issue of an aggregate of 1,401,732 Shares (before the Share Split) credited as fully paid, by our Company to Neo Chay Soon, Ken Low Chee Wee and Christopher Low Chee Leng;
- (d) share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Eddy Neo Chiang Swee and Christopher Low Chee Leng (as the vendors), where our Company acquired the entire issued share capital of ES Offshore, comprising

GENERAL AND STATUTORY INFORMATION

100,000 ordinary shares, for an aggregate consideration of approximately S\$1,073,517, satisfied by the allotment and issue of an aggregate of 1,073,517 Shares (before the Share Split) credited as fully paid, by our Company to Eddy Neo Chiang Swee and Christopher Low Chee Leng;

- (e) share swap agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Neo Chay Soon, Low Chye Hin and Christopher Low Chee Leng (as the vendors), where our Company acquired the entire issued share capital of Eng Soon Marine, comprising 33,000 ordinary shares, for an aggregate consideration of S\$782,272, satisfied by the allotment and issue of an aggregate of 782,272 Shares (before the Share Split) credited as fully paid, by our Company to Neo Chay Soon, Low Chye Hin and Christopher Low Chee Leng; and
- (f) share sale and purchase agreement dated 30 December 2009 entered into between our Company (as the purchaser) and Ken Low Chee Wee, Christopher Low Chee Leng and Low Chye Hin (as the vendors), where our Company acquired 50% of the issued share capital of ES Thailand, comprising 500,000 ordinary shares, for a cash consideration (by way of capitalisation of a vendor loan) of Baht 50 million (approximately S\$2,148,200).

LITIGATION

12. As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant including those which are pending or known to be contemplated which may have or have had in the last 12 months before the date of lodgement of this Offer Document, a material effect on the financial position or the profitability of our Company or any of our subsidiaries.

Eng Soon Investment was involved in a recently concluded case involving claims lodged by an employee of Eng Soon Investment at the Office of the Commissioner of Labour for non-payment and/or unauthorised deduction of salary. Eng Soon Investment will pay the employee a sum of S\$3,511.84 upon his repatriation.

Our subsidiaries and our Director, Eddy Neo Chiang Swee⁽¹⁾, were previously involved in the following legal proceedings, all of which have been concluded as at the Latest Practicable Date. None of the cases below had any material effect on the financial position or the profitability of our Company or any of our subsidiaries, and all amounts claimed were covered by our workmen's compensation and Eddy Neo Chiang Swee's motor vehicle insurance policies:

Case number	Plaintiff	Defendant(s)	Nature of claim	Approximate amount paid by insurers (S\$'000)
MC 117/1999	Liu Wen Tao	Eng Soon Investment	Worksite accident – the plaintiff injured his right thumb when a steel plate slipped from his hand	10.3
MC 5641/2002	Mohammad Shamsul Alam Late Abdul Rashid	Wang Fatt and Sembawang Shipyard	Worksite accident – the plaintiff's right arm was grazed by zinc anodes	50.0
DC 3383/2003	Yan Shenghua	Eng Soon Marine	Worksite accident	32.3
DC 2212/2006	Mamun Amjad Hossain	Wang Fatt and ST Marine	Worksite accident – the plaintiff fractured his right leg	28.6

GENERAL AND STATUTORY INFORMATION

Case number	Plaintiff	Defendant(s)	Nature of claim	Approximate amount paid by insurers (S\$'000)
DC 3774/2007	Xue Yonghua	Eng Soon Investment	Worksite accident – the plaintiff fell and hit his head on a plank, sustaining a skull fracture	72.0
MC 20480/2008	MD Matiur Rahman Khan Late Abul Bashar Khan	Eng Soon Investment	Worksite accident – the plaintiff fractured his rib	0.7
MC 7634/2008	Eddy Neo Chiang Swee	Lim Loong Kiak	Motor accident without death or injury – the rear of Eddy Neo Chiang Swee's vehicle was hit by a taxi exiting from a factory along Kwong Min Road, Singapore	8.0
MC 968/2009	China Construction (South Pacific) Co Pte Ltd	Eddy Neo Chiang Swee	Motor accident without death or injury – the accidental reversal of Eddy Neo Chiang Swee's vehicle in a parking lot caused damage to another vehicle	3.2

Note:-

- (1) In 2004, Eddy Neo Chiang Swee was charged under the Road Traffic Act (Chapter 276) of Singapore for driving under the influence of alcohol and disqualified from driving for a period of 15 months.

MISCELLANEOUS

13. The nature of the business of our Company has been stated earlier in this Offer Document. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out in the section entitled "General Information on Our Group – Group Structure" of this Offer Document.
14. 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 Offer Document.
15. There has been no public takeover offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 January 2010 and the Latest Practicable Date.
16. Save as disclosed in the section entitled "Management and Placement Arrangements" of this Offer Document, 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.

GENERAL AND STATUTORY INFORMATION

17. No expert is employed on a contingent basis by our Group or has an interest, 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.
18. Save as disclosed this Offer Document, our Company does not have any material relationship with the Sponsor and the Placement Agent.
19. 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"). 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.
20. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred between the end of the financial year ended 31 December 2009 and the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.
21. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) the business and financial prospects and any significant recent trends in production, sales and inventory, and in the costs and selling prices of products and services and known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues, profitability, liquidity, capital resources or operating income or that would cause financial information disclosed to be not necessary indicative of the future operating results or financial condition of our Company.
22. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the last two financial years ended 31 December 2009 are as follows:

Period of appointment	Name, professional qualification and address	Professional body	Partner-in-charge / Professional qualification
From 22 October 2009	Deloitte & Touche LLP Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809	Institute of Certified Public Accountants of Singapore	Cheung Pui Yuen / Certified Public Accountant, Singapore
From 4 June 2009 to 12 October 2009	C. S. Tan & Co. Certified Public Accountants 6001 Beach Road #11-07/08 Golden Mile Tower Singapore 199589	Institute of Certified Public Accountants of Singapore	Tan Jin Jay / Certified Public Accountant, Singapore

We currently have no intention of changing our auditors after the admission to, and listing of, our Company on Catalist.

GENERAL AND STATUTORY INFORMATION

CONSENTS

23. Deloitte & Touche LLP, the Auditors and Reporting Accountants, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditors’ Report on the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009” in the form and context in which it is included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
24. Collins Stewart, the Sponsor and the Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its names and references thereto in the form and context in which it appears in this Offer Document and to act in such respective capacities in relation to this Offer Document.
25. The Solicitors to the Placement and the Legal Adviser to our Company on Thailand Law, have each given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
26. Each of the Solicitors to the Placement, the Legal Adviser to our Company on Thailand Law, the Share Registrar and Share Transfer Office, the Principal Bankers and the Receiving Banker do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of, the statements, information or opinions in this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

27. This Offer Document 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 at the date hereof and there are no material facts the omission of which would make any statements in this Offer Document misleading and that this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group.

DOCUMENTS AVAILABLE FOR INSPECTION

28. The following documents or copies thereof may be inspected at our registered office at 30 Shaw Road #06-06 Roche Building Singapore 367957 during normal business hours for a period of six months from the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority:
 - (a) the Memorandum and Articles of Association of our Company;
 - (b) the “Independent Auditors Report and the Combined Financial Statements for the Years Ended 31 December 2007, 2008 and 2009” as set out in Appendix A of this Offer Document;
 - (c) the material contracts referred to in the sub-section entitled “Material Contracts” under this section of this Offer Document;
 - (d) the letters of consent referred to in the sub-section entitled “Consents” under this section of this Offer Document; and
 - (e) the Service Agreements referred to in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document.

**APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED
FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007,
2008 AND 2009**

1 July 2010

The Board of Directors
ES Group (Holdings) Limited
30 Shaw Road
#06-06 Roche Building
Singapore 367957

Dear Sirs

We have audited the accompanying combined financial statements of ES Group (Holdings) Limited (the "Company") and its subsidiaries (the "Group"). The combined financial statements comprise the combined statements of financial position as at 31 December 2007, 2008 and 2009 and the related combined statements of comprehensive income, statements of cash flows and statements of changes in equity of the Group for the years ended 31 December 2007, 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes, as set out in pages A-3 to A-43.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 account and balance sheet 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 judgement, 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.

**APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED
FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007,
2008 AND 2009**

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 give a true and fair view of the state of affairs of the Group as at 31 December 2007, 2008 and 2009 and of the results, changes in equity and cash flows of the Group for the Relevant Periods.

These combined financial statements have been prepared solely in connection with the proposed listing of ES Group (Holdings) Limited on the Singapore Exchange Securities Trading Limited. 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.

Yours faithfully

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Cheung Pui Yuen
Partner

**APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED
FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007,
2008 AND 2009**

ES GROUP (HOLDINGS) LIMITED

**COMBINED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2007, 2008 and 2009**

	Note	2007 \$	2008 \$	2009 \$
ASSETS				
Current assets				
Cash and bank balances	6	1,895,639	1,145,599	7,138,763
Trade receivables	7	16,028,426	19,756,207	18,728,048
Work-in-progress	8	4,554,322	4,880,629	2,943,514
Other receivables	9	1,483,338	911,980	975,246
Inventories	10	214,553	454,910	597,997
Total current assets		<u>24,176,278</u>	<u>27,149,325</u>	<u>30,383,568</u>
Non-current assets				
Restricted cash	6	35,762	34,859	36,327
Deposits	9	43,925	51,557	52,395
Property, plant and equipment	11	12,394,877	13,203,018	12,079,152
Club membership	12	49,500	49,500	49,500
Total non-current assets		<u>12,524,064</u>	<u>13,338,934</u>	<u>12,217,374</u>
Total assets		<u><u>36,700,342</u></u>	<u><u>40,488,259</u></u>	<u><u>42,600,942</u></u>
LIABILITIES AND EQUITY				
Current liabilities				
Work-in-progress	8	502,581	806,537	–
Bank overdrafts and loans (secured)	13	3,473,244	1,228,037	890,296
Trade payables	14	2,124,554	3,016,359	2,612,669
Other payables	15	11,130,483	7,850,915	6,738,719
Current portion of loan from a third party (secured)	16	529,333	423,733	105,933
Current portion of finance leases	17	81,575	64,676	51,073
Income tax payable		823,441	1,273,692	552,872
Total current liabilities		<u>18,665,211</u>	<u>14,663,949</u>	<u>10,951,562</u>
Non-current liabilities				
Bank loans (secured)	13	2,136,154	1,896,091	3,006,547
Loan from a third party (secured)	16	530,000	211,867	–
Finance leases	17	205,312	190,653	139,580
Deferred tax liabilities	18	132,490	161,990	206,390
Total non-current liabilities		<u>3,003,956</u>	<u>2,460,601</u>	<u>3,352,517</u>
Capital and reserves				
Share capital	19	18,933,469	18,933,469	18,933,469
Retained earnings		12,789,251	19,829,056	22,672,699
Translation reserve		11,597	(119,469)	(53,075)
Merger reserve		(18,570,468)	(18,570,468)	(18,570,468)
Equity attributable to owners of the Company		<u>13,163,849</u>	<u>20,072,588</u>	<u>22,982,625</u>
Minority interests		1,867,326	3,291,121	5,314,238
Total equity		<u>15,031,175</u>	<u>23,363,709</u>	<u>28,296,863</u>
Total liabilities and equity		<u><u>36,700,342</u></u>	<u><u>40,488,259</u></u>	<u><u>42,600,942</u></u>

See accompanying notes to financial statements.

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ES GROUP (HOLDINGS) LIMITED

COMBINED STATEMENTS OF COMPREHENSIVE INCOME
Years ended 31 December 2007, 2008 and 2009

	Note	2007 \$	2008 \$	2009 \$
Revenue	20	40,846,041	51,736,040	52,688,339
Cost of services		(30,547,602)	(34,584,430)	(37,774,601)
Gross profit		10,298,439	17,151,610	14,913,738
Other operating income	21	913,851	1,093,121	1,564,262
Administrative expenses		(3,116,343)	(4,121,823)	(3,370,406)
Other operating expenses	22	(2,991,595)	(2,609,602)	(3,654,709)
Finance costs	23	(240,077)	(337,179)	(299,712)
Profit before income tax		4,864,275	11,176,127	9,153,173
Income tax expense	24	(929,265)	(1,456,461)	(852,807)
Profit for the year	25	3,935,010	9,719,666	8,300,366
Exchange differences on translation of foreign operations, representing other comprehensive income for the year, net of tax		23,484	(262,132)	132,788
Total comprehensive income for the year		3,958,494	9,457,534	8,433,154
Profit attributable to:				
Owners of the Company		4,197,106	8,164,805	6,343,643
Minority interests		(262,096)	1,554,861	1,956,723
		3,935,010	9,719,666	8,300,366
Total comprehensive income attributable to:				
Owners of the Company		4,208,848	8,033,739	6,410,037
Minority interests		(250,354)	1,423,795	2,023,117
		3,958,494	9,457,534	8,433,154
Basic and diluted earnings per share (cents)	26	3.5	6.8	5.3

See accompanying notes to financial statements.

**APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED
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ES GROUP (HOLDINGS) LIMITED

**COMBINED STATEMENTS OF CHANGES IN EQUITY
Years ended 31 December 2007, 2008 and 2009**

	<u>Share capital</u>	<u>Translation reserve</u>	<u>Merger reserve</u>	<u>Retained earnings</u>	<u>Attributable to owners of the Company</u>	<u>Minority interests</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2007	18,933,469	(145)	(18,570,468)	8,592,145	8,955,001	2,117,680	11,072,681
Total comprehensive income for the year	–	11,742	–	4,197,106	4,208,848	(250,354)	3,958,494
Balance at 31 December 2007	18,933,469	11,597	(18,570,468)	12,789,251	13,163,849	1,867,326	15,031,175
Total comprehensive income for the year	–	(131,066)	–	8,164,805	8,033,739	1,423,795	9,457,534
Dividends (Note 27)	–	–	–	(1,125,000)	(1,125,000)	–	(1,125,000)
Balance at 31 December 2008	18,933,469	(119,469)	(18,570,468)	19,829,056	20,072,588	3,291,121	23,363,709
Total comprehensive income for the year	–	66,394	–	6,343,643	6,410,037	2,023,117	8,433,154
Dividends (Note 27)	–	–	–	(3,500,000)	(3,500,000)	–	(3,500,000)
Balance at 31 December 2009	18,933,469	(53,075)	(18,570,468)	22,672,699	22,982,625	5,314,238	28,296,863

See accompanying notes to financial statements.

