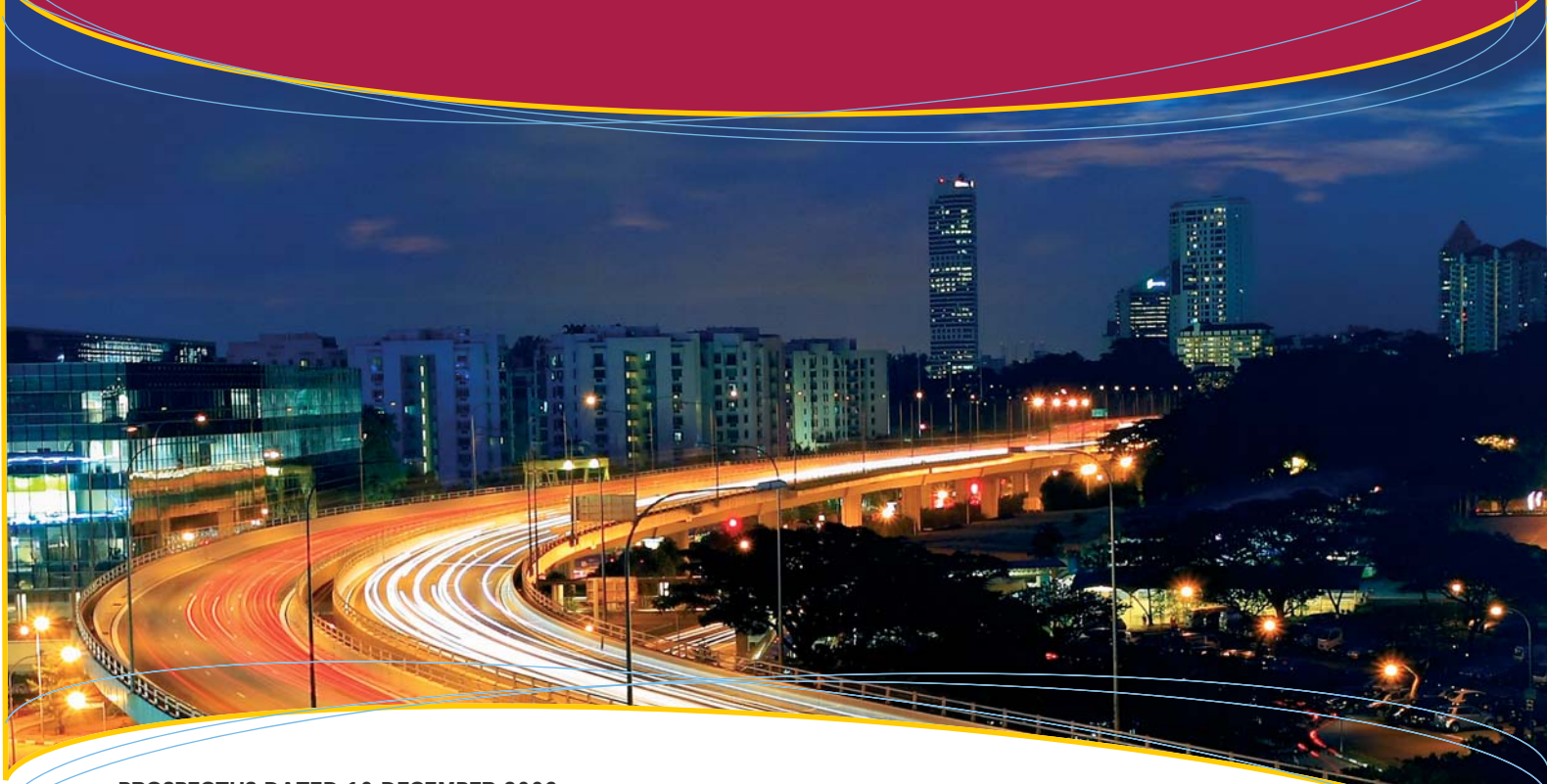


PROSPECTUS DATED 10 DECEMBER 2009
(REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE ON 10 DECEMBER 2009)
THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.

We have made an application to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of Hock Lian Seng Holdings Limited (the "Company") already issued and the new shares (the "New Shares") which are the subject of this Invitation (as defined herein), the new Shares which may be issued upon the exercise of the options to be granted under the HLS Employee Share Option Scheme (the "Scheme Shares") and the new Shares which may be issued under the HLS Performance Share Plan (the "Plan Shares"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. **The dealing in, and quotation of, our Shares will be in Singapore dollars.**

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

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

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

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS PROSPECTUS.

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

Hock Lian Seng Holdings Limited

(Company Registration No.: 200908903E)
(Incorporated in the Republic of Singapore on 20 May 2009)

Invitation in respect of 110,000,000 New Shares comprising:

(a) 2,200,000 Offer Shares at $0.25 for each Offer Share by way of public offer; and

(b) 107,800,000 Placement Shares by way of placement, comprising:

- **(i) 100,300,000 Placement Shares at $0.25 for each Placement Share; and**
- **(ii) 7,500,000 Reserved Shares at $0.25 for each Reserved Share reserved for our directors, employees, business associates and those who have contributed to the success of our Group,**

payable in full on application.

Issue Manager, Underwriter and Placement Agent

UOB 大華銀行

Business Overview

CIVIL ENGINEERING SEGMENT

Since our establishment in 1969, we have undertaken and completed a wide range of civil engineering projects for both the public and private sectors in Singapore. We carry out civil engineering works for bridges, expressways, tunnels, Mass Rapid Transit ("MRT"), port facilities, water and sewage facilities and other infrastructure works. A number of our projects have been conferred "Construction Excellence" awards and are recognised landmarks in Singapore.

Our past projects include:

- Changi Airport Terminal 3 Project
- Jurong River Bridge Project
- Kim Chuan Depot Project
- Sungei Serangoon Bridge Project
- Telok Blangah Expressway Project
- Toh Guan Road Extension Project

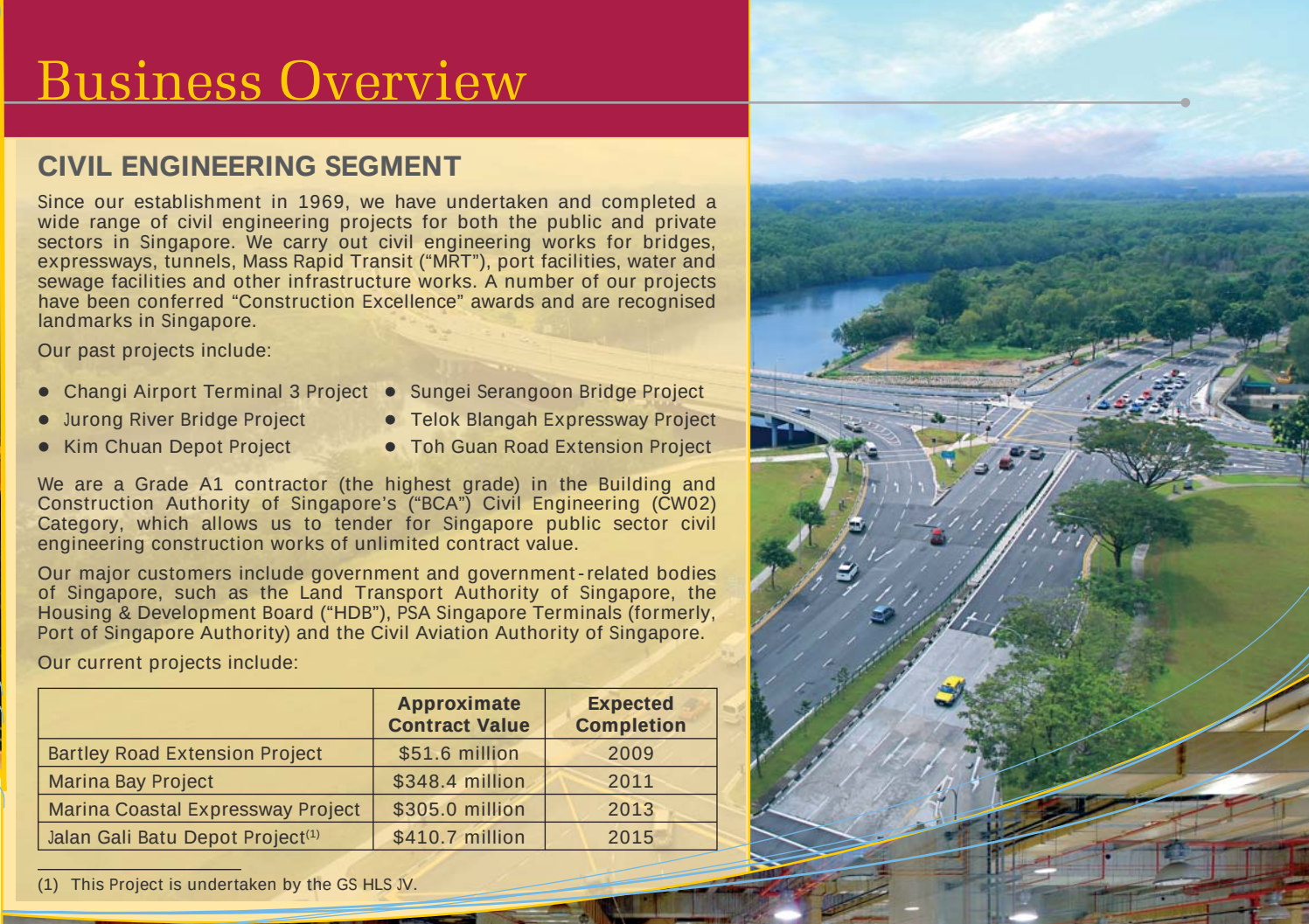
We are a Grade A1 contractor (the highest grade) in the Building and Construction Authority of Singapore's ("BCA") Civil Engineering (CW02) Category, which allows us to tender for Singapore public sector civil engineering construction works of unlimited contract value.