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ES GROUP (HOLDINGS) LIMITED

COMBINED STATEMENTS OF CASH FLOWS
Years ended 31 December 2007, 2008 and 2009

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Operating activities			
Profit before income tax	4,864,275	11,176,127	9,153,173
Adjustments for:			
Interest income	(7,886)	(5,039)	(1,308)
Interest expenses	240,077	337,179	299,712
Allowance for foreseeable loss on contract work-in-progress	–	–	108,100
Property, plant and equipment written off	95	195	48,286
Depreciation of property, plant and equipment	1,058,685	1,444,472	1,632,564
Net foreign exchange losses (gains)	13,384	10,368	(59,253)
Gain on disposal of property, plant and equipment	–	(8,542)	(9,909)
Operating cash flows before movements in working capital	6,168,630	12,954,760	11,171,365
Trade receivables	(7,600,309)	(3,727,781)	1,028,159
Other receivables	(706,220)	563,726	(8,388)
Work-in-progress	3,495,263	(22,351)	1,022,478
Inventories	(145,175)	(240,357)	(143,087)
Trade payables	1,095,002	891,805	(403,690)
Other payables	2,481,218	(3,279,568)	(1,112,196)
Cash generated from operations	4,788,409	7,140,234	11,554,641
Interest received	7,886	5,039	1,308
Income tax paid	(1,401,824)	(976,710)	(2,584,943)
Net cash from operating activities	3,394,471	6,168,563	8,971,006
Investing activities			
Proceeds on disposal of property, plant and equipment	–	147,888	32,798
Purchases of property, plant and equipment (Note A)	(8,233,338)	(2,609,654)	(387,832)
Net cash used in investing activities	(8,233,338)	(2,461,766)	(355,034)

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ES GROUP (HOLDINGS) LIMITED

**COMBINED STATEMENTS OF CASH FLOWS
Years ended 31 December 2007, 2008 and 2009**

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Financing activities			
Restricted cash (deposit) withdrawal	(87,683)	232	(1,661)
Dividend paid	–	(1,125,000)	(2,500,000)
Interest paid	(240,077)	(337,179)	(299,712)
Proceeds from term loans	1,126,308	–	–
Proceeds from factoring loans	1,120,995	12,290,000	–
Proceeds from a third party loan	1,271,200	–	–
Proceeds from bridging loan	–	–	2,000,000
Repayments of term loans	(129,132)	(204,504)	(211,477)
Repayments of factoring loans	–	(13,410,995)	–
Repayments of a third party loan	(211,867)	(423,733)	(529,667)
Repayments of obligations under finance leases	(65,554)	(86,558)	(64,676)
Net cash from (used in) financing activities	<u>2,784,190</u>	<u>(3,297,737)</u>	<u>(1,607,193)</u>
Net (decrease) increase in cash and cash equivalents	(2,054,677)	409,060	7,008,779
Cash and cash equivalents at beginning of the year	1,722,816	(331,861)	77,199
Cash and cash equivalents at end of the year	<u>(331,861)</u>	<u>77,199</u>	<u>7,085,978</u>
Cash and bank balances (Note 6)	1,843,718	1,093,007	7,085,978
Bank overdrafts (Note 13)	(2,175,579)	(1,015,808)	–
Cash and cash equivalents	<u>(331,861)</u>	<u>77,199</u>	<u>7,085,978</u>

Note to statements of cash flows

- A) During the year, the Group acquired property, plant and equipment with an aggregate cost of \$387,832 (2008: \$2,664,654; 2007: \$8,327,838) of which \$Nil (2008: \$55,000; 2007: \$94,500) was acquired under finance arrangements. Cash payments of \$387,832 (2008: \$2,609,654; 2007: \$8,233,338) were made to purchase property, plant and equipment.

See accompanying notes to financial statements.

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ES GROUP (HOLDINGS) LIMITED

NOTES TO FINANCIAL STATEMENTS

As at 31 December 2007, 2008 and 2009

1 GENERAL

The Company (Registration No. 200410497Z) was incorporated in the Republic of Singapore on 19 August 2004 with its principal place of business and registered office at 30 Shaw Road, #06-06 Roche Building, Singapore 367957. The combined financial statements are expressed in Singapore dollars, which is the Company's functional currency.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed below.

Pursuant to a Group Restructuring Exercise (the "Restructuring") to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the proposed listing of the Company on the Singapore Exchange Securities Trading Limited, the Company underwent a Restructuring involving the following:

- a) Pursuant to share swap agreements dated on 30 December 2009, the Company acquired the entire interest in Eng Soon Investment Pte Ltd, Wang Fatt Oil & Gas Construction Pte Ltd, Eng Soon Engineering (1999) Pte Ltd, ES Offshore Engineering Pte. Ltd. and Eng Soon Marine Pte Ltd which are under common control, from the respective shareholders for a consideration of \$18,933,468 (based on the net tangible asset value of \$18,933,468 as at 31 December 2008). The consideration was satisfied by:
 - i) the issue and allotment of 5,275,859 shares of the Company to the shareholders of Eng Soon Investment Pte Ltd;
 - ii) the issue and allotment of 10,400,088 shares of the Company to the shareholders of Wang Fatt Oil & Gas Construction Pte Ltd;
 - iii) the issue and allotment of 1,401,732 shares of the Company to the shareholders of Eng Soon Engineering (1999) Pte Ltd;
 - iv) the issue and allotment of 1,073,517 shares of the Company to the shareholders of ES Offshore Engineering Pte. Ltd.; and
 - v) the issue and allotment of 782,272 shares of the Company to the shareholders of Eng Soon Marine Pte Ltd.
- b) Pursuant to a share sale and purchase agreement dated on 30 December 2009, the Company acquired 50% interest in ES Offshore and Marine Engineering (Thailand) Co., Ltd. from its shareholders for a consideration of \$2,148,200 (Baht 50 million) by way of capitalisation of a shareholder loan.

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Upon the completion of the Restructuring and at the date of this report, the Company has the following subsidiaries:

<u>Name of subsidiaries</u>	<u>Country of registration and operation</u>	<u>Proportion of ownership interest (%)</u>	<u>Principal activity</u>
Eng Soon Investment Pte Ltd ⁽¹⁾	Singapore	100	Repair of vessel and related engineering services
Wang Fatt Oil & Gas Construction Pte Ltd ⁽¹⁾	Singapore	100	Repair of vessel and related engineering services
Eng Soon Marine Pte Ltd ⁽¹⁾	Singapore	100	Supply of labour for vessel repairs and sale of consumables
Eng Soon Engineering (1999) Pte Ltd ⁽¹⁾	Singapore	100	Repair of vessel and related engineering services
ES Offshore Engineering Pte. Ltd. ⁽¹⁾	Singapore	100	Repair of vessel and related engineering services
ES Offshore and Marine Engineering (Thailand) Co., Ltd. ^{(2) (3)}	Thailand	50	Vessel building and repair and steel construction
ES Shipping Pte. Ltd. ⁽⁴⁾	Singapore	100	Building of ships, tankers and other ocean-going vessels; chartering of ships, barges and boats without crew

⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.

⁽²⁾ Audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., Thailand.

⁽³⁾ Although the Company does not own more than 50% of the equity shares of subsidiary, the Company holds 51% of the voting power of those shares and hence, the subsidiary is controlled by the Company and is consolidated in these financial statements.

⁽⁴⁾ Not audited as the subsidiary is dormant since incorporation.

For the purpose of preparing this set of combined financial statements, the combined statements of comprehensive income, combined statements of cash flows and combined statements of changes in equity for the Relevant Periods have been prepared on a combined basis and include the financial information of the companies now comprising the Group as if the current Group structure had been in existence throughout the Relevant Periods, or since their respective dates of establishment whichever is the shorter period. The combined statements of financial position of the Group as at 31 December 2007, 2008 and 2009 have been prepared to present the assets and liabilities of the Group as at those dates as if the current Group structure had been in existence at these dates. This resulted in a negative merger reserve of \$18,570,468.

The combined financial statements of the Group for the years ended 31 December 2007, 2008 and 2009 were authorised for issue by the Board of Directors on 1 July 2010.

APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

ADOPTION OF NEW AND REVISED STANDARDS - The Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued that are relevant to its operations and effective for annual periods beginning on or after 1 January 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

FRS 1 – Presentation of Financial Statements (Revised)

FRS 1 (2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

Amendments to FRS 107 – Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The amendments to FRS 107 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with transitional reliefs offered in these amendments.

FRS 108 – Operating Segments

The Group adopted FRS 108 with effect from 1 January 2009. FRS 108 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (FRS 14 Segment Reporting) required an entity to identify two sets of segments (Business and Geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRSs relevant to the Group and Company were issued but not effective:

- FRS 27 (Revised) *Consolidated and Separate Financial Statements*; and FRS 103 (Revised) *Business Combinations*.
- *Improvement to Financial Reporting Standards (issued in June 2009)*.
- FRS 24 (Revised) *Related Party Disclosures*.

Consequential amendments were also made to various standards as a result of these new/revised standards.

APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009

Management anticipates that the adoption of the above FRSs and amendments to FRSs in future periods is not expected to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 27 (Revised) *Consolidated and Separate Financial Statements*; and FRS 103 (Revised) *Business Combinations*

FRS 27 (Revised) is effective for annual periods beginning on or after 1 July 2009. FRS 103 (Revised) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

Apart from matters of presentation, the principal amendments to FRS 27 that will impact the Group concern the accounting treatment for transactions that result in changes in a parent's interest in a subsidiary. It is likely that these amendments will significantly affect the accounting for such transactions in future accounting periods, but the extent of such impact will depend on the detail of the transactions, which cannot be anticipated. The changes will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Similarly, FRS 103 is concerned with accounting for business combination transactions. The changes to the Standard are significant, but their impact can only be determined once the detail of future business combination transactions is known. The amendments to FRS 103 will be adopted prospectively for transactions after the date of adoption of the revised Standard and, therefore, no restatements will be required in respect of transactions prior to the date of adoption.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments (part of Improvements to FRSs issued in June 2009) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in FRS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) will be reclassified from investing to operating activities in the statement of cash flows. The amendments to FRS 7 will be adopted for periods beginning on or after 1 January 2010.

FRS 24 (Revised) *Related Party Disclosures*

FRS 24 (Revised) *Related Party Disclosures* is effective for annual periods beginning on or after 1 January 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity. In addition, the revised Standard provides partial exemption for government-related entities, in relation to the disclosure transactions, outstanding balances and commitments. Where such exemptions apply, the reporting entity has to make additional disclosures, including the nature of the government's relationship with the reporting entity and information on significant transactions or group of transactions involved. In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

BASIS OF CONSOLIDATION – The combined financial statements incorporate the financial statements of the Company and its subsidiaries and have been prepared using the principles of merger accounting and on the assumption that the Restructuring of entities under common control has occurred since the beginning of the Relevant Periods presented in these combined financial statements.

APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

MERGER RESERVE - Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments.

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method less impairment except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the receivables is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowances account are recognised in profit or loss.

APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the receivables at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of the liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank overdrafts, bank loans and loan from a third party are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

APPENDIX A - INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007, 2008 AND 2009

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated based on first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Freehold land not used in operations is stated at cost, except in the case where an impairment is deemed to have occurred. Loss on the impairment is recognised in profit or loss.

Construction-in-progress consists of construction costs incurred during the period of construction and is transferred to the appropriate property, plant and equipment account when construction is complete and asset is ready for use.

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold land and property	-	5%
Freehold property	-	2% to 10%
Land improvement	-	10%
Plant, machinery and equipment	-	10% to 33%
Motor vehicles	-	20%
Other assets	-	20% to 33%

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The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

CLUB MEMBERSHIP - Club membership with indefinite useful life is not amortised and is stated at cost less any accumulated impairment loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue from contract is recognised by reference to the stage of completion of the contract at the end of the reporting period.

The percentage of completion is measured by reference to the percentage of costs incurred to-date to the estimated total costs for each contract, with due consideration made to include only those costs that reflect work performed. Provision is made where applicable for anticipated losses on contracts in progress.

When losses are expected, full provision is made in the financial statements after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in profit or loss.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The combined financial statements of the Group are presented in Singapore dollars.

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In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting combined financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation accumulated in a separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

Exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in foreign currency translation reserve (attributed to minority interest, as appropriate).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

There are no critical judgements, apart from those involving estimation (see below) that the management has made in the process of applying the accounting policy for the amounts recognised in the combined financial statements.

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(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Allowance for bad and doubtful debts

The Group makes allowance for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

The carrying amounts of trade and other receivables at the end of the reporting period as disclosed in Notes 7 and 9 to the financial statements respectively, approximate their recoverable amounts as there has not been a significant change in their credit quality since the end of the reporting period.

Revenue and costs of contracts

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the stage of completion of a project activity at the end of the reporting period, using engineers' estimates. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed the cost studies, taking into account the costs to date and costs to complete each project. Management has also reviewed the physical proportion of the contract work completed of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery.

As at 31 December 2009, a total allowance for foreseeable losses of \$108,100 (2008 and 2007: \$Nil) has been made. The carrying amount of work-in-progress is disclosed in Note 8 to the financial statements.

Useful lives of property, plant and equipment

As described in Note 2, the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial period, the management is satisfied that there is no change in the useful lives of the property, plant and equipment from prior period. The carrying amounts of property, plant and equipment are disclosed in Note 11 to the financial statements.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Financial Assets			
Loans and receivables (including cash and cash equivalents)	19,136,628	21,638,592	26,437,550
Financial Liabilities			
Amortised cost	20,210,655	14,882,331	13,544,817

(b) Financial risk management policies and objectives

The Group's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

i) Foreign exchange risk management

The Group's foreign currency exposure arises from United States dollars. The Group does not hedge against foreign exchange exposure as the currency risk is not expected to be significant.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	<u>Liabilities</u>			<u>Assets</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$	\$	\$	\$
United States dollars	552,897	-	-	550,596	472,553	455,888

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the Singapore dollars. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and equity.

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If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, the Group's profit or loss and equity will decrease by:

	2007	2008	2009
	\$	\$	\$
United States dollars	(115)	(23,627)	(22,794)
	(115)	(23,627)	(22,794)

If the relevant foreign currency strengthens by 5% there would be an equal and opposite impact on the Group's profit or loss and equity.

ii) Interest rate risk management

The Group's exposures to market risk for changes in interest rate relates to the Group's long-term and short-term debt obligations. The Group does not use derivative financial instruments to hedge its exposure to interest rate fluctuation.

However, it is the Group's policy to obtain the most favourable interest rates available whenever the Group obtains additional financing through bank borrowings.

The interest rates and terms of maturity and repayment of borrowings of the Group are disclosed in Notes 13, 16 and 17 to the financial statements.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit or loss and equity for the year ended 31 December 2009 would decrease/increase by \$9,484 (2008: decrease/increase by \$15,621; 2007: decrease/ increase by \$22,442). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group places its cash and bank balances with creditworthy financial institutions. The Group has adopted procedures in extending credit terms to customers and in monitoring credit risk.

Concentration of credit risk exist when changes in economic, industry or geographic factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

As at the end of the reporting period, the Group has 3 major customers which accounted for \$12,818,856 or 79.97% (2008: \$18,099,010 or 91.61%; 2007: \$14,118,512 or 75.74%) of the net trade receivable balances.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 9 to the financial statements respectively.

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iv) Liquidity risk management

Management is of the view that there is minimal liquidity risk as the Group maintains sufficient cash and bank balances and internally generated cash flows to finance their activities. If required, financing can be obtained from its existing lines of banking facilities.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective <u>interest rate</u>	On demand or within <u>1 year</u>	Within 2 <u>to 5 years</u>	After <u>5 years</u>	<u>Adjustment</u>	<u>Total</u>
	%	\$	\$	\$	\$	\$
<u>2007</u>						
Non-interest bearing	–	13,255,037	–	–	–	13,255,037
Fixed interest rate instruments	5.71	1,747,115	557,808	–	(124,595)	2,180,328
Finance leases (fixed rate)	3.85	98,229	235,071	–	(46,413)	286,887
Variable interest rate instruments	4.92	2,559,309	1,242,449	1,324,566	(637,921)	4,488,403
		<u>17,659,690</u>	<u>2,035,328</u>	<u>1,324,566</u>	<u>(808,929)</u>	<u>20,210,655</u>
<u>2008</u>						
Non-interest bearing	–	10,752,370	–	–	–	10,752,370
Fixed interest rate instruments	4.50	568,472	215,840	–	(33,808)	750,504
Finance leases (fixed rate)	3.85	78,500	202,732	11,540	(37,443)	255,329
Variable interest rate instruments	4.54	1,389,909	1,242,449	1,014,116	(522,346)	3,124,128
		<u>12,789,251</u>	<u>1,661,021</u>	<u>1,025,656</u>	<u>(593,597)</u>	<u>14,882,331</u>
<u>2009</u>						
Non-interest bearing	–	9,332,154	–	–	–	9,332,154
Fixed interest rate instruments	4.94	1,003,999	1,280,556	–	(159,388)	2,125,167
Finance leases (fixed rate)	3.88	61,127	150,838	2,308	(23,620)	190,653
Variable interest rate instruments	4.98	290,258	1,242,449	708,441	(344,305)	1,896,843
		<u>10,687,538</u>	<u>2,673,843</u>	<u>710,749</u>	<u>(527,313)</u>	<u>13,544,817</u>

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Non-derivative financial assets

All financial assets in 2007, 2008 and 2009 are repayable on demand or due within 1 year from the end of the reporting period, except for certain restricted cash and deposits as disclosed in Notes 6 and 9 to the financial statements respectively.

v) Fair value of financial instruments

The carrying amounts of cash and bank balances, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bank overdrafts and bank loans, finance leases and loan from a third party and equity, comprising issued capital and retained earnings. The Group's overall strategy remains unchanged during the Relevant Periods.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or director and associates. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Details of transactions between the Group and related parties are disclosed below:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Services rendered	(39,223)	(1,656,332)	(1,171,626)
Rental income	–	(22,000)	(12,000)
Sub-contractor charges	199,675	1,397,923	1,493,616
Site wages	10,638	9,653	29,248
Travelling expenses	–	–	2,742
Purchase of goods	–	–	2,630
Management fee expense	7,838	7,200	–
Interest expenses	1,422	–	–

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Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Short-term benefits	792,814	776,364	717,225
Post-employment benefits	83,096	87,250	81,967
Total	<u>875,910</u>	<u>863,614</u>	<u>799,192</u>

The remuneration of directors and key management is determined by the Board of Directors having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Cash at bank	1,843,718	943,007	7,085,978
Fixed deposit	–	150,000	–
Restricted cash ^(a)	87,683	87,451	89,112
Total	<u>1,931,401</u>	<u>1,180,458</u>	<u>7,175,090</u>
Less: restricted cash ^(b) (shown under non-current assets)	<u>(35,762)</u>	<u>(34,859)</u>	<u>(36,327)</u>
Current assets	<u>1,895,639</u>	<u>1,145,599</u>	<u>7,138,763</u>

In 2008, fixed deposit bore an effective interest rate of 0.32% per annum and was for a tenure of approximately 30 days.

Restricted cash include:

- a) Fixed deposits pledged to banks for bank facilities granted to the Group and have an average maturity of 3 months (2008 and 2007: 3 months) with weighted effective interest rates of 0.15% (2008: 0.65%; 2007: 1.70%) per annum.
- b) Fixed deposits pledged to bank for bank guarantee granted to the Group and have an average maturity of 12 months (2008 and 2007: 12 months) with weighted effective interest rates of 1.75% (2008: 2.25%; 2007: 4.00%) per annum.

The Group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
United States dollars	<u>45,639</u>	<u>45,585</u>	<u>37,307</u>

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7 TRADE RECEIVABLES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Third parties	15,949,951	19,216,874	18,728,048
Related parties (Note 5)	78,475	539,333	-
Total	<u>16,028,426</u>	<u>19,756,207</u>	<u>18,728,048</u>

The average credit period on rendering of services is 30 days (2008 and 2007: 30 days). No interest is charged on the outstanding balances.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

The table below is an analysis of trade receivables as at 31 December:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Unbilled receivables	4,279,180	4,485,228	5,604,734
Not past due and not impaired	3,440,619	3,368,090	2,786,702
Past due but not impaired	8,308,627	11,902,889	10,336,612
	<u>16,028,426</u>	<u>19,756,207</u>	<u>18,728,048</u>

Aging profile of receivables that are past due but not impaired:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
< 3 months	5,142,766	6,768,779	6,117,520
3 months to 6 months	2,091,155	2,184,541	1,880,174
6 months to 12 months	906,287	2,242,661	2,302,498
> 12 months	168,419	706,908	36,420
	<u>8,308,627</u>	<u>11,902,889</u>	<u>10,336,612</u>

The trade receivables that are neither past due nor impaired related to customers that the Group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The Group has not provided for trade receivables balances which are past due at the reporting date as there has not been a change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2009, the Group has factored its trade receivables with carrying amount of \$32,056 (2008: \$191,511, 2007: \$Nil) to the factoring creditor (Note 15) in exchange for cash. The transaction has been accounted for as a collateralised borrowing as the factoring creditor has the full recourse in the event of default by those debtors.

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In 2007, the Group has factored its trade receivables with carrying amount of \$1,601,421 to the bank (Note 13) in exchange for cash. The transaction has been accounted for as a collateralised borrowing as the bank has the full recourse in the event of default by those debtors.

The Group's trade receivables balances that are not denominated in the functional currencies of the respective entities are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
United States dollars	504,957	426,968	418,581

8 WORK-IN-PROGRESS

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Cost and recognised profit of uncompleted contracts in excess of related billings (included in current assets):			
Contract costs incurred plus recognised profits ⁽¹⁾	20,505,424	21,695,012	24,046,449
Less: Progress billings	(15,951,102)	(16,814,383)	(21,102,935)
Total	<u>4,554,322</u>	<u>4,880,629</u>	<u>2,943,514</u>
Billing in excess of costs and recognised profit on uncompleted contracts (included in current liabilities):			
Progress billings	(504,928)	(2,942,672)	-
Less: Contract costs incurred plus recognised profits	2,347	2,136,135	-
Total	<u>(502,581)</u>	<u>(806,537)</u>	<u>-</u>

⁽¹⁾ Included in this account balance is allowance for foreseeable loss with the following movement:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Balance at beginning of the year	-	-	-
Charged to profit or loss	-	-	108,100
Balance at end of the year	<u>-</u>	<u>-</u>	<u>108,100</u>

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9 OTHER RECEIVABLES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Third parties	263,031	285,880	228,058
Related parties (Note 5)	618,251	266,513	–
Prepayments	350,462	261,610	437,513
Deposits	295,519	149,534	306,354
Income tax recoverable	–	–	55,716
	<u>1,527,263</u>	<u>963,537</u>	<u>1,027,641</u>
Less: Deposits (shown under non-current assets)	(43,925)	(51,557)	(52,395)
Current assets	<u>1,483,338</u>	<u>911,980</u>	<u>975,246</u>

In determining the recoverability of receivables from related parties, the Group considers the financial strength and performance of related parties. Accordingly, the management believes that no allowance for doubtful debts is needed.

In determining the recoverability of receivables from third parties, the Group considers any changes in the credit quality of the third parties from the date credit was initially granted up to the reporting date. The other receivables from third parties are neither past due nor impaired and have been assessed to be creditworthy, based on the credit evaluation process performed by management.

The Group's other receivables balances are all denominated in the functional currencies of the respective entities.

10 INVENTORIES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Consumables – at cost	214,553	454,910	597,997
	<u>214,553</u>	<u>454,910</u>	<u>597,997</u>

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11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and property	Freehold Land	Freehold property	Land improvement	Plant machinery and equipment	Motor vehicles	Construction- in - progress	Other assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost:									
At 1 January 2007	1,119,308	2,648,458	898,379	–	95,520	986,338	–	385,244	6,133,247
Exchange translation	–	2,219	–	–	–	–	–	–	2,219
Additions	2,170,459	–	30,975	–	3,884,201	179,291	1,758,131	304,781	8,327,838
Write-off	–	–	–	–	–	–	–	(380)	(380)
At 31 December 2007	3,289,767	2,650,677	929,354	–	3,979,721	1,165,629	1,758,131	689,645	14,462,924
Exchange translation	–	(123,287)	(1,441)	–	(87,031)	(1,470)	(81,774)	(4,218)	(299,221)
Additions	3,420	1,073,860	28,197	55,979	1,016,272	58,312	323,742	104,872	2,664,654
Reclassification	–	–	550,924	590,690	762,980	–	(1,913,261)	8,667	–
Disposals	–	–	–	–	(178,061)	–	–	(1,900)	(179,961)
Write-off	–	–	–	–	–	–	–	(4,728)	(4,728)
At 31 December 2008	3,293,187	3,601,250	1,507,034	646,669	5,493,881	1,222,471	86,838	792,338	16,643,668
Exchange translation	–	87,835	14,846	15,772	85,984	786	2,118	3,876	211,217
Additions	–	–	9,436	13,391	175,786	35,000	79,090	75,129	387,832
Reclassification	–	–	33,275	36,219	29,917	–	(101,158)	1,747	–
Disposals	–	–	–	–	(38,524)	(115,750)	–	(1,400)	(155,674)
Write-off	–	–	–	–	(9,521)	(4,000)	(47,705)	(117,573)	(178,799)
At 31 December 2009	3,293,187	3,689,085	1,564,591	712,051	5,737,523	1,138,507	19,183	754,117	16,908,244

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	Leasehold land and property	Freehold Land	Freehold property	Land improvement	Plant, machinery and equipment	Motor vehicles	Construction- in - progress	Other assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accumulated depreciation:									
At 1 January 2007	52,500	–	82,352	–	39,803	589,570	–	253,303	1,017,528
Exchange translation	–	–	(2)	–	(7,320)	(208)	–	(351)	(7,881)
Charge for the year	168,075	–	18,029	–	596,829	160,414	–	115,338	1,058,685
Write-off	–	–	–	–	–	–	–	(285)	(285)
At 31 December 2007	220,575	–	100,379	–	629,312	749,776	–	368,005	2,068,047
Exchange translation	–	–	(622)	(1,066)	(23,414)	(424)	–	(1,195)	(26,721)
Charge for the year	168,075	–	39,678	37,498	919,441	131,556	–	148,224	1,444,472
Disposals	–	–	–	–	(40,194)	–	–	(421)	(40,615)
Write-off	–	–	–	–	–	–	–	(4,533)	(4,533)
At 31 December 2008	388,650	–	139,435	36,432	1,485,145	880,908	–	510,080	3,440,650
Exchange translation	–	–	517	889	16,641	272	–	857	19,176
Charge for the year	168,075	–	68,912	68,696	1,065,053	118,645	–	143,183	1,632,564
Disposals	–	–	–	–	(38,168)	(94,150)	–	(467)	(132,785)
Write-off	–	–	–	–	(9,520)	(4,000)	–	(116,993)	(130,513)
At 31 December 2009	556,725	–	208,864	106,017	2,519,151	901,675	–	536,660	4,829,092
Carrying amount:									
At 31 December 2007	3,069,192	2,650,677	828,975	–	3,350,409	415,853	1,758,131	321,640	12,394,877
At 31 December 2008	2,904,537	3,601,250	1,367,599	610,237	4,008,736	341,563	86,838	282,258	13,203,018
At 31 December 2009	2,736,462	3,689,085	1,355,727	606,034	3,218,372	236,832	19,183	217,457	12,079,152

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Other assets consist of office equipment, furniture and fittings, air conditioner and container.

As at the end of the reporting period, the Group's leasehold land and property with a carrying amount of \$2,736,462 (2008: \$2,904,537; 2007: \$3,069,192) and freehold property, an office unit at 30 Shaw Road, #06-06 Roche Building, Singapore 367957 with a carrying amount of \$708,000 (2008: \$780,092; 2007: \$798,060) have been pledged with a bank for banking facilities (Note 13) and performance guarantees (Note 29).

As at the end of the reporting period, the Group's machineries with a carrying amount of \$762,124 (2008: \$1,059,240; 2007: \$1,522,480) were secured to a third party loan (Note 16) and the Group's motor vehicles with carrying amount of \$130,025 (2008: \$201,890; 2007: \$231,057) were held under finance lease (Note 17).