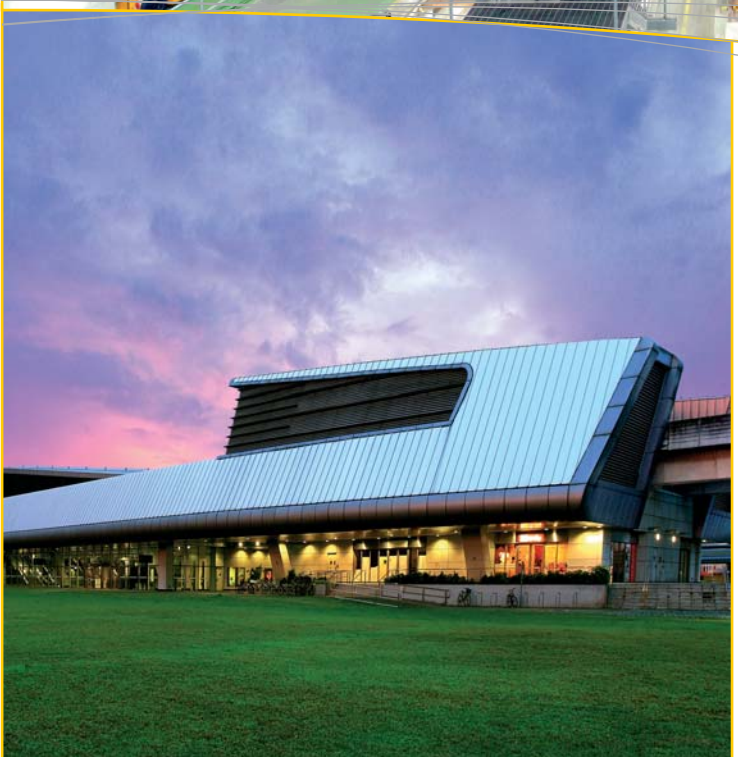
Our major customers include government and government-related bodies of Singapore, such as the Land Transport Authority of Singapore, the Housing & Development Board ("HDB"), PSA Singapore Terminals (formerly, Port of Singapore Authority) and the Civil Aviation Authority of Singapore.

Our current projects include:

	Approximate Contract Value	Expected Completion
Bartley Road Extension Project	$51.6 million	2009
Marina Bay Project	$348.4 million	2011
Marina Coastal Expressway Project	$305.0 million	2013
Jalan Gali Batu Depot Project(1)	$410.7 million	2015

(1) This Project is undertaken by the GS HLS JV.





BUILDING MATERIALS SEGMENT

We procure and sell building materials, namely, concreting sand and aggregates, for building and construction purposes, mainly for Singapore public sector contracts.

We are a Grade L6 contractor (the highest grade) in the BCA's Basic Building Materials (SY01) Category, which allows us to tender for Singapore public sector contracts from HDB for the supply of basic building materials of unlimited value.

From January 2007 to 31 October 2009, we have successfully secured five contracts from HDB for the supply of concreting sand and aggregates with a combined contract value of approximately $86.1 million.

Our major customer is the HDB, a government-related body of Singapore.

Our Competitive Strengths

Established track record of more than 40 years

- Recognised for quality, reliability and safety
- Successfully competes against local and established international competitors
- Grade A1 contractor in BCA Civil Engineering (CW02) Category
- Awards include “Construction Excellence” awards by BCA for various projects

Capability to carry out a wide range of civil engineering works

- Completed a wide range of projects of differing scales and complexities
- Bridges, expressways, tunnels, MRT, port facilities, water & sewage facilities, aircraft parking aprons and other infrastructure works
- Ability to leverage on experience and good track record to win new contracts and further contracts of similar type

Strong financial position

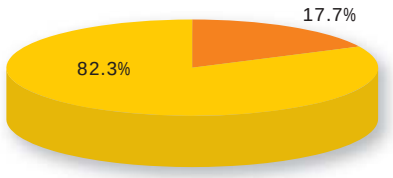
- Strong financial position enables us to secure large scale projects in Singapore with contract values in excess of $200 million each
- As at 30 June 2009, current ratio of 1.2 times and cash balance of $106.9 million.

Experienced and committed management team

- Founder, Executive Chairman and CEO, Chua Leong Hai, has more than 40 years of experience in the civil engineering industry
- Supported by an experienced team of Executive Directors and Executive Officers

Financial Highlights

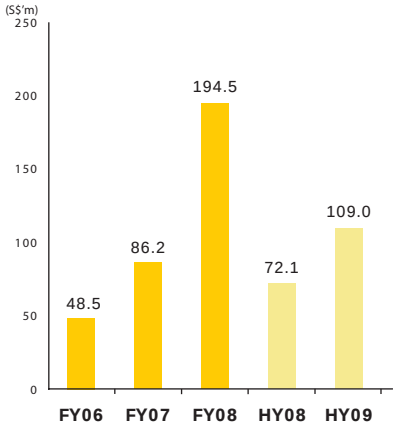
REVENUE BY SEGMENT (FY2008)



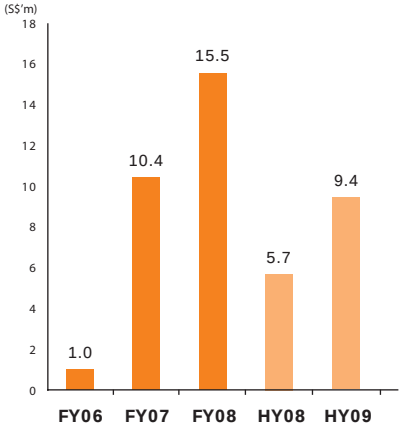
- **Civil Engineering**
- **Building Materials**

ORDER BOOKS (AS AT 31 OCTOBER 2009)

Civil Engineering	$629.4 million
Building Materials	$3.2 million
Total	$632.6 million



Revenue



Net Profit

Prospects

CIVIL ENGINEERING SEGMENT

BCA has projected public sector construction demand to be around $15 - $17 billion per year in 2010 and 2011.