12 CLUB MEMBERSHIP

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Club membership, at cost	65,000	65,000	65,000
Allowance for impairment loss	(15,500)	(15,500)	(15,500)
	<u>49,500</u>	<u>49,500</u>	<u>49,500</u>

13 BANK OVERDRAFTS AND LOANS (SECURED)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Bank overdrafts ^(a)	2,175,579	1,015,808	–
Factoring loan ^(b)	1,120,995	–	–
Bank loans			
- Term loan 1 ^{(c) (e)}	713,354	645,815	575,025
- Term loan 2 ^{(d) (e)}	1,102,982	1,008,491	912,564
- Term loan 3 ^(f)	496,488	454,014	409,254
- Bridging loan ^(g)	–	–	2,000,000
	<u>5,609,398</u>	<u>3,124,128</u>	<u>3,896,843</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,473,244)	(1,228,037)	(890,296)
	<u>2,136,154</u>	<u>1,896,091</u>	<u>3,006,547</u>

Notes:

- a) The bank overdrafts were arranged at floating rates, thus exposing the Group to cash flow risk. The bank overdrafts were repayable on demand and had an average effective interest rate of 6.25% (2008 and 2007: 6.25%) per annum.
- b) In 2007, the Group's factoring loan bore a fixed interest rate of 6.00% per annum and was for a tenure of not exceeding 120 days. It was secured by certain trade receivables amounted to \$1,601,421 (Note 7).
- c) Interest is charged at a fixed interest rate of 4.50% per annum for the first year, 5.00% per annum for the second year and for the third year onwards, interest is charged based on 0.75% per annum per above the commercial financing rate. The bank loan has an average effective interest rate of 5.25% (2008: 5.08%; 2007: 4.67%) per annum.

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- d) Interest is charged at a fixed interest rate of 3.75% per annum for the first year, 4.50% per annum for the second year and for the third year onwards, interest is charged based on 0.75% per annum per above the commercial financing rate. The bank loan has an average effective interest rate of 4.50% (2008: 4.00%; 2007: 3.75%) per annum.
- e) The term loans 1 and 2 are repayable over 120 monthly installments commencing one month after the date of the first drawdown in August 2006 and September 2007 respectively. The term loans were arranged at fixed rates in the first two years and thus exposed the Group to fair value risk.
- f) The term loan has an average effective interest rate of 5.25% (2008: 5.00%; 2007: 5.00%) per annum and is repayable over 180 monthly installments commencing one month after the date of the first drawdown in August 2002. The term loan was arranged at floating rates and thus exposed the Group to cash flow risk.
- g) The bridging loan has a fixed interest rate of 5.00% per annum or such other rate as may be approved by SPRING Singapore under Local Enterprise Finance Scheme. The bridging loan is repayable over 36 monthly installments commencing one month after the first drawdown in October 2009. The bridging loan is arranged at fixed rate and thus exposing the Group to fair value risk.

The Group's bank facilities are secured by:

- i) legal mortgage over the Group's leasehold land and property (Note 11);
- ii) legal mortgage over the Group's freehold property (Note 11);
- iii) legal mortgage over the properties of a related party; and
- iv) joint and several personal guarantees of a director and related parties for all the monies owing.

As at 31 December 2009, the Group had available \$12,270,000 (2008: \$12,814,192; 2007: \$12,390,378) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The Group's bank overdrafts and bank loans are denominated in the functional currencies of the respective entities.

The fair value of the Group's borrowings approximates their carrying amount.

14 TRADE PAYABLES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Outside parties	2,058,050	3,016,026	2,612,669
Related parties (Note 5)	66,504	333	-
Total	<u>2,124,554</u>	<u>3,016,359</u>	<u>2,612,669</u>

The average credit period of trade payables is 30 days (2008 and 2007: 30 days). No interest is charged on the outstanding balances.

The Group's trade payables are denominated in the functional currencies of the respective entities.

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15 OTHER PAYABLES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Director of subsidiary (Note 5)	–	–	1,764,000
Directors (Note 5)	2,148,200	2,208,425	–
Related parties (Note 5)	4,168,389	570,771	58,922
Accruals	2,734,580	2,211,205	1,978,428
Workers' guarantee payables	1,426,804	1,491,258	1,550,923
Dividend payables	–	–	1,000,000
Other payables	652,510	1,254,352	367,212
Factoring creditor	–	114,904	19,234
	<u>11,130,483</u>	<u>7,850,915</u>	<u>6,738,719</u>

The Group's factoring creditor bear a fixed interest rate of 5.25% (2008: 5.25%, 2007: Nil%) per annum and is repayable within the next 12 months. It is secured by certain trade receivables amounting to \$32,056 (2008: \$191,511, 2007: \$Nil) (Note 7).

Accruals principally comprise amounts outstanding for ongoing costs.

The Group's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
United States dollars	<u>552,897</u>	<u>–</u>	<u>–</u>

16 LOAN FROM A THIRD PARTY (SECURED)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Loan from a third party	1,059,333	635,600	105,933
Less: Amount due for settlement within 12 months (shown under current liabilities)	(529,333)	(423,733)	(105,933)
Amount due for settlement after 12 months	<u>530,000</u>	<u>211,867</u>	<u>–</u>

The loan from a third party is secured by the Group's machineries (Note 11) and is repayable within 3 years commencing after the date of the first drawdown in January 2007.

The loan bears a fixed interest rate of 3.75% (2008 and 2007: 3.75%) per annum and thus exposing the Group to fair value risk.

The Group's loan from a third party is denominated in the functional currencies of the respective entities.

The fair value of the Group's loan approximates its carrying amount as it bears interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

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17 FINANCE LEASES

	<u>Minimum lease payments</u>			<u>Present value of minimum lease payments</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$	\$	\$	\$
Amounts payable under finance leases:						
Within one year	98,229	78,500	61,127	81,575	64,676	51,073
In the second to fifth years inclusive	235,071	202,732	150,838	205,312	179,437	137,289
After fifth year	–	11,540	2,308	–	11,216	2,291
	<u>333,300</u>	<u>292,772</u>	<u>214,273</u>	<u>286,887</u>	<u>255,329</u>	<u>190,653</u>
Less: Future finance charges	(46,413)	(37,443)	(23,620)	NA	NA	NA
Present value of lease obligations	<u>286,887</u>	<u>255,329</u>	<u>190,653</u>	<u>286,887</u>	<u>255,329</u>	<u>190,653</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)				(81,575)	(64,676)	(51,073)
Amount due for settlement after 12 months				<u>205,312</u>	<u>190,653</u>	<u>139,580</u>

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease terms ranged from 6 to 7 years (2008 and 2007: 6 to 7 years). The average effective borrowing rate was 3.88% (2008: 3.85%; 2007: 3.85%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Singapore dollars.

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets (Note 11) and joint and several personal guarantees of a director and related parties (2008 and 2007: related parties).

18 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the Relevant Periods:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
<u>Accelerated tax depreciation</u>			
At beginning of year	9,490	132,490	161,990
Charged to profit or loss (Note 24)	123,000	29,500	44,400
At end of year	<u>132,490</u>	<u>161,990</u>	<u>206,390</u>

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19 SHARE CAPITAL

The share capital in the combined statements of financial position as at 31 December 2007, 2008 and 2009 represented the pre-Placement paid-up capital of ES Group (Holdings) Limited. For the purpose of this set of combined financial statements, the share capital has been presented as if the Restructuring has occurred at the beginning of the Relevant Periods (Note 1).

20 REVENUE

These represent service rendered net of estimated rebates and discounts.

21 OTHER OPERATING INCOME

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Reimbursement of expenses from foreign workers	880,390	931,624	1,349,793
Foreign exchange adjustment gain - net	–	70,076	121,979
Rental income	–	58,000	38,400
Gain on disposal of property, plant and equipment	–	8,542	9,909
Scrap income	18,815	13,275	5,244
Interest income	7,886	5,039	1,308
Others	6,760	6,565	37,629
Total	<u>913,851</u>	<u>1,093,121</u>	<u>1,564,262</u>

22 OTHER OPERATING EXPENSES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Rental expense	971,628	908,350	1,400,875
Repair and maintenance	266,486	308,840	422,095
Travelling expense	424,265	270,174	356,353
Staff training and welfare	401,745	344,692	289,358
Food and refreshment	206,387	218,313	258,994
Water and electricity	187,505	211,229	175,509
Listing expenses	–	–	171,736
Transportation	184,252	177,696	129,170
Depreciation on property, plant and equipment	197,993	65,551	127,144
Property, plant and equipment written off	95	195	48,286
Staff uniform	23,744	23,060	20,755
Foreign exchange adjustment loss – net	5,646	–	–
Others	121,849	81,502	254,434
Total	<u>2,991,595</u>	<u>2,609,602</u>	<u>3,654,709</u>

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23 FINANCE COSTS

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Interest on bank loans	96,050	102,105	125,717
Interest on bank overdrafts	66,987	93,900	96,669
Interest on factoring loan	7,862	93,052	49,788
Interest on obligation under finance leases	39,138	18,595	13,825
Interest expense to a third party	28,618	29,527	13,713
Interest expense to a related party	1,422	–	–
Total	<u>240,077</u>	<u>337,179</u>	<u>299,712</u>

24 INCOME TAX EXPENSE

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Income tax:			
- Current	780,112	1,362,000	807,505
- Underprovision in prior year	26,153	64,961	902
Deferred tax (Note 18)			
- Current	123,000	29,500	21,700
- Underprovision in prior year	–	–	22,700
Total	<u>929,265</u>	<u>1,456,461</u>	<u>852,807</u>

Domestic income tax is calculated at 17% (2008 and 2007: 18%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the financial year can be reconciled to the accounting profit as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Profit before income tax	<u>4,864,275</u>	<u>11,176,127</u>	<u>9,153,173</u>
Income tax expense at statutory rate	875,570	2,011,703	1,556,039
Effect of expenses that are not deductible in determining taxable profit	141,216	68,728	72,971
Effect of income that are exempt from taxation in foreign jurisdiction	–	(559,750)	(665,286)
Tax exemption	(118,020)	(118,596)	(140,181)
Underprovision in prior year	26,153	64,961	23,602
Others	4,346	(10,585)	5,662
Total income tax expense	<u>929,265</u>	<u>1,456,461</u>	<u>852,807</u>

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The Company's subsidiary in Thailand was granted an investment promotion privileges as a promoted industry by virtue of the provision of the Investment Promotion Act B.E. 2520 (1977). According to the promotional certificate No. 1279(2)/2550 dated 16 March 2007, the Company's subsidiary is entitled to the following privileges:

- deduction of import duty on certain imported machinery as approved by the Board of Investment;
- deduction of import duty on the raw and essential materials import in producing products for export for a period of 5 years from the date such materials are first imported;
- exemption of import duties on items which imports for re-export for a period of 5 years from the date such items are first imported;
- exemption of corporate income tax on the net profit derived from the promoted activity with the total amount not exceeding 100 percent of the investment capital excluding cost of land and working capital for a period of not more than 8 years from the date income was derived from such activity; and
- tax-exempt dividends derived from the Promoted Activity to the shareholders within the income tax exemption period.

The subsidiary has to comply with certain terms and conditions contained in the promotion certificate.

25 PROFIT FOR THE YEAR

Profit for the year is arrived at after charging (crediting):

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Directors' fee	–	500,000	–
Directors' remuneration:			
- of the Company	214,234	193,523	300,468
- of the Subsidiaries	167,037	167,858	112,807
Employee benefit expenses (including directors' remuneration)	2,657,276	2,802,707	2,158,734
Costs of defined contribution plans (included in employee benefit expenses)	565,602	316,009	260,688
Depreciation of property, plant and equipment	1,058,685	1,444,472	1,632,564
Cost of inventories recognised as expense	426,388	141,306	123,558
Allowance for foreseeable loss on contract work-in-progress	–	–	108,100
Government grant – Job credit scheme	–	–	(201,971)
	–	–	(201,971)

26 EARNINGS PER SHARE

Earnings per share for the Relevant Periods have been calculated based on the profit attributable to the owners of the Company of \$6,343,643 (2008: \$8,164,805; 2007: \$4,197,106) and pre-Placement share capital of 120,000,000 (2008 and 2007: 120,000,000) shares.

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27 DIVIDENDS

During the year ended 31 December 2008, Eng Soon Investment Pte Ltd and Wang Fatt Oil & Gas Construction Pte Ltd paid interim one-tier tax exempt dividends of \$625,000 and \$500,000 to its then shareholders respectively.

During the year ended 31 December 2009, Eng Soon Investment Pte Ltd, Wang Fatt Oil & Gas Construction Pte Ltd, Eng Soon Engineering (1999) Pte Ltd and ES Offshore Engineering Pte. Ltd. paid interim one-tier tax exempt dividends of \$1,000,000, \$1,000,000, \$100,000 and \$400,000 to its then shareholders respectively.

In addition, Wang Fatt Oil & Gas Construction Pte Ltd and ES Offshore Engineering Pte. Ltd. declared a second interim one-tier tax exempt dividends of \$500,000 each in respect of financial year ended 31 December 2009 to be payable to its then shareholders.

28 SEGMENT INFORMATION

Services from which reportable segments derive their revenues

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group under FRS 108.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable operating segments under FRS 108 are as follows:

<u>Segment</u>	<u>Principal activities</u>
New building and conversion	New building and conversion of offshore and marine structures and vessels and labour supply
Repair	Repair of ships tankers and other ocean-going vessels

The accounting policies of the reportable segments are described in Note 2. Segment revenue represents revenue generated from external customers. Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

Capital expenditure and depreciation are not allocated to the respective segments as the property, plant and equipment of the Group are for general purpose that are used for all segments.

The assets and liabilities are not allocated to reportable segment because they are of general use and they are not directly attributable to the segments or cannot be allocated to the segments on a reasonable basis.

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Information regarding the Group's reportable segments is presented in the tables below.

	<u>New building and conversion</u> \$	<u>Repair</u> \$	<u>Total</u> \$
<u>2007</u>			
Revenue			
Segment revenue	20,195,802	20,650,239	40,846,041
Results			
Segment results	5,464,009	4,834,430	10,298,439
Other operating income			913,851
Administrative expenses			(3,116,343)
Other operating expenses			(2,991,595)
Finance costs			(240,077)
Profit before income tax			4,864,275
Income tax expense			(929,265)
Profit for the year			3,935,010
Other information			
Capital expenditure			8,327,838
Property, plant and equipment written off			95
Depreciation of property, plant and equipment			1,058,685
Assets and Liabilities			
Segment assets	10,817,486	9,765,262	20,582,748
Unallocated corporate assets			16,117,594
Total assets			36,700,342
Segment liabilities	502,581	-	502,581
Unallocated corporate liabilities			21,166,586
Total liabilities			21,669,167

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	<u>New building and conversion</u>	<u>Repair</u>	<u>Total</u>
	\$	\$	\$
<u>2008</u>			
Revenue			
Segment revenue	26,169,049	25,566,991	51,736,040
Results			
Segment results	9,788,918	7,362,692	17,151,610
Other operating income			1,093,121
Administrative expenses			(4,121,823)
Other operating expenses			(2,609,602)
Finance costs			(337,179)
Profit before income tax			11,176,127
Income tax expense			(1,456,461)
Profit for the year			9,719,666
Other information			
Capital expenditure			2,664,654
Property, plant and equipment written off			195
Gain on disposal of property, plant and equipment			(8,542)
Depreciation of property, plant and equipment			1,444,472
Assets and Liabilities			
Segment assets	12,424,389	12,212,447	24,636,836
Unallocated corporate assets			15,851,423
Total assets			40,488,259
Segment liabilities	806,537	-	806,537
Unallocated corporate liabilities			16,318,013
Total liabilities			17,124,550

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	<u>New building and conversion</u>	<u>Repair</u>	<u>Total</u>
	\$	\$	\$
<u>2009</u>			
Revenue			
Segment revenue	30,881,335	21,807,004	52,688,339
Results			
Segment results	10,179,934	4,733,804	14,913,738
Other operating income			1,564,262
Administrative expenses			(3,370,406)
Other operating expenses			(3,654,709)
Finance costs			(299,712)
Profit before income tax			9,153,173
Income tax expense			(852,807)
Profit for the year			8,300,366
Other information			
Allowance for foreseeable loss on contract work-in-progress			108,100
Capital expenditure			387,832
Property, plant and equipment written off			48,286
Gain on disposal of property, plant and equipment			(9,909)
Depreciation of property, plant and equipment			1,632,564
Assets and Liabilities			
Segment assets	7,950,728	13,720,834	21,671,562
Unallocated corporate assets			20,929,380
Total assets			42,600,942
Unallocated corporate liabilities			14,304,079
Total liabilities			14,304,079

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Geographical information

The Group operates in two principal geographical areas – Singapore (country of domicile) and Thailand.

The Group's revenue and information about its segment assets by geographical location are detailed below:

<u>Geographical segments</u>	<u>Revenue</u>			<u>Non-current assets</u>		
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$	\$	\$	\$
Singapore	39,603,341	38,286,412	34,927,942	6,161,014	5,329,390	4,630,872
Thailand	1,242,700	13,449,628	17,760,397	6,233,863	7,873,628	7,448,280

The Group's revenue by geographical segments is based on the respective entities' country of operations.

Information about major customers

Major customers with revenue more than 10% of the Group's total revenue are as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Customer 1	22,626,488	18,676,049	21,159,464
Customer 2	–	12,985,935	15,438,336
Customer 3	16,347,289	16,904,304	12,743,604
Total	38,973,777	48,566,288	49,341,404

Each customer above contributes revenue to both reportable segments.

29 CONTINGENT LIABILITIES

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Performance guarantees – secured (Note 11)	1,345,000	–	–

30 OPERATING LEASE ARRANGEMENTS

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Minimum lease payments under non-cancellable operating leases recognised as an expense in the year	61,576	64,497	58,205

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At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases of land with JTC Corporation ("JTC"), which fall due as follows:

	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$	\$	\$
Within 1 year	61,576	64,947	72,273
In the second to fifth year inclusive	246,304	259,788	289,092
After five years	985,216	974,205	1,011,824
	<hr/>	<hr/>	<hr/>
Total	1,293,096	1,298,940	1,373,189
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Leases are negotiated for term of 28 years (2008 and 2007: 28 years) and increment to the present charge rate will be subjected to revision. JTC will review this rate periodically to determine the need for rate revision.

31 SUBSEQUENT EVENTS

On 8 March 2010, a subsidiary, ES Offshore and Marine Engineering (Thailand) Co., Ltd. entered into a sale and purchase agreement for the sale of freehold land to a related party, SSL Offshore Co., Ltd. for a total consideration of \$139,590 (Baht 3,300,000).

On 13 March 2010, the Company acquired 2 shares of ES Shipping Pte. Ltd. (formerly known as AP Global Marine Pte. Ltd.), incorporated in Singapore, for a total cash consideration of \$4.

On 16 March 2010, the Company subscribed 99,998 shares allotted by ES Shipping Pte. Ltd. for a total cash consideration of \$99,996.

On 3 May 2010, a subsidiary, Wang Fatt Oil & Gas Construction Pte Ltd declared and paid a final one-tier tax exempt dividend of \$2,800,000 in respect of financial year ended 31 December 2009 to the Company.

On 5 May 2010, the Company declared and paid an interim one-tier tax exempt dividend of \$2,800,000 in respect of financial year ending 31 December 2010 to its shareholders.

At extraordinary general meetings held on 8 June 2010 and 25 June 2010, our Shareholders approved, amongst other things, the following:

- a) the sub-division of 18,933,469 shares in the share capital of our Company into 120,000,000 shares.
- b) the conversion of our Company into a public company limited by shares and the consequential change of our name to "ES Group (Holdings) Limited";
- c) the adoption of a new set of Articles;
- d) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued as part of the Placement), the Performance Shares and the Option Shares to be issued (if any) on the Catalist;
- e) the allotment and issue of the New Shares which are the subject of the Placement, on the basis that the New Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- f) the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to (i) allot and issue Shares in our Company; and (ii) issue convertible securities and any Shares in our Company pursuant to the convertible securities, whether by way of rights, bonus or

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otherwise, at any time and upon such terms and conditions, whether for cash or otherwise 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 shall not exceed 100% of the issued share capital of our Company immediately after the Placement (excluding treasury shares) 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 50% of the issued share capital of our Company immediately after the Placement (excluding treasury shares). Unless revoked or varied 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 to be held, whichever is earlier, except that our Directors shall be authorised to allot and issue new Shares pursuant to the conversion of the convertible securities or additional convertible securities issued or any offer, or any agreement or option made or granted by the Directors during the continuance of the authority notwithstanding that such authority has ceased.

For the purposes of this resolution and pursuant to Rules 806(3) and 806(4) of the Listing Manual, "issued share capital of our Company immediately after the Placement excluding treasury shares" shall mean the enlarged issued and paid-up share capital of our Company after the Placement (excluding treasury shares) after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given (provided that the options or awards were granted in compliance with the Listing Manual); and (iii) any subsequent consolidation or sub-division of shares; and

- g) the adoption of the Eng Soon Performance Share Plan and Eng Soon Employee Share Option Scheme.

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ES GROUP (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS

In the opinion of the directors, the accompanying combined financial statements set out in pages A-3 to A-43 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2007, 2008 and 2009, and of the results, changes in equity and cash flows of the Group for the financial years ended 31 December 2007, 2008 and 2009 and at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

.....
Christopher Low Chee Leng

.....
Eddy Neo Chiang Swee

1 July 2010

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Articles of Association. This description is only a summary and is qualified by reference to our Articles of Association, a copy of which will be displayed at our registered office at 30 Shaw Road, #06-06 Roche Building, Singapore 367957. The following are extracts of the provisions in our Articles relating to:

(a) **A director's power to vote on a proposal, arrangement or contract in which he is interested**

Article 90(1) – Powers of Directors to contract with Company

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. No Director shall vote in respect of any contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted.

Article 90(2) – Relaxation of restriction on voting

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to these Articles or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

Article 91(2) – Exercise of voting power

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

(b) **A 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 86(1) - Fees

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Article 86(2) – Extra remuneration

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.

Article 86(3) – Remuneration of director

The fees (including any remuneration under Article 86(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

Article 87 – Expenses

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Article 88 – Pensions to directors and dependents

Subject to the Companies Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Article 89 – Benefits for employees

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

Article 94 – Remuneration of Chief Executive Officer / Managing Director

The remuneration of a Chief Executive Officer / Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Article 103(1) – Alternate Directors

Any Director of the Company may at any time appoint any person who is not a Director or alternate Director and who is approved by a majority of his co-Directors to be his alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

(c) **The borrowing powers exercisable by the directors and how such borrowing powers may be varied**

Article 118 – Directors’ borrowing powers

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security for any debt or obligation of the Company or of any third party.

(d) **The retirement or non-retirement of a director under an age limit requirement**

Article 93 – Chief Executive Officer / Managing Director to be subject to retirement by rotation

Any Director who is appointed as a Chief Executive Officer / Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company. The appointment of any Director to the office of Chief Executive Officer / Managing Director (or any Director holding an equivalent appointment) shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

Article 96(1)(viii) – Vacation of office of director

Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated subject to the provisions of the Companies Act, at the conclusion of the Annual General Meeting commencing next after he attains the age of seventy (70) years.

Article 98 – Retirement of directors by rotation

Subject to these Articles and to the Companies Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Provided that all Directors shall retire from office at least once every three (3) years.

Article 99 – Selection of directors to retire

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 so 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 or have been in office for the three (3) years since their last election. However 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 lot. A retiring Director shall be eligible for re-election.

Article 100 – Deemed re-elected

The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (ii) such Director is disqualified under the Companies Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected;

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

- (iii) such Director has attained any retiring age applicable to him as a Director; or
- (iv) the nominating committee appointed has given notice in writing to the directors that such director is not suitable for re-appointment, having regard to the Director's contribution and performance.

(e) **The number of shares, if any, required for the qualification of a director**

Article 85 - Qualifications

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings but subject to the provisions of the Companies Act he shall not be of or over the age of seventy (70) years at the date of his appointment.

(f) **The rights, preferences and restrictions attaching to each class of shares**

Article 4 – Issue of new shares

Subject to the Companies Act and these Articles, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting but subject thereto and to Article 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Article 5(1) – Rights attached to certain shares

Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these Articles. The total number of issued preference shares shall not exceed the total number of issued ordinary shares at any time. 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. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

Article 5(2)

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Article 7(2) – Rights of preference shareholders

The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Article 16(1) – Entitlement to certificate

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the

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Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S\$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Article 21(1) – Directors' power to decline to register

Subject to these Articles, 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 Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Companies Act and the listing rules of the Exchange.

Article 47 – Rights and privileges of new shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Article 71(1) – Voting rights of Members

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

Article 71(3)

Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before the time of the relevant general meeting (the cut-off time) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Article 72 – Voting rights of joint holders

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Article 73 – Voting rights of members of unsound mind

If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.

Article 74 – Right to vote

Subject to the provisions of these Articles, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

(g) Any change in capital

Article 50(1) – Power to consolidate, cancel and subdivide shares

The Company may by ordinary resolution alter its share capital in the manner permitted under the Companies Act including without limitation:

- (i) consolidate and divide all or any of its shares;
- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Companies Act;
- (iii) subdivide its shares or any of them (subject to the provisions of the Companies Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (iv) subject to the provisions of these Articles and the Companies Act, convert any class of shares into any other class of shares.

Article 50(2) – Repurchase of Company's shares

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Companies Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Companies Act.

Article 51 – Power to reduce capital

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Companies Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

- (h) **Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law**

Article 7(1) – Variation of rights

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Companies Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.

Article 8 – Creation or issue of further shares with special rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

- (i) **Any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement operates**

Article 130(1) – Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

(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 the shares**

Article 11 – No trust recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

Article 20 – Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

Article 48(1) – Issue of new shares to Members

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, 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.

Article 48(2)

Notwithstanding Article 48(1) above but subject to the Companies Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant Instruments; and/or
- (iii) (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:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;
- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Articles; and

APPENDIX B - SUMMARY OF ARTICLES OF ASSOCIATION OF OUR COMPANY

- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act (whichever is the earliest).

Article 48(3)

Notwithstanding Article 48(1) above but subject to the Companies Act, the Directors shall not be required to offer any 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 may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

APPENDIX C - DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of our Company. These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

Ordinary Shares

There are no founders, management, deferred or unissued shares reserved for issue for any purpose. We have only one class of shares, namely, our ordinary shares which have identical rights in all respects and rank equally with one another. All of the ordinary shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase its Shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of our Shareholders. The aggregate number of Shares to be issued pursuant to such approval may not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being (the percentage of issued share capital being based on our issued Shares 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 sub-division 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 but any approval may be previously revoked or varied by our Company in general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company 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. Our Company 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. Our Company may close the register of Shareholders for any time or times if it provides the SGX-ST at least 10 clear market days' notice. However, the register of Shareholders may not be closed for more than 30 days in aggregate in any calendar year. Our Company typically closes the 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 may decline to register any transfer of Shares which are not fully paid Shares, or Shares on which our Company has 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 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 it may require. Our Company will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board may require.

APPENDIX C - DESCRIPTION OF ORDINARY SHARES

General Meetings of Shareholders

Our Company is required to hold an annual general meeting every year. Our Board 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 the issued share capital of our Company (excluding treasury shares) 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 that 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 the corporate name and a reduction in the share capital. Our Company 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 every Shareholder who has supplied our Company 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 Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary 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 the 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, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled 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 or Shareholders present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than two Shareholders present in person or by proxy and entitled to vote. In the case of an equality of vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

Our Company may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by our Board. Our Company must pay all dividends out of its profits. Our Board may also declare an interim dividend without the approval of our Shareholders. All dividends are paid pro-rata among our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with approval by 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 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 our Company is listed.

APPENDIX C - DESCRIPTION OF ORDINARY SHARES

Takeovers

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code), issued by the Authority pursuant to section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% 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 rights 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);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% 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);

APPENDIX C - DESCRIPTION OF ORDINARY SHARES

- (iii) the related trusts of (i);
- (iv) any person who is accustomed to act in accordance with the instructions of (i);
- (v) companies controlled by any of (i), (ii), (iii) or (iv); and
- (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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 six months.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of 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 Companies Act, our Board and officers shall be entitled to be indemnified by our Company 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 judgment 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. Our Company 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 our Company.

Limitations on Rights to Hold or Vote Shares

Except as described in "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 Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board 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 wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, 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 the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;

APPENDIX C - DESCRIPTION OF ORDINARY SHARES

- (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;
- (e) provide that our Memorandum of Association or our Articles be amended; or
- (f) provide that we be wound up.

APPENDIX D - ENG SOON PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Plan shall be called the “Eng Soon Performance Share Plan”.