- In addition to the $4.4 billion for infrastructure spending, as announced in the January 2009 stimulus package

Further development of Singapore's MRT system

- Singapore Government plans to double existing MRT network by 2020
- Total value of these new MRT projects estimated to be $20 billion

Improvement to Singapore's road and public transport infrastructure

- Singapore Government is expected to spend approximately $4.2 billion in 2009 on road and public transport infrastructure
- New or extended expressways includes North-South Expressway and New Sentosa Gateway Tunnel

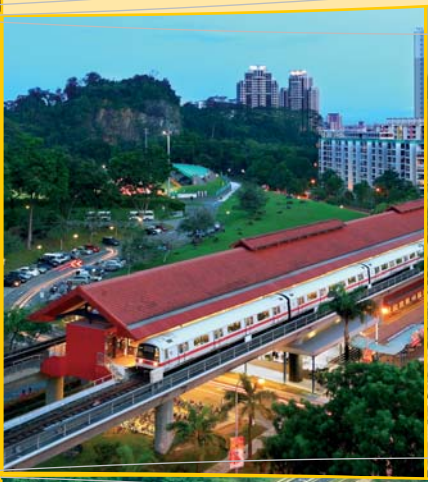
Other public projects

- Drainage and sewerage networks projects and public housing estate rejuvenation

BUILDING MATERIALS SEGMENT

The BCA Construction Demand Forecast Model has projected the average value of annual construction demand at between $20 billion - $27 billion in 2010 and 2011

- With forecast of construction demand for the next few years to remain on the higher end of the last 15 years, the outlook for supply of sand and aggregates is expected to remain positive



Future Plans

Focus on larger-scale civil engineering projects in Singapore

- To generate higher profitability and further raise our business profile

Acquisition of premises for central workshop

- To be used for maintenance works and storage for construction materials, equipment and machinery – reduce storage leasing costs, increase efficiency and enhance security of materials

Acquisition of construction equipment and machinery to support project requirements

- To increase efficiency and productivity as well as reduce costs of leasing from third parties

Explore acquisitions, joint ventures and/or strategic alliances to expand businesses

- To provide access to new markets, prospective clients and new businesses

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CORPORATE INFORMATION

Board of Directors	:	Chua Leong Hai *(Executive Chairman and Chief Executive Officer)* Lim Peng Kiat (*Executive Director and Group General Manager*) Chua Hua Hong *(Executive Director)* Chua Aik Khoon (*Executive Director*) Cheang You Kong (*Executive Director*) Koh Lian Huat *(Lead Independent Director)* Khor Poh Hwa (*Independent Director*) Lau Teik Soon (*Independent Director*)
Company Secretary	:	Seah Hai Yang, *FCPA*
Registered Office	:	80 Marine Parade Road #21-08 Parkway Parade Singapore 449269
Share Registrar	:	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
Issue Manager, Underwriter and Placement Agent	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
Reporting Accountants and Auditors	:	Ernst & Young LLP Certified Public Accountants One Raffles Quay North Tower, Level 18 Singapore 048583 (Partner-in-charge: Tan Chian Khong, Certified Public Accountant, a member of the Institute of Certified Public Accountants of Singapore)
Solicitors to the Invitation and Legal Advisers to our Company on Singapore Law	:	Drew & Napier LLC 20 Raffles Place #17-00 Ocean Towers Singapore 048620
Solicitors to the Issue Manager, Underwriter and Placement Agent	:	Harry Elias Partnership SGX Centre 2, #17-01 4 Shenton Way Singapore 068807
Principal Bankers	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513

Receiving Bank	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

DEFINITIONS

In this Prospectus and the accompanying Application Forms and in relation to Electronic Applications, the instructions appearing on the screens of ATMs and the IB websites of the relevant Participatory Banks, the following definitions apply where the context so admits:

Group Companies

"Company" or "HLS Holdings"	:	Hock Lian Seng Holdings Limited
"Group"	:	Our Company, HLS Infrastructure and HLS Contractors following the completion of the Restructuring Exercise, treated for the purpose of this Prospectus as if the group structure had been in existence since 1 January 2006
"HLS Contractors"	:	Hock Lian Seng Contractors Pte Ltd, our wholly-owned subsidiary
"*HLS Infrastructure*"	:	Hock Lian Seng Infrastructure Pte. Ltd., our wholly-owned subsidiary

Other Corporations and Agencies

"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"Authority"	:	The Monetary Authority of Singapore
"BCA"	:	Building and Construction Authority of Singapore (formerly known as CIDB)
"CAAS"	:	Civil Aviation Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"CIDB"	:	Construction Industry Development Board (now known as BCA)
"CPF"	:	The Central Provident Fund
"CPG"	:	CPG Corporation Limited (formerly known as PWD)
"CPIB"	:	Corrupt Practices Investigation Bureau
"Dwi Indonesia"	:	P.T. Dwi Rejeki Jaya Indonesia, a limited liability company duly organised and existing under the laws of Indonesia
"DORTS"	:	Department of Rapid Transit System in Taiwan
"EDPOD"	:	East District Project Office Department of Rapid Transit Systems, Taipei Municipal Government, Taiwan
"GS HLS JV"	:	GS Engineering & Construction – Hock Lian Seng Infrastructure Joint Venture, a joint venture partnership between GS Engineering & Construction Corporation of Korea and HLS Infrastructure
"HDB"	:	Housing and Development Board of Singapore
"HLS International"	:	Hock Lian Seng (International) Pte. Ltd., a wholly owned subsidiary of HLS Investment
"HLS Investment"	:	Hock Lian Seng Investment Pte. Ltd.

"HLS Taiwan"	:	Hock Lian Seng Infrastructure Pte. Limited, Taiwan branch (ceased operation on 3 March 2009)
"ISO"	:	International Organisation for Standardisation
"LTA"	:	Land Transport Authority of Singapore
"MEWR"	:	Ministry of the Environment and Water Resources of Singapore (formerly known as the Ministry of the Environment of Singapore)
"MOM"	:	Ministry of Manpower of Singapore
"MPA"	:	Maritime and Port Authority of Singapore
"Participating Banks"	:	United Overseas Bank Limited including its subsidiary, Far Eastern Bank Limited (collectively the "UOB Group"); DBS Bank Ltd. (including POSB) ("DBS") and Oversea-Chinese Banking Corporation Limited ("OCBC")
"PSA"	:	PSA Singapore Terminals (formerly, Port of Singapore Authority)
"PUB"	:	Public Utilities Board of Singapore
"PWD"		Public Works Department of Singapore (now known as CPG)
"RSEA"	:	RSEA International Pte Ltd, Singapore subsidiary of Ret Ser Engineering Agency (now known as RSEA Engineering Corp.), a major Taiwan-based engineering group
"SMRT"	:	SMRT Corporation Ltd.
"OPEC"	:	Organization of Petroleum Exporting Countries
"SC"	:	Singapore Customs
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd.
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Registrar"	:	B.A.C.S Private Limited
"UOB", "Issue Manager", "Placement Agent", "Underwriter" or "Receiving Banker"	:	United Overseas Bank Limited

MRT Lines in Singapore

"Circle Line"	:	MRT line (partially completed) which, when completed, will serve the central and southern part of Singapore and will interchange with the East-West Line, North-South Line and North-East Line
"Downtown Line"	:	MRT line under construction which, when completed, will serve the CBD, Marina Bay area, north-western and eastern areas of Singapore
"Eastern Region Line"	:	Future MRT line which, when completed, will serve the residential estates of Tanjong Rhu, Marine Parade, Siglap, Bedok South and Upper East Coast and linking these estates to Changi in the east of Singapore

"East-West Line"	:	MRT line currently running from Changi Airport Station and Pasir Ris Station in the east to Joo Koon Station in the west of Singapore
"North-East Line"	:	MRT line currently running from Harbourfront Station in the southwest to Punggol in the northeast of Singapore
"North-South Line"	:	MRT line currently running from Marina Bay Station in the south to Woodlands Station in the north of Singapore
"Thomson Line"	:	Future MRT line which, when completed, will run from the CBD through the central part of Singapore and ending at Woodlands, connecting estates such as Sin Ming, Kebun Baru, Thomson and Kim Seng

General

"Application Forms"	:	The official printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
"Application List"	:	The list of applications for subscription of the New Shares
"Articles" or "Articles of Association"	:	The articles of association of our Company
"*Associate*"	:	(a) In relation to an entity, means: (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or (ii) in any other case, (a) a director or an equivalent person, (b) where the entity is a corporation, a controlling shareholder of the entity, (c) where the entity is not a corporation, a controlling interest-holder of the entity, (d) a subsidiary, a subsidiary entity, an associated company, or an associated entity, or (e) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be, of the entity; and (b) in relation to an individual, means: (i) his immediate family (being spouse, child, adopted child, step-child, sibling and parent); or (ii) a trustee of any trust of which the individual or any member of the individual's immediate family is a beneficiary; or where the trust is a discretionary trust, is a discretionary object; when the trustee acts in that capacity; or (iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the total votes attached to all voting shares