2. DEFINITIONS

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time.
“Adoption Date”	The date on which the Plan is adopted by the Company in general meeting.
“Articles”	The Articles of the Company, as amended from time to time.
“Auditors”	The auditors of the Company for the time being.
“Award”	A contingent award of Shares granted under Rule 5.
“Award Date”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
“Award Letter”	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
“CDP”	The Central Depository (Pte) Limited.
“Catalist”	The Catalist Board of the SGX-ST.
“Committee”	The committee comprising Directors duly authorized and appointed by the Board of Directors to administer the Plan.
“Company”	ES Group (Holdings) Limited, a company incorporated in Singapore.
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
“Controlling Shareholder”	A person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company; or in fact exercises Control over the Company.
“Group”	The Company and its subsidiaries.
“Group Executive”	Any employee of the Group (including any Group Executive Director and Group Non-Executive Director who meets the relevant age and rank criteria and who shall be regarded as a Group Executive for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4(a).
“Group Executive Director”	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
“Group Non-Executive Director”	A director of the Company and/or any of its subsidiaries, as the case may be, who is not a Group Executive Director. Includes independent directors.

APPENDIX D - ENG SOON PERFORMANCE SHARE PLAN

<i>“Listing Manual”</i>	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
<i>“New Shares”</i>	New ordinary shares in the capital of the Company.
<i>“Market Value”</i>	In relation to a Share, on any day: <ul style="list-style-type: none">(a) the average price of a Share on the Singapore Exchange over the five immediately preceding Trading Days; or(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
<i>“Participant”</i>	A Group Executive who has been granted an Award.
<i>“Performance Condition”</i>	In relation to an Award, the condition specified on the Award Date in relation to that Award.
<i>“Performance Period”</i>	The three years from the Award Date, during which the Performance Condition is to be satisfied.
<i>“Plan”</i>	The Eng Soon Performance Share Plan, as the same may be modified or altered from time to time.
<i>“Release”</i>	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.
<i>“Release Schedule”</i>	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
<i>“Released Award”</i>	An Award which has been released in accordance with Rule 7.
<i>“Retention Period”</i>	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date.
<i>“SGX-ST”</i>	The Singapore Exchange Securities Trading Limited.
<i>“Shares”</i>	Ordinary shares in the capital of the Company.
<i>“Share Option Scheme”</i>	The Eng Soon Employee Share Option Scheme, the rules of which are set out in Appendix E of this Offer Document.
<i>“Trading Day”</i>	A day on which the Shares are traded on Catalist.

APPENDIX D - ENG SOON PERFORMANCE SHARE PLAN

“Vesting” In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.

“Vesting Date” In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.

- 2.2 For purposes of the Plan, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.
- 2.6 The term “Associate” shall have the meaning ascribed to it by the Listing Manual as set out below:
- (a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
 - (i) his immediate family;
 - (ii) the 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 corporation 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 or a Controlling Shareholder (being a corporation) means any other corporation which is its subsidiary or holding company or is a subsidiary of 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.

3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of Group Executives with the interests of shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company’s ambition to become a world class company.

APPENDIX D - ENG SOON PERFORMANCE SHARE PLAN

4. ELIGIBILITY OF PARTICIPANTS

4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

(i) Group Executives

Employees of the Group, Group Executive Directors and Group Non-Executive Directors who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as at the Award Date, been in full time employment of the Group for a period of at least 12 months.

Controlling Shareholders of the Company and their Associates are not eligible to participate in the Plan.

(ii) Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under 4.1(i) above and who are also Associates of Controlling Shareholders.

4.2 Employees who are Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(i) above) not participate in the Plan unless:

- (i) their participation; and
- (ii) the Awards to be granted to them,

have been approved by the independent shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholder of our Company for the participation in the Plan of an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent shareholder, our Company shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out the following:

- (a) clear justifications for the participation of such Associates of Controlling shareholders; and
- (b) clear rationale for the terms of the Awards to be granted to such Associates of Controlling Shareholders.

4.3 Save as prescribed by Rule 853 of the Listing Manual, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, whether or not implemented by any other companies within our Group.

4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

5.1 Except as provided in Rule 8, the Committee may grant Awards to Group Executives as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance and potential for future

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development, his contribution to the success and development of the Group and the extent of effort with which the Performance Condition may be achieved within the Performance Period, provided that in relation to Associates of Controlling Shareholders:

- (a) the aggregate number of Shares which may be offered by way of grant of Awards to Participants who are Associates of Controlling Shareholders under this Plan shall not exceed 25% of the total number of Shares available under this Plan, and such aggregate number of Shares which may be offered to such Participants under this Plan has been approved by the independent shareholder of our Company in a separate resolution. For the purposes of obtaining such approval of the independent shareholder of our Company, the Committee shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out clear rationale for the participation of and grant of Awards to which Participants who are Associates of Controlling Shareholders, provided always that it shall not be necessary to obtain the approval of the independent shareholder of our Company for the participation in this Plan of Associates of Controlling Shareholders who at the relevant time were already Participants; and
- (b) the number of Shares available to each Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under this Plan.

5.3 The Committee shall decide in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the Performance Period;
- (d) the number of Shares which are the subject of the Award;
- (e) the Performance Condition;
- (f) the Release Schedule; and
- (g) any other condition(s) which the Committee may determine in relation to that Award.

5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:

- (a) in the event of a take-over offer being made for the Shares or if shareholders of the Company or under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived,

and shall notify the Participants of such change or waiver.

5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (a) the Award Date;

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- (b) the Performance Period;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Condition;
- (e) the Release Schedule; and
- (f) any other condition which the Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (b) subject to Rule 6.2(b), where the Participant is a Group Executive, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
- (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as at the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant being a Group Executive ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;

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- (vi) (where applicable) his transfer of employment between companies within the Group;
- (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
- (viii) any other event approved by the Committee;
- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

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If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

7.2 Release of Award

On vesting of the Award, after the end of each Performance Period, the Committee has the discretion to determine whether to issue new Shares or to procure the transfer of existing Shares, or a combination of both methods to the Participant. Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Articles and the Memorandum of Association of the Company (including provisions relating to the liquidation of the Company); and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

“Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

7.4 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

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7.5 Moratorium

Shares which are allotted and issued or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate nominal amount of new Shares which may be issued pursuant to Awards granted under the Plan on any date, when added to the nominal amount of new Shares issued and issuable in respect of all Awards granted under the Plan, shall not exceed 15.0% of the issued and paid-up share capital of the Company on the day preceding that date. The aggregate number of Shares issued and issuable under the Plan and the Share Option Scheme shall not exceed 15.0% of the total issued Share capital of our Company from time to time.
- 8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction) shall take place, then:
- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
 - (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a shareholder does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the nominal amount, class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him

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- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in nominal amount of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;

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- (b) the definitions of “Group Executive”, “Group Executive Director”, “Group Non-Executive Director”, “Participant”, “Performance Period” and “Release Schedule” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 14.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.
- 14.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

16. COSTS AND EXPENSES OF THE PLAN

- 16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP’s name, the deposit of share certificate(s) with CDP, the Participant’s securities account with CDP, or the Participant’s securities sub-account with a CDP Depository Agent.

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16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on Catalist in accordance with Rule 7.1(c).

18. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) the Participants who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5% or more of the aggregate of the total number of new Shares available under the Plan;
- (c) the name of the Participant;
- (d) the number of new Shares issued to such Participant during the financial year under review (including terms);
- (e) the aggregate number of Shares comprised in Awards granted under the Plan during the financial year under review;
- (f) the aggregate number of Shares comprised in Awards granted under the Plan since the commencement of the Plan to the end of the financial year under review;
- (g) the aggregate number of Shares comprised in Awards which have Vested under the Plan since the commencement of the Plan to the end of the financial year under review and in respect thereof, the proportion of new Shares issued upon the Release of the Vested Awards granted under the Plan;
- (h) the aggregate number of Shares comprised in Awards granted under the Plan which have not yet Vested, as at the end of the financial year under review; and
- (i) such other information as may be required by the Listing Manual or the Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

20. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

22. ELIGIBLE SHAREHOLDERS

Shareholders who are eligible to participate in the Plan must abstain from voting on any resolution relating to the Plan (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries). In particular, all shareholders who are eligible to participate in the Plan shall abstain from voting on resolutions of the shareholders relating to (a) the implementation of the Plan; and (b) the participation of, or grant of Awards to Controlling Shareholders and their Associates.

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THIS SHARE OPTION SCHEME

This Share Option Scheme shall be called the “Eng Soon Employee Share Option Scheme” (the “Share Option Scheme”).

2. DEFINITIONS

In this Share Option Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Acceptance Period”</i>	The period within which an Option maybe accepted, as described in Rule 7.2.
<i>“Act”</i>	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time.
<i>“Adoption Date”</i>	The date on which this Share Option Scheme is adopted by our Company in general meeting.
<i>“Auditors”</i>	The auditors of our Company for the time being.
<i>“Board”</i>	The Board of Directors of our Company for the time being.
<i>“CDP”</i>	The Central Depository (Pte) Limited.
<i>“CPF”</i>	Central Provident Fund.
<i>“Catalist”</i>	The Catalist Board of the SGX-ST.
<i>“Company” or “ES Group”</i>	ES Group (Holdings) Limited.
<i>“control”</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of our Company.
<i>“Controlling Shareholder”</i>	A Shareholder who has control over our Company and unless rebutted, a person who controls directly or indirectly a shareholding of 15% or more of our Company’s issued share capital shall be presumed to be a Controlling Shareholder of our Company.
<i>“Depositor”</i>	A person being a Depository Agent or holder of a securities account maintained with CDP but not including a holder of a sub-account maintained with a Depository Agent.
<i>“Director”</i>	A person holding office as a director for the time being of our Company.
<i>“EGM”</i>	Extraordinary General Meeting.
<i>“Employee”</i>	Any full-time confirmed employee of our Group selected by the Remuneration Committee to participate in this Share Option Scheme in accordance with Rule 4.
<i>“ESOS Shares”</i>	The new Shares which may be allotted and issued pursuant to the exercise of Share options awarded under the Eng Soon Employee Share Option Scheme.
<i>“Executive Director”</i>	A Director who is a full-time or part time employee of our Group and who performs an executive function.

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

<i>“Exercise Date”</i>	The date on which an Option is exercised pursuant to Rule 9.1.
<i>“Exercise Price”</i>	The price at which a Participant shall subscribe for each Share upon the exercise of an option as determined in accordance with Rule 8.1 in relation to a Market Price Option, and Rule 8.2 in relation to an Incentive Option.
<i>“Financial Year”</i>	Each period of 12 months or more or less than 12 months, at the end of which the balance of accounts of our Company are prepared and audited, for the purpose of laying the same before an annual general meeting of our Company.
<i>“Grantee”</i>	The person to whom an offer of an Option is made.
<i>“Group”</i>	Our Company, our Subsidiaries (as they may exist from time to time) and associated companies which our Company has control over.
<i>“Incentive Option”</i>	The right to subscribe for Shares granted or to be granted pursuant to this Share Option Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8.2.
<i>“Listing Manual”</i>	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
<i>“Market Day”</i>	A day on which the SGX-ST is open for trading of securities.
<i>“Market Price”</i>	The price as defined in Rule 8.1(i).
<i>“Market Price Option”</i>	The right to subscribe for Shares granted or to be granted pursuant to this Share Option Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8.1.
<i>“Non-Executive Director”</i>	A Director who is not an Executive Director.
<i>“Offering Date”</i>	The date on which an Option is granted pursuant to Rule 6.1.
<i>“Option”</i>	A Market Price Option or an Incentive Option, as the case may be.
<i>“Option Period”</i>	The period for the exercise of an Option as set out in Rule 9.1.
<i>“Participant”</i>	A holder of an Option.
<i>“Performance Share Plan”</i>	The Eng Soon Performance Share Plan, the rules of which are set out in Appendix D of this Offer Document.
<i>“Remuneration Committee”</i>	A committee comprising Directors of our Company, duly authorised and appointed by the Board pursuant to Rule 13 to administer this Share Option Scheme.
<i>“Rules”</i>	The rules of this Share Option Scheme, as the same may be amended from time to time.
<i>“SGX-ST”</i>	The Singapore Exchange Securities Trading Limited.

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

“Share Option Scheme”	The Eng Soon Employee Share Option Scheme, as modified or amended from time to time.
“Shareholders”	The registered holders for the time being of the Shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
“Shares”	Ordinary shares in the capital of our Company.
“Sponsor”	Collins Stewart Pte. Limited.
“Subsidiary”	A company which is for the time being a subsidiary of our Company as defined by Section 5 of the Act.
“Trading Day”	A day on which the Shares are traded on Catalist.
“S\$”	Singapore dollars.

The terms “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Act.

The term “Associate” shall have the meaning ascribed to it by the Listing Manual as set out below:

- (a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
 - (i) his immediate family;
 - (ii) the 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 corporation 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 or a Controlling Shareholder (being a corporation) means any other corporation which is its subsidiary or holding company or is a subsidiary of 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.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations. References to Rules and Appendices shall be construed as references to Rules of and the Appendices to this Share Option Scheme.

Any reference in this Share Option Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Share Option Scheme shall, where applicable, have the same meaning assigned to it under the Act.

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

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3. OBJECTIVES OF THIS SHARE OPTION SCHEME

This Share Option Scheme is a share incentive scheme. The purpose of this Share Option Scheme is to provide an opportunity for directors and employees of our Group to participate in the equity of our Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of our Company and/or our Group.

This Share Option Scheme is proposed on the basis that it is important to recognise the fact that the services of such Employees and Directors are important to the success and continued well-being of our Group. Implementation of this Share Option Scheme will enable our Company to give recognition to the contributions made by such Employees and Directors, which is essential to the well-being and prosperity of our Group. At the same time, it will give such Employees and Directors an opportunity to have a direct interest in our Company and will also help to achieve the following positive objectives:

- (i) the motivation of Participants to optimise performance standards and efficiency and to maintain a high level of contribution;
- (ii) the retention of key employees whose contributions are important to the long-term growth and prosperity of our Group;
- (iii) the attainment of harmonious employer/employee relations;
- (iv) to align the interest of Employees and Directors with the interests of the Shareholders; and
- (v) the development of a participatory style of management which promotes greater commitment and dedication amongst the employees and instils loyalty and a stronger sense of identification with the long-term prosperity of our Group.