"ATM"	:	Automated teller machines of a Participating Bank
"*ATM Application*"	:	An application for Offer Shares made through an ATM in accordance with the terms and conditions of this Prospectus
"Audit Committee"	:	The audit committee of our Company as at the date of this Prospectus
"Awards"	:	The awards to be granted under the Plan
"Basic Building Materials (SY01) Category"	:	The BCA workhead classification for the supply of basic building materials such as granite, bricks, cement, sand, timber, ready-mixed concrete and reinforcement bars.
"Board" or "Board of Directors"	:	The board of Directors of our Company as at the date of this Prospectus
"Building Materials Segment"	:	The business division of our Group that carries out procurement and sale of building materials as set out in this Prospectus
"CBD"	:	Central Business District
"CEO"	:	The Chief Executive Officer of our Group as at the date of this Prospectus
"CFO"	:	The Chief Financial Officer of our Group as at the date of this Prospectus
"Chua Family Members"	:	Chua Leong Hai, Eng Ah Goh, Chua Aik Khoon, Chua Siok Hong, Chua Siok Peng and Chua Siok Kheng collectively and "Chua Family Member" refers to any of them individually
"Chua Leong Hai"	:	Chua Leong Hai @ Chua Leang Hai
"Civil Engineering Segment"	:	The business division of our Group that carries out civil engineering works (including infrastructure construction works) as set out in this Prospectus
"Civil Engineering (CW02) Category"	:	The BCA workhead classification for the following: (a) works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open carparks and related works such as kerbs and footways; and/or (b) works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes reclamation works; and/or (c) works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls. The workhead does not cover the construction and fabrication of marine crafts, pontoons and oilrigs or any floating platform

"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
"Controlling Shareholder"	:	In relation to a corporation, means a person who: (a) holds directly or indirectly interest in the voting shares of the corporation and where the total votes attached to such shares are 15% or more of the aggregate of the votes attached to all the voting shares in the corporation; or (b) in fact exercises control over the corporation
"Directors"	:	The Directors of our Company as at the date of this Prospectus
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or through Internet Banking websites (as the case may be) of one of the Participating Banks in accordance with the terms and conditions of this Prospectus
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of our Company as at the date of this Prospectus
"Executive Officers"	:	The executive officers of our Group as at the date of this Prospectus, who are also key executives as defined under the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
"FRS"	:	Financial Reporting Standards
"FWL"	:	Foreign worker's levy which is a levy imposed by the Singapore Government on the employer of foreign workers
"FY"	:	Financial year ended or, as the case may be, ending 31 December
"General Building (CW01) Category"	:	The BCA workhead classification for all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts.
"GST"	:	Goods and services tax
"H1N1"	:	The flu pandemic caused by the Influenza A (H1N1) virus
"HY"	:	Financial period for the 6 months ended or, as the case may be, ending 30 June
"IB"	:	Internet banking
"*IB Application*"	:	An application for Offer Shares made through an IB website in accordance with the terms and conditions of this Prospectus
"IB website"	:	An IB website of a Participating Bank
"Independent Director"	:	An independent non-executive Director of our Company as at the date of this Prospectus

"Invitation"	:	Our invitation to the public in Singapore to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Issue Price"	:	$0.25 for each New Share
"Latest Practicable Date"	:	31 October 2009, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
"Listing Manual"	:	The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time
"LRT"	:	Light Rapid Transit, the localised train transport system acting as feeder service to the MRT network
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"MARTS"	:	Metropolitan Area Rapid Transit System, a high speed train transport system in Taiwan
"MRT"	:	Mass Rapid Transit, a high speed train transport system in Singapore
"NAV"	:	Net asset value
"New Shares"	:	The 110,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
"*Nominating Committee*"	:	The nominating committee of our Company as at the date of this Prospectus
"*Non-executive Director*"	:	A non-executive Director of our Company as at the date of this Prospectus
"NTA"	:	Net tangible assets
"Offer"	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Offer Shares"	:	2,200,000 of the New Shares which are the subject of the Offer
"Options"	:	The share options to be granted under the Scheme
"PBT"	:	Profit before taxation
"PER"	:	Price earnings ratio
"Periods Under Review"	:	The financial periods which comprise FY2006, FY2007, FY2008 and HY2009
"*Piling Works (CR08) Category*"	:	The BCA workhead classification for category for installation and testing of precast reinforced concrete or prestressed concrete piles, steel piles, bored cast-in-place piles, caissons and special types like micro-piles, barettes piles and composite piles, embedded retaining wall piles like diaphragm walls, contiguous bored piles or secant piles

"Placement"	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Placement Shares"	:	The 107,800,000 of the New Shares (including the Reserved Shares) which are the subject of the Placement
"Plan"	:	The HLS Performance Share Plan
"Plan Shares"	:	The Shares to be issued under the Plan
"PRC" or "China"	:	People's Republic of China, for the purposes of this Prospectus and for geographical reference only, excludes Taiwan, Macau and Hong Kong Special Administrative Region
"Prospectus"	:	This prospectus dated 10 December 2009 issued by our Company in respect of the Invitation
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Prospectus
"Report on Audited Combined Financial Statements"	:	The Report on Audited Combined Financial Statements of Hock Lian Seng Holdings Limited and its Subsidiary Companies for the financial years ended 31 December 2006, 2007 and 2008
"Report on Audited Interim Combined Financial Statements"	:	The Report on Audited Interim Combined Financial Statements of Hock Lian Seng Holdings Limited and its Subsidiary Companies for the financial period from 1 January 2009 to 30 June 2009
"Reserved Shares"	:	The 7,500,000 Placement Shares reserved for our directors, employees, business associates and those who have contributed to the success of our Group
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken in connection with the Invitation as described in the section entitled "Restructuring Exercise" of this Prospectus
"Scheme"	:	The HLS Employee Share Option Scheme
"Scheme Shares"	:	The new Shares to be issued upon the exercise of the Options
"SARS"	:	The Severe Acute Respiratory Syndrome
"Securities Account"	:	The securities account maintained by a Depositor with CDP and does not include a securities sub-account
"Selected Employees Shares"	:	The 4,000,000 Shares allocated by HLS Investment to Selected Employees of our Group, as described in the section entitled "Restructuring Exercise" of this Prospectus
"Selected Employees"	:	The employees of our Group who were allocated Selected Employee Shares by HLS Investment, as described in the section entitled "Restructuring Exercise" of this Prospectus
"Service Agreements"	:	The service agreements entered into between our Company and each of our founder, Executive Chairman and CEO, Chua Leong Hai and our Executive Director, Lim Peng Kiat, as described in the section entitled "Service Agreements" of this Prospectus

"SFA" or "Securities & Futures Act"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
"SGXNET"	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
"Shares"	:	Ordinary shares in the capital of our Company
"Share Consolidation"	:	The consolidation of every 30 existing shares into 1 share
"Shareholders"	:	Registered holders of Shares, where the registered holder is CDP, the term "Shareholder" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Share Split"	:	The subdivision of every 1 share into 37 Shares
"Singapore Government"	:	The government of the Republic of Singapore
"Substantial Shareholders"	:	Persons who have an interest in the Shares, the nominal amount of which is not less than 5% of the total votes attached to all the voting shares of our Company
"Takeover Code"	:	Singapore Code on Take-Overs and Mergers, as amended, supplemented or modified from time to time

Currencies, Units and Others

"A$"	:	Australian dollars, the lawful currency of Australia
"%" or "per cent."	:	Per centum
"km"	:	Kilometre
"m"	:	Metre
"mm"	:	Millimetre
"NT$"	:	New Taiwan Dollar, the lawful currency of Taiwan
"RMB"	:	Chinese Renminbi, the lawful currency of China
"Rp"	:	Indonesian Rupiah, the lawful currency of Indonesia
"sq ft"	:	Square feet
"sq m"	:	Square metre
"S$" or "$" and "cents"	:	Singapore dollars and cents respectively, the lawful currency of Singapore
"US$" and "US cents"	:	United States dollars and cents respectively, the lawful currency of the United States of America

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

The term "entity" shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms "associated company", "associated entity", "controlling interest-holder", "related corporation", "related entity", "subsidiary", "subsidiary entity" and "substantial interest-holder" shall have the same meanings ascribed to them respectively in Paragraph 1 of the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

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

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

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

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

References in this Prospectus to "the Group", "we", "our", and "us" or other grammatical variations thereof in this Prospectus is a reference to our Company, our Group or any member of our Group, as the context requires.

Certain names with Chinese characters have been translated into English names. Such translations which are provided solely for the convenience of investors, may not have been registered with the relevant PRC authorities and should not be construed as representations that the English names actually represent the Chinese characters. In case of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

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.

The information in our website or any websites directly or indirectly linking to such websites does not form part of this Prospectus and should not be relied on.

GLOSSARY OF TECHNICAL TERMS

The glossary contains explanations of certain technical terms and abbreviations used in this Prospectus in connection with our Group and our business. The terms and abbreviations and the assigned meanings may not correspond to standard industry meanings or common meanings and usage of these terms.

"aggregates"	:	The general term for the crushed rock used in construction and are classified by set size categories, measured in inches or mm
"concreting sand"	:	Sand used in the manufacture of concrete
"Contractors Registry"	:	A listing of the names of construction companies that are registered with the BCA
"design and build"	:	A project where one firm takes responsibility for both design and construction
"ISO 9000"	:	An international set of five related standards for qualification of global quality assurance and quality control standards
"ISO 9001"	:	A version of ISO 9000 for organisations that engage in research and development activities as well as production activities. This standard is used when conformance with specific requirements is to be assured by the supplier during several product stages including design and development, production, testing, inspection and servicing
"ISO 14001"	:	The international standard for environmental management systems, which standardises the elements that an environmental management system should contain
"OHSAS 18000"	:	An international occupational health and safety management system specification
"OHSAS 18001"		A version of OHSAS 18000 developed to help an organisation to control occupational health and safety risks
"performance bond"	:	A bond issued to guarantee performance of certain specified acts, such as the completion of construction of a project
"PQP"	:	Project quality plan
"quantity survey"	:	The preparation of cost estimates, quantities, pricing and quotation for a project
"ready-mixed concrete"	:	Concrete mixed at a plant and delivered to the site in special transport vehicles
"re-bar"	:	Steel bars that are used in reinforced concrete structures

GLOSSARY OF PROJECTS

The following glossary contains a brief description of the existing projects undertaken and/or completed by the Group up to the Latest Practicable Date. Please refer to the section entitled "Our Projects" for more detailed description of these projects:

"Bartley Road Extension Project"	:	Contract No. 3370B awarded by the LTA relating to a road extension project connecting Bartley Road to Airport Road
"Changi Airport Terminal 3 Project"	:	Contract No. EN/ADT3/2001/11 awarded by the CAAS relating to a project involving the construction of aircraft parking aprons as well as other related works at Singapore Changi Airport Terminal 3
"Jalan Gali Batu Depot Project"	:	Contract No. 911 awarded by the LTA relating to a MRT depot project along Woodlands Road, stretching along the junction of Kranji Expressway to the opposite of Sungei Kadut Avenue
"Jurong River Bridge Project"	:	Contract No. RR0002 awarded by the LTA relating to a bridge project spanning across Jurong River along Jalan Buroh
"Kim Chuan Depot Project"	:	Contract No. 821 awarded by the LTA relating to a MRT depot project for the Circle Line at Kim Chuan Road
"Marina Bay Project"	:	Contract No. 901 awarded by the LTA relating to a MRT station project at Marina Bay, for the Downtown Line Stage 1
"Marina Coastal Expressway Project"	:	Contract No. 481 awarded by the LTA relating to Marina Coastal Expressway, a road project linking between the Kallang-Paya Lebar Expressway, the East Coast Parkway Expressway and the Ayer Rajah Expressway with direct connection to the Marina South area
"Nankang Line Project"	:	Contract awarded by the Taipei Municipal Government Office for the construction of the Nankang Line for the MARTS
"NEL Tunnelling Project"	:	Contract No. 702 awarded by the LTA relating to a MRT project for the North-East Line requiring the construction of 2.5 km of tunnels and two underground stations
"Punggol Station Project"	:	Contract No. 712 awarded by the LTA relating to a MRT station project for the Punggol Station on the North-East Line
"Sungei Serangoon Bridge Project"	:	Contract No. ER158 awarded by the LTA relating to a bridge project spanning across Sungei Serangoon River connecting Buangkok Drive to Tampines Road
"Telok Blangah Expressway Project"	:	Contract No. 3203 awarded by the LTA relating to Telok Blangah Expressway, a road project linking Kampong Bahru Road to Henderson Road
"Toh Guan Road Extension Project"	:	Contract No. RR0201 awarded by the LTA relating to Toh Guan Road Flyover, a road project extending Toh Guan Road to the Pan Island Expressway

SELLING RESTRICTIONS

Singapore

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

(a) our revenue and profitability;

(b) expected growth in demand;

(c) expected industry trends;

(d) anticipated expansion plans; and

(e) other matters discussed in this Prospectus regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual 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) general global, regional and local political, social and economic conditions;

(b) regulatory developments and changes in our industry;

(c) our anticipated growth strategies and expected internal growth;

(d) changes in the availability and prices of raw materials, such as steel and concrete, and construction equipment which we require to operate our business;

(e) changes in our need for capital and the availability of financing and capital to fund these needs;

(f) changes in competitive conditions and our ability to compete under such conditions;

(g) changes in customers' preference(s);

(h) changes in our future capital needs and the availability of financing and capital to fund such needs;

(i) the impact of H1N1, SARS or other outbreaks of contagious diseases;

(j) war or acts of international or domestic terrorism;

(k) occurrences of catastrophic events, natural disasters and acts of God that affect our business or property;

(l) other factors beyond our control; and

(m) other factors that are described under the section entitled "Risk Factors" of this Prospectus.

Some of these risk factors are discussed in more detail under the section entitled "Risk Factors" of this Prospectus.

All forward-looking statements made by or attributable to us, or persons acting on our behalf contained in this Prospectus are expressly qualified in their entirety by such factors.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on these statements which apply only as at the date of this Prospectus**.** Neither our Company, the Issue Manager, Underwriter and Placement Agent nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We and the Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the Prospectus is registered but before the close of the Invitation, our Company becomes aware of (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

DETAILS OF THE INVITATION

LISTING ON THE SGX-ST

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 Scheme Shares and the Plan Shares. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares, the New Shares, the Scheme Shares and the Plan Shares on the Official List of the SGX-ST. 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 or for any other reasons (including where the Authority issues a Stop Order (defined below)) and you will not have any claims whatsoever against us or the Issue Manager, Underwriter and Placement Agent.

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) deem the applications as withdrawn or cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application (without interest or any share of revenue or other benefit arising therefrom) at the applicant's own risk and the applicant will not have any claim whatsoever against us, our Directors and the Issue Manager, Underwriter and Placement Agent; or

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

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

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

(iii) treat the issue of the New Shares as void, in which case the issue and/or sale shall be deemed void and our Company shall within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom at the applicant's own risk and the applicant will not have any claims whatsoever against us, our Directors and the Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraphs (a)(i) and (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those New Shares without interest or a share of revenue or benefit arising therefrom and he will not have any claim against our Company, our Directors, and the Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraphs (b)(i) and (b)(ii) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those New Shares, to our Company, whereupon our Company shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those New Shares at the applicant's own risk and the applicant will not have any claim whatsoever against us, our Directors and the Issue Manager, Underwriter and Placement Agent and the issue of those New Shares shall be deemed to be void and the applicant will not have any claim whatsoever against us, our Directors and the Issue Manager, Underwriter and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances, issue a stop order ("Stop Order") to our Company, directing that no Shares or no further Shares to which this Prospectus relates, be allotted or issued. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter which, in the opinion of the Authority, is false or misleading, (ii) omits any information that should be included in it under Section 243 of the SFA, (iii) does not, in the opinion of the Authority, comply with the requirements of the SFA or (iv) if the Authority is of the opinion that it is in the public interest to do so.

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

(a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares; or

(b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares pursuant to the Invitation shall be deemed void and our Company shall within 14 days from the date of the Stop Order return to the applicants all monies paid by them for the New Shares.

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

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

Neither our Company, our Directors, the Issue Manager, Underwriter and Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other 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 Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors, or the Issue Manager, Underwriter and Placement Agent.

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

Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will make an announcement of the same to the SGX-ST and/or the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. If required under the SFA, we will lodge a supplementary or replacement prospectus with the Authority and will make the same available to the public after lodgement. All applicants should take note of any such announcements or supplementary or replacement document and, upon the release of such announcement or supplementary or replacement document, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

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

This Prospectus does not constitute an offer, solicitation or invitation of the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

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

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
#03-03 UOB Plaza 1
Singapore 048624

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

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

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

The Application List will open at 10.00 a.m. on 17 December 2009 and will remain open until 12 noon on the same day or for such further period or periods as our Directors may, in consultation with the Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary prospectus or replacement prospectus is lodged with the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

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

INDICATIVE TIMETABLE FOR LISTING

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

Indicative date/time	Event
17 December 2009 at 12.00 noon	Close of Application List
18 December 2009	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
21 December 2009 at 9.00 a.m.	Commence trading on a "ready" basis
24 December 2009	Settlement date for all trades done on a "ready" basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 17 December 2009, the date of admission of our Company to the Official List of the SGX-ST is 21 December 2009, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 21 December 2009. **The actual date on which our Shares will commence trading on a "ready" basis will be announced when it is confirmed by the SGX-ST.**

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

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

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

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

(b) in a local newspaper(s).