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in this Share Option Scheme at the absolute discretion of the Remuneration Committee:

- (i) Employees and Directors
 - (a) Employees of our Group who are not on probation and have attained the age of 21 years on or before the Offering Date;
 - (b) Executive Directors who have attained the age of 21 years on or before the Offering Date; and
 - (c) Non-Executive Directors who have attained the age of 21 years on or before the Offering Date.

Controlling Shareholders are not eligible to participate in our Share Option Scheme. The Participant must not be an undischarged bankrupt and must not have entered into a composition with his creditors.

- (ii) Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under 4.1(i) above and who are also Associates of Controlling Shareholders.

4.2 Employees who are Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(i) above) not participate in this Share Option Scheme unless:

- (i) their participation; and

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- (ii) the actual number of Shares to be issued to them and the terms of any Option to be granted to them,

have been approved by the independent Shareholder in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual number of Shares to be issued to him and the terms of any Option to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholder of our Company for the participation in this Share Option Scheme of an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholder, our Company shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out the following:

- (a) clear justifications for the participation of such Associates of Controlling Shareholders;
- (b) clear rationale for the number and terms (including the Exercise Price) of the Options to be granted to such Associates of Controlling Shareholders; and
- (c) (where Incentive Options are proposed to be granted to Associates of Controlling Shareholders) the discount to the Market Price applicable to the Exercise Price of such Options (as determined in accordance with Rule 8.2).

- 4.3 Save as prescribed by Rule 853 of the Listing Manual, there shall be no restriction on the eligibility of any Grantee or Participant to participate in any other share option or share incentive scheme, whether or not implemented by any other companies within our Group.
- 4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in this Share Option Scheme may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. LIMITATIONS OF THIS SHARE OPTION SCHEME

- 5.1 The aggregate nominal amount of Shares over which the Remuneration Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under this Share Option Scheme, shall not exceed 15% of the issued share capital of our Company on the date preceding the grant of an Option. The aggregate number of Shares issued and issuable under the Performance Share Plan and the Share Option Scheme shall not exceed 15.0% of the total issued Share capital of our Company from time to time.
- 5.2 Subject to Rule 4 and Rule 10, the aggregate number of Shares comprised in Market Price Options or (as the case may be) Incentive Options, to be offered to any Grantee in accordance with this Share Option Scheme shall be determined at the absolute discretion of the Remuneration Committee, who shall take into account, in respect of a Grantee, criteria such as rank, past performance, years of service and potential for future development of that employee, provided that in relation to Associates of Controlling Shareholders:
 - (i) the aggregate number of Shares which may be offered by way of grant of options to Participants who are Associates of Controlling Shareholders under this Share Option Scheme shall not exceed 25% of the total number of Shares available under this Share Option Scheme, and such aggregate number of Shares which may be offered to such Participants under this Share Option Scheme has been approved by the independent Shareholder of our Company in a separate resolution. For the purposes of obtaining such approval of the independent Shareholder of our Company, the Remuneration Committee shall procure that the circular, letter or notice to the Shareholder in connection therewith shall set out clear rationale for the participation of and grant of Options to which Participants who are Associates of Controlling Shareholders, provided always that it shall not be necessary obtain the approval of the independent Shareholder of our Company for the participation of this Share Option Scheme of Associates of Controlling Shareholders, at the relevant time already Participants; and

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- (ii) the number of Shares available to each Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under this Share Option Scheme.

6. OFFERING DATE

- 6.1 The Remuneration Committee may, save as provided in Rule 4 and Rule 5, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when this Share Option Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Options may only be granted on or after the second Market Day from the date on which the aforesaid announcement is released.
- 6.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out in Schedule A, subject to such modification including, but not limited to imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period, as the Remuneration Committee may from time to time determine.

7. ACCEPTANCE OF OFFER

- 7.1 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval in writing of the Remuneration Committee.
- 7.2 The closing date for the acceptance for the grant of any Option under this Rule 7 shall not be less than 15 days and not more than 30 days from the Offering Date of that Option. The grant of an Option must be accepted by completing, signing and returning of the Acceptance Form in or substantially in the form set out in Schedule B, subject to such modification as the Remuneration Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration or such other amount and such other documentation as the Remuneration Committee may require. The Option is deemed not accepted until actual receipt by our Company of the Acceptance Form.
- 7.3 Unless the Remuneration Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
 - (i) a grant of an Option is not accepted strictly in the manner as provided in Rule 7.2, such offer being within the Acceptance Period; or
 - (ii) the Grantee dies prior to his acceptance of the Option; or
 - (iii) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (iv) the Grantee being an Executive Director or, as the case may be, an Employee ceases to be in the employment of our Group or (being a Non-Executive Director) ceases to be a Director of our Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
 - (v) our Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.
- 7.4 Our Company shall be entitled at its absolute discretion to reject any purported acceptance of a grant of an Option made pursuant to this Rule 7 or Exercise Notice given pursuant to Rule 11 which does not strictly comply with the terms of this Share Option Scheme.
- 7.5 In the event that an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against our Company.

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8. EXERCISE PRICE

- 8.1 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which a Market Price Option is exercisable shall be determined by the Remuneration Committee at its absolute discretion, and fixed by the Remuneration Committee at a price (the "Market Price") equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for the five consecutive trading days immediately preceding the Offering Date of that Option, rounded up to the nearest whole cent in the event of fractional prices provided in the case of a Market Price Option that is proposed to be granted to an Associate of a Controlling Shareholder, the Exercise Price for each Share shall be equal to the average of the last dealt process for a Share, as determined by reference to the daily official list published by the SGX-ST, for the five consecutive Market Days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the shareholder proposing to seek their approval of the grant of such Options to such Associate of a Controlling Shareholder.
- 8.2 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Incentive Option is exercisable shall be determined by the Remuneration Committee at its absolute discretion, and fixed by the Remuneration Committee at a price which is set at a discount to the Market Price (as determined in accordance with Rule 8.1), provided that:
- (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be prescribed or permitted for the time being by the SGX-ST). In determining the quantum of such discount, the Remuneration Committee shall take into consideration such criteria as the Remuneration Committee may, in its absolute discretion, deem appropriate including but not limited to:
 - (1) the performance of our Company and our Group;
 - (2) the individual performance of the Participant; and
 - (3) the contribution of the Participant to the success and development of our Company and/or our Group; and
 - (ii) the prior approval of the shareholders of our Company in general meeting shall have been obtained for the making of offers and grants of Options under this Share Option Scheme at a discount not exceeding the maximum discount as aforesaid (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of Options under this Share Option Scheme at such discount for the duration of this Share Option Scheme), rounded up to the nearest whole cent.
- 8.3 In no event shall the Exercise Price be less than the nominal value of a Share. Where the Exercise Price (as determined per Rule 8.1 or, as the case may be, 8.2) is less than the nominal value of a Share, the Exercise Price shall be the nominal value.

9. EXERCISE OF OPTION

- 9.1 Except as provided in this Rule 9 and Rule 10 and any other conditions as may be introduced by the Remuneration Committee from time to time, each option shall be exercisable, in whole or in part, as follows:
- (i) in the case of a Market Price Option, during the period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date, provided that in the case of a Market Price Option which is granted to a Participant not holding a salaried office or employment in our Group, such Option Period shall expire on the fifth anniversary of such Offering Date; and

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- (ii) in the case of an Incentive Option, during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date, provided that in the case of an Incentive Option which granted to a Participant not holding a salaried office or employment in our Group, such Option Period shall expire on the fifth anniversary of such Offering Date.

9.2 In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with this Share Option Scheme until such time as it shall lapse in accordance with the Rules of this Share Option Scheme.

9.3 Subject to Rule 9.4, an Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against our Company:

- (i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
- (ii) in the event of misconduct on the part of the Participant, as determined by the Remuneration Committee in its absolute discretion; or
- (iii) subject to Rules 9.4 and 9.5, upon the Participant ceasing to be in full-time employment of our Group, for any reason whatsoever; or
- (iv) in the event that the Remuneration Committee shall, at its sole and absolute discretion, deem it appropriate that such Option granted to a Participant shall so lapse on the grounds that any of the objectives of this Share Option Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(iii), the Participant shall be deemed to have ceased to be so employed as at the earlier of the date of the Participant's notice of resignation of employment or the cessation of his employment/appointment with our Group.

9.4 Where a Participant who is an Executive Director ceases to be an employee of our Group due to a change in control of the Board of Directors, he shall, notwithstanding Rule 9.3, be entitled to exercise in full all unexercised Options from the last date of employment with our Group until the end of the relevant Option Period.

9.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Remuneration Committee, be fully exercisable by the duly appointed legal personal representatives of the Participant from the date of his death to the end of the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

10. TAKE-OVER AND WINDING-UP OF OUR COMPANY

10.1 Notwithstanding Rule 9 but subject to Rule 10.5, in the event of a take-over being made for the Shares, a Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (i) the expiry of six months thereafter, unless prior to the expiry of such six month period, at the recommendation of the offeror and with the approvals of the Remuneration Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
- (ii) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

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Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall subject to Rule 9 remain exercisable until the expiry of the Option Period relating thereto.

- 10.2 If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of our Company or its amalgamation with another company or companies, each Participant (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 9.1) shall be entitled, notwithstanding Rule 9 but subject to Rule 10.5, to exercise any Option then held by him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option period relating thereto), whereupon the Option shall lapse and become null and void.
- 10.3 If an order is made for the winding-up of our Company on the basis of its insolvency, all Options to the extent unexercised, shall lapse and become null and void.
- 10.4 In the event of a members' voluntary winding-up (other than amalgamation or reconstruction), the Participants (including Participants holding Options which are not exercisable pursuant to the provisions of Rule 9.1) shall be entitled within 30 days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto), to exercise any unexercised Option, after which period such unexercised Option shall lapse and become null and void.
- 10.5 If in connection with the making of a general offer referred to in Rule 10.1 or this Share Option Scheme referred to in Rule 10.2 or the winding-up referred to in Rule 10.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Remuneration Committee, be permitted to exercise that Option as provided for in this Rule 10.
- 10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall lapse and become null and void.

11. MANNER OF EXERCISE

- 11.1 An Option may be exercised during the Option Period, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiples thereof), by a Participant giving notice in writing to our Company in or substantially in the form set out in Schedule C (the "Exercise Notice"), each case being subject to such modifications as the Remuneration Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Remuneration Committee may require. An Option shall be deemed to be exercised upon the receipt by our Company of Exercise Notice duly completed, the relevant documentation required by the Remuneration Committee and the aggregate Exercise Price.
- 11.2 All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of our Company or such other mode of payment as may be acceptable to our Company.

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11.3 Subject to:

- (i) such consents or other required actions of any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (ii) compliance with the Rules of this Share Option Scheme and the Memorandum and Articles of Association of our Company,

our Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten Market Days after the date of the exercise of the Option in accordance with Rule 11.1, allot the relevant Shares and within five Market Days from the date of such allotment, dispatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Remuneration Committee may deem fit.

11.4 Our Company shall as soon as practicable after the exercise of an Option, apply to the Sponsor and/or the SGX-ST and any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 12.

11.5 Shares which are all allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP, the Participant's securities sub-account with a CDP Depository Agent or the CPF investment account maintained with a CPF agent bank.

11.6 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of our Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of our Company except for any dividends, rights, allotments or other distributions, the record date of which is prior to the date such Option is exercised.

11.7 Our Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11.8 Except as set out in Rule 11.3 and subject to Rule 12, an Option does not confer on a Participant any right to participate in any new issue of Shares.

12. ALTERATION OF CAPITAL

12.1 If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) should take place, then:

- (i) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (ii) the nominal value, class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (iii) the nominal value, class and/or number of Shares in respect of which additional Options may be granted to Participants,

shall, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their

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opinion, such adjustment is fair and reasonable. For this purpose, "Record Date" means the date as at the close of business on which shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

12.2 Unless the Remuneration Committee considers an adjustment to be appropriate, the following shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 12:

- (i) the issue of securities as consideration for an acquisition of any assets or private placement of securities by our Company; and
- (ii) the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on Catalist during the period when a share purchase mandate granted by shareholders of our Company (including any renewal of such mandate) is in force.

12.3 Notwithstanding the provisions of Rule 12.1 above:

- (a) no such adjustment shall be made if as a result:
 - (i) the Exercise Price falls below the nominal value of a Share and if such adjustment would, but for Rule 12.1, result in the Exercise Price being less than the nominal value of a Share, the Exercise Price payable shall be the nominal value of a Share; or
 - (ii) the Participant receives a benefit that a shareholder does not receive; and
- (b) any determination by the Remuneration Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation issue) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Upon any adjustment required to be made, our Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the nominal value, class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year. Any adjustment shall take effect upon such written notification being given.

12.5 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 12.

13. ADMINISTRATION

13.1 This Share Option Scheme shall be administered by the Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Remuneration Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

13.2 The Remuneration Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with this Share Option Scheme) for the implementation and administration of this Share Option Scheme as it thinks fit including, but not limited to, imposing restrictions on the number of Options that may be exercised within particular sections of the relevant Option Period.

13.3 Any decision of the Remuneration Committee, made pursuant to any provision of this Share Option Scheme (other than a matter to be certified by the Auditors), shall be final, binding and conclusive (including any decisions pertaining to quantum of discount applicable to an Incentive Option pursuant to Rule 8.2 or to disputes as to the interpretation of this Share Option Scheme or any rule, regulation, or procedure thereunder or as to any rights under this Share Option Scheme).

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14. NOTICES AND ANNUAL REPORT

- 14.1 Any notice given by a Participant to our Company shall be sent by post or delivered to the registered office of our Company or such other address as may be notified by our Company to the Participant in writing.
- 14.2 Any notice, documents or correspondence given by our Company to a Participant shall be sent to the Participant by the Remuneration Committee (or such person(s) as it may from time to time direct) on behalf of our Company and shall be delivered to him by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.
- 14.3 Our Company shall in relation to this Share Option Scheme, as required by law, the SGX-ST or other relevant authority, make the following disclosures in its annual report to shareholders:
- (i) the names of the members of the Remuneration Committee;
 - (ii) the following details in respect of each Participant who is a Director, Associate of a Controlling Shareholder or a person who received 5% or more of the total number of Options available under this Share Option Scheme:
 - (a) name;
 - (b) the number of Options granted during the Financial Year in review;
 - (c) the aggregate number of Options granted since the commencement of this Share Option Scheme up to the end of the Financial Year in review;
 - (d) the aggregate number of Options exercised since the commencement of this Share Option Scheme up to the Financial Year in review; and
 - (e) the aggregate number of Options outstanding as at the end of the Financial Year in review;
 - (iii) the number and proportion of Options granted at a discount during the Financial Year in review in respect of every 10% range, up to the maximum quantum of discount granted; and
 - (iv) an appropriate negative statement will be included in the annual report to the shareholders in the event the disclosure of any of the abovementioned information is not applicable.