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

The information contained in this summary highlights certain information found in greater detail elsewhere in this Prospectus. As this is a summary, it does not contain all the information that prospective investors should consider before investing in our Shares. Terms defined elsewhere in this Prospectus have the same meaning when used herein. In addition to this summary, potential investors should read the entire Prospectus carefully, especially the section entitled "Risk Factors" of this Prospectus and our financial statements and related notes, before deciding to invest in our Shares.

BUSINESS OVERVIEW

Our Directors believe that we are one of the leading Singapore-based civil engineering firms with an established reputation and track record for quality, reliability and safety.

We operate in the following two key business segments:

Civil Engineering Segment

We carry out civil engineering works for bridges, expressways, tunnels, MRT, port facilities, water and sewage facilities and other infrastructure works. Since our establishment in 1969, for a period of over 40 years, we have undertaken and completed a wide range of civil engineering projects for both public and private sectors in Singapore. A number of these projects have been conferred "Construction Excellence" awards and are recognised landmarks in Singapore. As at the Latest Practicable Date, all our current projects are based in Singapore.

We are a **Grade A1** contractor (the highest grade) in the Civil Engineering (CW02) Category, which allows us to tender for Singapore public sector civil engineering works of unlimited value. As at 9 November 2009, there are 35 Grade A1 contractors in the Civil Engineering (CW02) Category[1]. Our wholly-owned subsidiary, HLS Infrastructure, has also achieved ISO certifications in the areas of quality management, occupational safety and health management and environmental management.

Since our commencement of business, our major customers include government and government-related bodies of Singapore, such as the LTA, the HDB, the PSA, the PUB and the CAAS.

Building Materials Segment

We procure and sell building materials, namely, concreting sand and aggregates, for building and construction purposes mainly for Singapore public sector contracts. Our building materials are sourced from different suppliers locally and overseas.

Prior to 2006, we had sourced for and supplied building materials for our direct use as well as to sub-contractors in connection with our projects. In 2006, as a result of changes in market conditions, namely the uncertainty over the supply of building materials from Indonesia, we decided to leverage on our procurement experience to explore market opportunities. We mainly sell concreting sand and aggregates to the HDB, a government-related body of Singapore.

We are a **Grade L6** contractor (the highest grade) in the Basic Building Materials (SY01) Category, which allows us to tender for Singapore public sector contracts for the supply of basic building materials of unlimited value. As at 9 November 2009, there are 71 grade L6 contractors in the Basic Building Materials (SY01) Category[2].

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1 The statistics were extracted from the BCA's website (http://www.bca.gov.sg) on 9 November 2009 and which was accessed on 9 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

2 The statistics were extracted from the BCA's website (http://www.bca.gov.sg) on 9 November 2009 and which was accessed on 9 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

Our current projects in the Civil Engineering Segment include the following:

Description of Project	Approximate Contract Value (in millions)	Commencement Date to Actual / Expected Completion Date
Bartley Road Extension Project The extension connects Bartley Road to Airport Road and runs above the Kim Chuan Depot. The stretch of road (viaduct) above the Kim Chuan Depot was constructed by HLS Infrastructure as part of the contract for the Kim Chuan Depot. The proposed viaduct from Bartley Road to Airport Road will be constructed and linked to the completed section. Works involved the construction of cast-insitu box girders and also the launching of precast segments over roads such as Upper Paya Lebar Road, Hougang Avenue 3 and Airport Road.	$51.6	March 2007 to 2009[1]
Marina Bay Project This project calls for the construction of the new Marina Bay Station which will serve as an interchange for the proposed Circle Line and the existing North-South Line. It will also require the construction of approximately 320m of tunnels. Works will include the construction of extensive temporary earth retaining system consisting of diaphragm walls and strutting system, jet grouting, deep excavation in marine clay, structural works and building works.	$348.4	February 2008 to 2011
Marina Coastal Expressway Project The construction of a 490m dual carriageway at grade piled road system and a 460m dual carriageway viaduct linking existing South Quay viaduct. This project is one of the six packages awarded by the LTA for the completion of the 5km Marina Coastal Expressway. Besides the expressway construction, the works also include the construction of sea walls and reclamation of 9.1 hectares of foreshore area fronting Marina Wharf, demolition of existing buildings, construction of slip roads and temporary road diversions.	$305.0	January 2009 to 2013
Jalan Gali Batu Depot Project This design and build project involves the construction of a depot located along Woodlands Road stretching from the junction of Kranji Expressway to the opposite of Sungei Kadut Avenue. The depot will provide state-of-the-art maintenance facilities to a fleet of 108 3-car trains or driverless trains. This project involves extensive earth removal and the construction of an office building, operation control centres and electrical substations. The design also allows for future expansion for a stabling and reception track. This project is undertaken by the GS HLS JV.	$410.7	March 2009 to 2015

Note:

(1) The Company expects the Bartley Road Extension Project to be completed by December 2009.

Please refer to the sections entitled “Our Corporate History” and “Our Projects” of this Prospectus for further details of our past and current projects.

COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:

- **Established track record of more than 40 years**

  We have an established track record in our industry and are recognised for quality, reliability and safety. We believe that this proven track record of more than 40 years, combined with our technical experience and competitive pricing, have been critical in enabling us to successfully compete against other firms in the same industry, including established international competitors.

  Our wholly-owned subsidiary, HLS Infrastructure, is currently registered with the BCA as a **Grade A1** contractor (the highest grade) in the Civil Engineering (CW02) Category, which allows us to tender for Singapore public sector civil engineering projects of unlimited value. As at 9 November 2009, only 35 out of a total of 731 contractors in Singapore in the Civil Engineering (CW02) category have an A1 grading[3].

  As a proof of our commitment to deliver high quality work to our clients, we have received several awards and certifications. Such awards and certifications include ISO certifications, the CIDB's Construction Excellence Awards for the construction of the Loyang Flyover in 1990, the CIDB's Certificate of Merit for Construction Excellence for the construction of Kranji Expressway, the BCA's Construction Excellence Awards 2003 for the Telok Blangah Expressway Project and the BCA's Construction Excellence Awards 2006 (Merit) for the Jurong River Bridge Project. Please refer to the section entitled "Awards and Certificates" of this Prospectus for further information on our awards and certifications.

- **Capability to carry out a wide range of civil engineering works**

  Although we derive our revenue mainly from civil engineering works for roads, expressways and MRT, we have successfully performed a wide range of civil engineering works of differing scale and complexity. These works include civil engineering works for the construction of port facilities, water and sewage facilities, aircraft parking aprons and other infrastructure works.

  This diversity of experience and capabilities has enabled us to undertake new civil engineering projects. After having been awarded and successfully completed such projects, we are able to leverage on our experience and good track record to win further contracts of similar type. For example, after having secured and successfully completed initial contracts from the PSA and the CAAS, we were able to secure subsequent contracts from the PSA for the construction of port facilities in the 1990s and from the CAAS for the construction of airport facilities in the late 1990s and early 2000s. Please refer to the sections entitled "Our Corporate History" and "Our Projects" of this Prospectus for further details.

- **Strong financial position**

  One of the key considerations in the selection process for a tender of Singapore public sector civil engineering works is whether the selected contractor is in a strong financial position and whether it has the ability to fund the working capital requirements of the project. We believe that our strong financial position plays a critical role in enabling HLS Infrastructure to secure large scale projects in Singapore with contract values in excess of $200 million.

- **Experienced and committed management team**

  Our founder, Executive Chairman and CEO, Chua Leong Hai, has more than 40 years of experience in the civil engineering industry.

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3 The statistics were extracted from the BCA's website (http://www.bca.gov.sg) on 9 November 2009 and which was accessed on 9 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

Our Executive Directors, Lim Peng Kiat and Chua Hua Hong, has each been with us for more than 25 years. In addition, our Executive Director, Cheang You Kong, and each of our Executive Officers, Pang Siew Pui, Fong Kam Wai, Kee Guan Chua, Daniel Tay Chin Kwang and Ang Kwee Hong, has more than 15 years of experience in the civil engineering industry. All of them are experienced in the civil engineering industry and are instrumental in maintaining good relationships with our customers, suppliers and sub-contractors.

With the support of an experienced, competent and dedicated management team, we have achieved strong and stable growth over the years, and have successfully managed projects during periods of high growth and downturns in the industry.

Please refer to the section entitled "Competitive Strengths" of this Prospectus for further details.

BUSINESS STRATEGIES AND FUTURE PLANS

We will continue to focus on our core businesses, namely, the Civil Engineering Segment and the Building Materials Segment. To achieve this, we intend to adopt the following business strategies to drive our future growth:

- **Focus on larger-scale civil engineering projects in Singapore for our Civil Engineering Segment**

  We intend to focus on larger-scale civil engineering projects as we believe that such larger-scale projects will generate higher profitability and further raise our business profile in the industry. We plan to leverage on our established and proven track record, financial strength and the enhanced image from our listing on the Official List of the SGX-ST to secure such larger-scale civil engineering projects.

- **Acquisition of premises for central workshop**

  We intend to acquire premises in Singapore for central workshop and storage purposes. The central workshop will be used for maintenance works on our construction machinery and will also be used to store construction materials, construction equipment and machinery under our Civil Engineering Segment and the building materials under our Building Materials Segment. This will not only reduce our costs of leasing storage space from third parties but will also increase our efficiency and enhance the security of our construction and building materials.

- **Acquisition of construction equipment and machinery to support our project requirements**

  With our focus on larger-scale civil engineering projects, we intend to acquire various equipment and machinery for our civil engineering projects[4].

  With the acquisition of such construction equipment and machinery, this will not only increase our efficiency and productivity but also reduce our costs of leasing construction equipment and machinery from third parties.

- **To explore acquisitions, joint ventures and/or strategic alliances to expand our businesses**

  We may also expand our businesses through acquisitions, joint ventures and/or strategic alliances which we believe will complement our current and future businesses. We believe that suitable acquisitions, joint ventures and strategic alliances will give us access to new markets and prospective clients as well as new businesses.

  Currently, we are not engaged in any discussion with any party for acquisitions, joint ventures or strategic alliances. Should we decide to enter into such an acquisition, joint venture or strategic alliance, we will seek approval, where necessary, from our Shareholders and the relevant authorities as required by the relevant laws and regulations.

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

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4 These equipment and machinery include excavators, light-weight trucks or pick-up trucks, concrete pump trucks, crawler cranes, lorries, boom lifts, lorry mounted cranes, replacement and upgrade of generator sets, and site vehicles.

OUR FINANCIAL INFORMATION

The following table represents a summary of the financial highlights of our Group. The data presented in this table are derived from the section entitled "Selected Financial Information" and the financial statements and notes thereto which are included elsewhere in this Prospectus. You should read those sections and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus for a further explanation of the financial data summarised here.

Selected items on the operating results of our Group:

($'000)	← Audited →				Unaudited
	FY2006	FY2007	FY2008	HY2009	HY2008
Revenue	48,480	86,167	194,523	109,032	72,137
Gross profit	1,523	14,229	22,651	11,928	7,909
Profit before taxation	1,093	12,690	18,898	11,312	7,002
Profit for the year/ period	998	10,369	15,544	9,392	5,656

Selected items on the financial position of our Group:

	← Audited →	
($'000)	As at 31 December 2008	As at 30 June 2009
Current assets	95,507	144,396
Non-current assets	5,589	8,390
Current liabilities	(67,505)	(119,540)
Non-current liabilities	(37)	(59)
Shareholders' equity	33,554	33,187

Where you can find us

Our principal place of business and registered office is located at 80 Marine Parade Road, #21-08 Parkway Parade, Singapore 449269. Our telephone number is (65) 6344 0555 and our facsimile number is (65) 6440 9049. Our website address is http://www.hlsgroup.com.sg. Information contained in our website does not constitute part of this Prospectus.

THE INVITATION

Issue Size	:	110,000,000 New Shares by way of public offer and placement. The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.
Issue Price	:	$0.25 for each New Share.
The Offer	:	The Offer comprises an invitation by our Company to the public in Singapore to subscribe for the 2,200,000 Offer Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus. In the event that any of the Offer Shares are not taken up, they will be made available to satisfy excess application for the Placement Shares.
The Placement	:	The Placement comprises a placement of 107,800,000 Placement Shares (including 7,500,000 Reserved Shares) at the Issue Price, subject to and on the terms and conditions of this Prospectus. In the event that any of the Placement Shares are not taken up, they will be made available to satisfy excess application for the Offer Shares.
Reserved Shares	:	Out of the 107,800,000 Placement Shares, 7,500,000 Reserved Shares will be reserved for subscription by our directors, employees, business associates and those who have contributed to the success of our Group. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares or, in the event of an under-subscription for the Placement Shares, to satisfy excess applications from members of the public for the Offer Shares.
Purpose of the Invitation	:	Our Directors consider that the listing of our Company and the quotation of our Shares on the Official List of the SGX-ST will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public, our directors, management, employees, business associates as well as those who have contributed to our success with an opportunity to participate in the equity of our Company. In addition, the proceeds of the Invitation will provide us with additional capital to finance our business expansion.
Listing Status	:	Prior to the Invitation, there had been no public market for our Shares. Our Shares will be quoted in Singapore dollars on the Main Board of the SGX-ST, subject to admission of our Company to the Official List of the SGX-ST and permission for the dealing in, and quotation, of our Shares being granted by the SGX-ST and the Authority not issuing a stop order.
Risk Factors	:	Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Prospectus.

PLAN OF DISTRIBUTION

SGX-ST

The Invitation is for 110,000,000 New Shares offered in Singapore by way of public offer and placement comprising 2,200,000 Offer Shares and 107,800,000 Placement Shares (including 7,500,000 Reserved Shares).

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

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

Investors may apply to subscribe for any number of New Shares in integral multiples of 1,000 Shares. In order to ensure a reasonable spread of shareholders, we have the absolute discretion to prescribe a limit to the number of New Shares to be allotted to any single applicant and/or to allot New Shares above or under such prescribed limit as we shall deem fit.

Offer Shares

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

Pursuant to the management and underwriting agreement dated 10 December 2009 (the "Management and Underwriting Agreement") between us and UOB as the Issue Manager and the Underwriter as set out in the section titled "General and Statutory Information" of this Prospectus, we have appointed UOB to manage the Invitation and to underwrite the Offer Shares. UOB may, at is absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

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

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

Placement Shares (excluding Reserved Shares)

The Placement Shares (excluding the Reserved Shares) are reserved for placement to members of the public and institutional investors in Singapore. Applications for Placement Shares may only be made by way of printed Application Forms as described under "Terms, Conditions and Procedures for Application and Acceptance" as set out in Appendix H of this Prospectus.

Pursuant to the placement agreement dated 10 December 2009 (the "Placement Agreement") between us and UOB as the Placement Agent as set out under the section titled "General and Statutory information" of this Prospectus, UOB agreed to subscribe and/or procure subscribers for the Placement Shares. UOB may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

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

Subscribers of the Placement Shares (excluding Reserved Shares) may also be required to pay brokerage of up to 1.0 per cent. of the Issue Price as well as stamp duties, GST and any other similar charges, where applicable, to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

Reserved Shares

Up to 7,500,000 Placement Shares will be reserved for subscription by our directors, employees, business associates and those who have contributed to the success of our Group. This includes our Directors Lim Peng Kiat, Chua Hua Hong, Cheang You Kong and a director of our subsidiary, HLS Infrastructure, Kee Guan Chua, who will be offered 1,000,000, 230,000, 400,000 and 250,000 Reserved Shares respectively. Should they accept such offers of Reserved Shares, each of them (save for Kee Guan Chua in respect of his Reserved Shares only) will also provide an undertaking to observe a moratorium on such Reserved Shares, details of which are set out in the section entitled "Ownership Structure – Moratorium" of this Prospectus. Save for the 1,880,000 Reserved Shares which are accepted and subscribed by the aforementioned directors, the Reserved Shares are not subject to any moratorium and may be disposed of after the admission of our Company to the Official List of the SGX-ST. No individual or entity will be offered more than 5% of the total Invitation size.

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

Application for the Reserved Shares may only be made by way of printed Application Forms. The terms, conditions and procedures for application for Reserved Shares are described under "Terms, Conditions and Procedures for Application and Acceptance" as set out in Appendix H of this Prospectus.

Persons intending to subscribe for the Offering

None of our Directors or Substantial Shareholders intends to subscribe for more than 5% of the New Shares in the Invitation.

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

Through a book-building process to assess market demand for our New Shares, we are aware of one potential investor who has indicated interest to subscribe for 5% or more of the New Shares.

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

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

USE OF PROCEEDS AND LISTING EXPENSES

USE OF PROCEEDS

The net proceeds to be raised by our Company from the issue of the New Shares (after deducting the estimated issue expenses of approximately S$1.9 million) are approximately S$25.6 million.