15. MODIFICATIONS TO THIS SHARE OPTION SCHEME

- 15.1 Any or all of the provisions of this Share Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee except that:
- (i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Remuneration Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in nominal amount of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;
 - (ii) the definitions of "Controlling Shareholder", "Director", "Employee", "Group", "Participant", "Remuneration Committee", "Option Period" and "Exercise Price" and the provisions of Rules 4, 5, 6, 7, 8, 9, 10, 11.1, 11.6, 12, 13 and this Rule shall not be altered or modified to the advantage of Participants under this Share Option Scheme except with the prior approval of shareholders at a general meeting; and

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- (iii) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 15.1(i), the opinion of the Remuneration Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Remuneration Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter this Share Option Scheme in any way to the extent necessary to cause this Share Option Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 15.3 Shareholders who are eligible to participate in this Share Option Scheme must abstain from voting on any resolution relating to the Share Option Scheme (other than a resolution relating to the participation of, or grant of Options to the Employees). In particular, all Shareholders who are eligible to participate in the Scheme shall abstain from voting on resolutions of the Shareholders relating to (a) the implementation of the Share Option Scheme; (b) the quantum of discount to be determined; and (c) the participation of, or grant of Options to Controlling Shareholders and their Associates.
- 15.4 Employees who are also Shareholders and are eligible to participate in this Share Option Scheme must abstain from voting on any resolution relating to the participation of, or grant of Options to the Employees.
- 15.5 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

16. VESTING

- 16.1 The Options may, at the discretion of the Remuneration Committee, be vested partially over a number of years. The periods over which the Options will vest may exceed any minimum vesting periods prescribed by any laws, regulations or rules to which this Share Option Scheme may be subject, including the regulations of any stock exchange on which the Shares may be listed and quoted. Further, the Shares to be issued and allotted to a Participant pursuant to the exercise of any Option under this Share Option Scheme may or may not at the discretion of the Remuneration Committee, be subject to any retention period.

17. TERMS OF EMPLOYMENT UNAFFECTED

- 17.1 This Share Option Scheme or any Option shall not form part of any contract of employment between our Company, or any Company within our Group and any Participant and the rights and obligations of a Participant (who is an Employee or a Director) under the terms of the office or employment with such company within our Group shall not be affected by his participation in this Share Option Scheme or any right which he may have to participate in it or any Option which he may hold and this Share Option Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 17.2 This Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against our Company or our Group directly or indirectly or give rise to any cause of action at law or in equity against our Company and/or our Group.

18. DURATION OF THIS SHARE OPTION SCHEME

- 18.1 This Share Option Scheme shall continue to be in force at the discretion of the Remuneration Committee, for a maximum period of 10 financial years commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, this Share Option Scheme

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

may be continued beyond the above stipulated period with the approval of the shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

- 18.2 This Share Option Scheme may be terminated at any time by the Remuneration Committee or by resolution of the shareholders at a general meeting subject to all other relevant approvals which may be required and if this Share Option Scheme is so terminated, no further Options shall be offered by our Company hereunder.
- 18.3 The termination, discontinuance or expiry of this Share Option Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 7.2, whether such Options have been exercised (whether fully or partially) or not.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under this Share Option Scheme shall be borne by the Participant.

20. COSTS AND EXPENSES OF THIS SHARE OPTION SCHEME

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "CDP Charges").
- 20.2 Save for the taxes referred to in Rule 19 and such costs and expenses expressly provided in this Share Option Scheme to be payable by the Participants, all fees, costs, and expenses incurred by our Company in relation to this Share Option Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Remuneration Committee and our Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with this Share Option Scheme including but not limited to our Company's delay or failure in issuing and allotting the Shares or in applying for or procuring the listing of and quotation for the Shares on Catalist in accordance with Rule 11.4 (and any other stock exchanges on which the Shares are quoted or listed).

22. DISPUTES

Any disputes or differences of any nature in connection with this Share Option Scheme shall be referred to the Remuneration Committee and its decision shall be final and binding in all respects.

23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

24. GOVERNING LAW

This Share Option Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. Our Company and the Participants, by accepting the offer of the grant of Options in accordance with this Share Option Scheme, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

SCHEDULE A

ENG SOON EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No:

Date:

To: Name
Designation
Address

PRIVATE AND CONFIDENTIAL

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of ES Group (Holdings) Limited (the "Company") to participate in the Eng Soon Employee Share Option Scheme (the "Scheme"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$1.00, to subscribe for and be allotted _____ Shares in the capital of the Company at the price of S\$_____ per Share. The Option shall be subject to the terms of the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme). A copy of the Scheme is available for inspection at the business address of the Company.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part, except with the prior approval of the Remuneration Committee.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on _____ failing which this offer will forthwith lapse.

Yours faithfully
for and on behalf of
ES Group (Holdings) Limited

Name:
Designation:

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

SCHEDULE B

ENG SOON EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No:

To: The Remuneration Committee,
ES Group (Holdings) Limited
30 Shaw Road
#06-06 Roche Building
Singapore 367957

Closing Date and Time for Acceptance of Option:	_____
No. of Shares in respect of which Option is offered:	_____
Exercise Price per Share:	S\$ _____
Total Amount Payable on acceptance of Option: (exclusive of the relevant CDP charges)	S\$ _____

I have read your Letter of Offer dated _____ (the "Offering Date") and agree to be bound by the terms hereof and of the Eng Soon Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I hereby accept the Option to subscribe for _____ Shares in the capital of ES Group (Holdings) Limited (the "Shares") at S\$_____ per Share and enclose a *cheque/banker's draft/cashier's order/postal order no. _____ for S\$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank (collectively, the "CDP Charges").

I confirm as at the date hereof:

- (a) I am not less than 21 years old and nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and
- (c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer. I agree to keep all information pertaining to the grant of the Option to me confidential.

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

PLEASE PRINT IN BLOCK LETTERS

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

*Delete where inapplicable

Notes:

1. Option must be accepted in full or in multiples of 1,000 Shares.
2. The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

APPENDIX E - ENG SOON EMPLOYEE SHARE OPTION SCHEME

SCHEDULE C

ENG SOON EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Remuneration Committee,
ES Group (Holdings) Limited
30 Shaw Road
#06-06 Roche Building
Singapore 367957

Total Number of Shares (the "Shares") at
S\$_____ per Share under an
Option granted on _____ (the
"Offering Date") : _____

Number of Shares previously allotted and
issued thereunder : _____

Outstanding balance of Shares which may
be allotted and issued thereunder : _____

Number of Shares now to be subscribed
(in multiples of 1,000) : _____

1. Pursuant to your Letter of Offer dated _____ (the "Offering Date") and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in ES Group (Holdings) Limited (the "Company") at S\$_____ per Share.

2. I hereby request the Company to allot and issue to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my "Securities Account with a CDP/*Securities Sub-Account with a CDP Depository Agent/* CPF investment account with a CPF agent bank specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP/CPF (the "CDP charges") and any stamp duties in respect thereof:

*(a) Direct Securities Account Number : _____

*(b) Securities Sub-Account Number : _____

Name of CDP Depository Agent : _____

*(c) CPF Investment Account Number : _____

Name of CPF agent bank : _____

3. I enclose a *cheque/cashier's order/bank draft/postal order no. _____ for S\$_____ in payment for the subscription of S\$_____ for the total number of the said Shares and the applicable CDP charges.

4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the Eng Soon Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Memorandum and Articles of Association of the Company.

5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

* Delete where inapplicable

APPENDIX F - TAXATION

The following is a general discussion of the salient Singapore income tax, capital gains tax, stamp duty and GST consequences in relation to the purchase, ownership and disposal of our Shares and is not intended to be and does not constitute legal or tax advice. The discussion is based on Singapore tax laws, regulations and interpretations presently in effect and available as at the date of this Offer Document. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

Prospective purchasers of our Shares should consult their tax advisers concerning the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

SINGAPORE INCOME TAX

General

Scope of Tax

Corporate taxpayers are subject to Singapore income tax on all income accruing in or derived from Singapore or received / deemed received in Singapore (unless specifically exempt from income tax).

Foreign-sourced income in the form of dividends, branch profits and services income remitted or deemed remitted to Singapore by Singapore tax resident companies are exempt from Singapore income tax if the following conditions are met:

- (a) the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax in the jurisdiction from which the income is received is at least 15%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

For individuals, all foreign-sourced income received in Singapore is exempt from income tax, except for income received through a partnership in Singapore.

Rates of Tax

The prevailing corporate tax rate is 17%. The effective tax rate is higher mainly due to the non-tax deductible items. Tax exemption on corporate taxpayers' first S\$300,000 income chargeable to income tax at 17% as follows:

- (a) First three Years of Assessment of tax resident Singapore incorporated companies with no more than 20 individual shareholders of which (i) at least one is an individual holding at least 10% of total number of issued ordinary shares; or (ii) all of the shareholders are individuals beneficially holding the shares in their own names, throughout the basis period relating to the Year of Assessment of claim:
 - 100% of first S\$100,000 chargeable income; and
 - 50% of next S\$200,000 chargeable income.
- (b) All other cases:
 - 75% of first S\$10,000 chargeable income; and
 - 50% of next S\$290,000 chargeable income.

APPENDIX F - TAXATION

Singapore tax-resident individuals are subject to tax on their taxable income based on a progressive scale. The top marginal rate for Year of Assessment 2010 (basis period calendar year 2009) is 20%. Non-Singapore tax resident individuals are subject to income tax on their taxable income at a flat rate of 20%, except that their Singapore employment income is taxed at a flat rate of 15% or at tax resident rates, whichever yields a higher tax.

Tax Residency

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore (for example, Board of Directors meetings are held in Singapore).

An individual is regarded as a tax resident in Singapore for a Year of Assessment if, in the preceding year, he was physically present or has exercised employment in Singapore (other than as a director of a company) for 183 or more days, or if he resides in Singapore.

Dividend Distributions

Singapore adopts the one-tier corporate tax system ("One-Tier System") which takes effect from 1 January 2003. Under the One-Tier System, the tax paid by companies on their corporate profits is final and dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of all Shareholders. There will be no tax credits attached to such dividends.

Our Company is under the One-Tier system. Thus, our dividends will be tax exempt to all Shareholders.

There is no withholding tax on dividend payments to non-resident Shareholders.

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our ordinary shares that are construed to be of an income nature will be subject to tax if the gains arise from activities which the Comptroller of Income Tax considers as the carrying on of a trade or business in Singapore. Hence, any profits from the disposal of ordinary shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares would be taxable.

STAMP DUTY

No stamp duty is payable on the subscription and issuance of our Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof of the consideration for or market value of, the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore. Stamp duty is also not applicable to electronic transfers of Shares through the Central Depository System.

ESTATE DUTY

With effect from 15 February 2008, Singapore estate duty is abolished.

APPENDIX F - TAXATION

GOODS AND SERVICES TAX

The sale of our Company's ordinary shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is exempt from GST.

Where our Company's ordinary shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of shares will be subject to GST at the standard rate (currently at 7%). Similar services rendered to an investor belonging outside of Singapore may be zero-rated if certain conditions are met.

APPENDIX G - TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the New Shares at the Placement Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for the New Shares may only be made by way of printed Placement Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You are allowed to submit only one application in your own name for the New Shares.**

If you, being other than an approved nominee company, have submitted an application for the New Shares in your own name, you should not submit any other application for the New 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, the Sponsor or the Placement Agent.

Joint applications for the New Shares shall be rejected. If you submit or procure submissions of multiple share applications for the New 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, the Sponsor or the Placement Agent.

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 or from applicants whose addresses (as furnished in their Application Forms) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must 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 approved nominee companies after complying with paragraph 6 below.
6. **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

APPENDIX G - TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences 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 Offer Document or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
10. Our Company reserves the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. In deciding the basis of allotment which shall be at the discretion of our Company, 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 our Shares.
11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, 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 renounee, any instrument of transfer and/or other documents required for the issue of the New Shares allotted to you.
12. 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 Sponsor and the Placement Agent and any other parties so authorised by the foregoing persons.
13. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the New Shares.
14. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company;
 - (b) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you;
 - (c) agree that the aggregate Placement Price for the New Shares applied for is due and payable to our Company upon application; and

APPENDIX G - TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (d) 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 Sponsor, and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.
- 15. 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 of all our existing Shares and the New Shares on the Catalist; and
 - (b) the Placement Agreement referred to in the section entitled "Management and Placement Arrangements" of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as we may determine.
- 16. We will not hold any application in reserve.
- 17. We will not allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.
- 18. Additional terms and conditions for applications by way of Application Forms are set out below.

APPENDIX G - TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under the section entitled "Terms, Conditions and Procedures For Application and Acceptance" of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

1. Your application for the New Shares must be made using the **BLUE** Application Forms for Placement Shares accompanying and forming part of this Offer Document. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances.**

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. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names 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. 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 reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% 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 New 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

APPENDIX G - TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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% 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 "**ENG SOON SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address of the applicant written clearly on the reverse side. **We will not accept applications not accompanied by any payment or accompanied by any other form of payment.** We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company, the Sponsor or the Placement Agent for applications and application monies received. The completed and signed **BLUE** Placement Shares Application Form and your remittance in full in respect of the number of New Shares applied for in accordance with the terms and conditions of this Offer Document, 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 **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 7 July 2010 or such other time as our Company may, in consultation with the Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgment of receipt will be issued for any application or remittance 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 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 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within five Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of the 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 at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. 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 7 July 2010** or such other time or date as our Directors may, in consultation with the Sponsor, decide:
 - (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 Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

APPENDIX G - TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (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 Offer Document and that none of our Company, the Sponsor, the Placement Agent and any other person involved in the Placement 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, CPF Investment Account number (if applicable), and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Sponsor, 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 any smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.



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Website: www.esgroup.com.sg

Subsidiaries of ES Group (Holdings) Limited:

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Eng Soon Engineering (1999) Pte Ltd
Eng Soon Marine Pte Ltd
ES Offshore Engineering Pte Ltd
ES Shipping Pte Ltd
Wang Fatt Oil & Gas Construction Pte Ltd



ES Offshore and Marine Engineering (Thailand) Co., Ltd.

Shipyard and Registered Branch Office:

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