The following table sets out the breakdown of the use of net proceeds by our Group:

Intended Use	Amount ($' million)	As a percentage of gross proceeds raised from the Invitation (%)
Acquisition of central workshop	4.0	14.5
Acquisition of equipment and machinery	8.0	29.1
Working capital	13.6	49.5
Total	25.6	93.1

Further details of our use of proceeds may be found in the section entitled "Business Strategies and Future Plans" of this Prospectus.

The foregoing discussion represents our Company's best estimate of its allocation of the net proceeds of the Invitation based upon our current plans and 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 Invitation for other purposes, our Company will publicly announce its intention to do so through a SGXNET announcement to be posted at the SGX-ST website http://www.sgx.com.

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

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised by the Invitation.

None of the proceeds of the Invitation will be used to discharge, reduce or retire any indebtedness of our Group.

LISTING EXPENSES

The estimated expenses in connection with the Invitation to be borne by our Group are approximately S$1.9 million. A breakdown of these estimated expenses in relation to the Invitation is as follows:

Expenses	Amount ($'000)	As a percentage of gross proceeds raised from the Invitation (%)
Listing and application fees	75	0.3
Professional fees	754	2.7
Underwriting and placement commission and brokerage[(1)]	883	3.2
Miscellaneous expenses	219	0.8
TOTAL	1,931	7.0

Note:

(1) In the event that the estimated expenses listed above are in excess of the actual expenses incurred in connection with the Invitation, such excess will be used as our working capital.

RISK FACTORS

An investment in our Shares involves risks. Prospective investors should consider carefully the following risk factors and all other information contained in this Prospectus, before deciding to invest in our Shares. Some of the following risk factors relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic and political conditions, the securities market and ownership of our Shares.

The following describes some of the significant risks known to us now that could directly or indirectly affect us and the value or trading price of our Shares. The following does not state risks unknown to us now but which could occur in future, and risks which we currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, they could materially and adversely affect our business, financial condition, results of operations and prospects. If any of the following risks occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected, the trading price of our Shares could decline and you could lose all or part of your investment. This Prospectus also contains forward-looking statements having direct and/or indirect implications on our future performance. You should also consider the information provided below in connection with the forward-looking statements in this Prospectus and the warning regarding forward-looking statements at the beginning of this Prospectus. Our actual results may differ materially from those anticipated by those forward-looking statements due to certain factors including the risks and uncertainties faced by us, as described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRIES

Civil Engineering Segment

Our ability to secure projects depends on our ability to secure performance bonds

In line with industry practice, all our civil engineering projects require performance bonds to be furnished by a bank or an acceptable financial institution to guarantee our contractual performance under the project. Generally, the performance bond for each of our projects in the Civil Engineering Segment covers approximately 2.5% to 5.0% of the contract value of the project. Accordingly, our ability to secure such performance bonds is crucial as it would determine our ability to secure such projects. Our ability to secure performance bonds is dependent on several factors including our track record and financial standing. We have not encountered any problems securing performance bonds in FY2006, FY2007, FY2008 and HY2009 and our Directors are not aware of any problems in securing such performance bonds, given the current economic conditions. However, there is no assurance that we can continue to secure performance bonds in the future. In the event that we are unable to secure the requisite performance bonds for any reason, we may be unable to secure such projects and this would materially and adversely affect our revenue and profitability.

Downgrade or loss of our BCA registration grades will adversely affect our ability to tender for future projects

Contractors in Singapore are categorised by the BCA into the different BCA registration grades and we have numerous registration grades as described in the section entitled “Government Regulations” of this Prospectus.

Our BCA registration grades have not been downgraded in FY2006, FY2007, FY2008 and HY2009. Currently, our Directors are not aware of any risk that will result in our BCA registration grades being downgraded or any circumstances that may result in such grades being downgraded, or result in any difficulty for the maintenance of such grades by us. Nonetheless, there is no assurance that we can maintain our existing BCA registration grades. In the event we fail to comply with any of the requirements laid down by the BCA in respect of that grade, we would not be able to maintain our existing grading or our existing BCA registration status would be downgraded. We may not be able to tender for Singapore public sector projects which require a specific BCA registration and any downgrade in our BCA registration grades would adversely affect our market reputation. This could have an adverse impact on the operations and financial results of our Group.

We are subject to significant price fluctuations of construction materials and/or acquiring or leasing equipment and machinery

Direct materials costs accounted for approximately 23.4%, 20.4%, 32.6% and 53.1% of our cost of sales for FY2006, FY2007, FY2008 and HY2009 respectively. Direct materials in our Civil Engineering Segment comprise construction materials such as concrete, precast components, re-bars, timber, cement and asphalt. The composition of direct materials changes with the type and nature of projects.

The main components of the direct materials used in our Civil Engineering Segment are ready-mixed concrete (Grade 35) and re-bars. Based on the information extracted from the BCA website, the market price for ready-mixed concrete (Grade 35) stood at $78.10 per cubic metre in January 2007 and more than doubled to $190.00 per cubic metre in March 2007 before gradually declining to close at $129.00 per cubic metre in December 2007. In FY2008, the market price for ready-mixed concrete (Grade 35) remained relatively stable, fluctuating from a low of $121.90 per cubic metre recorded in December 2008 to a high of $129.20 per cubic metre recorded in July 2008[5]. The market price of ready-mixed concrete (Grade 35) continued to decline in FY2009 and stood at $102.40 per cubic metre as at August 2009[5].

The market price for re-bars increased from S$752.50 per tonne in January 2007 to S$1,043 per tonne in December 2007. In FY2008, it reached a high of S$1,713.71 per tonne in July 2008 and decreased to S$913.00 per tonne in December 2008. It further decreased from S$861.50 per tonne in the beginning of 2009 to a low of S$718.90 per tonne in June 2009 before rising again to S$789.70 per tonne as at August 2009[5].

Any sudden or adverse change in supply conditions for any reason may adversely affect our operations or result in us having to pay higher prices for these construction materials for our projects, which generally have a period span of between two and four years. As a result, our costs may exceed our initial projections and this may result in a reduction in our estimated profit margins or may cause us to incur a loss. In the event of any significant increase in the costs of such construction materials and we are unable to pass on such increase in costs to our customers on a timely basis or find a cheaper source of supply, our results of operations and financial performance will be adversely affected.

We own various construction equipment and machinery for our Civil Engineering Segment, and where our own equipment are not sufficient to handle new projects, we lease additional equipment from suppliers. In the event that we are unable to continue to acquire or lease construction equipment and machinery at prices or rental rates that are within our projected budget in the future, our profitability may be adversely affected.

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 industry is highly labour intensive and we are heavily dependent on foreign workers from the PRC, India, Bangladesh, Thailand and Malaysia for our Civil Engineering Segment and hence, are vulnerable to the availability and costs of foreign workers. Any changes in the labour policies of these countries of origin may affect the supply and/or cost of foreign labour and cause disruption to our operations, and may result in delays in the completion of projects.

In addition, as at the Latest Practicable Date, approximately 56% of our foreign workers are from India and approximately 34% of our foreign workers are from Thailand. With the increasing demand for foreign labour worldwide, especially skilled labour and attractive wages being offered to such foreign workers in other countries in the Middle East and South Korea, there is 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.

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5 The above information is extracted from the website of BCA at http://www.bca.gov.sg on 8 October 2009 as accessed on 10 November 2009 and is included in its proper form and context in this Prospectus. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

The supply of foreign workers is also subject to the policies (including those governing levies on employment of foreign workers) imposed by the MOM. In the event that there is a shortage of foreign workers, our operations and profitability may be adversely affected. Any increase in levies, such as the FWL imposed by the Singapore Government on employment of foreign workers, will affect our profitability. Please refer to the section entitled "Government Regulations" of this Prospectus for further details.

We are subject to sub-contracting risks

We rely heavily on sub-contractors to provide various services for our projects in the Civil Engineering Segment, including piling and foundation works, reinforced concrete works, mechanical and electrical works, architectural works, maintenance of stockpile and any other specialist work in our Civil Engineering Segment. Sub-contracting costs accounted for approximately 52.1%, 50.0%, 50.1% and 35.3% of our total cost of sales in FY2006, FY2007, FY2008 and HY2009 respectively. These sub-contractors are selected based on, *inter alia*, their competitiveness in terms of their pricing, our past working experience with them and their past performance. We cannot assure you that the services rendered by these sub-contractors will be satisfactory or that they will meet our requirements for quality at all times.

In the event of any loss or damage which arises from the default of the sub-contractors engaged by us, we, being the main contractor, will nevertheless be liable for our sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our civil engineering projects or resulting in additional costs for us. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We are liable for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays could adversely affect our financial performance

Delays in the completion of a civil engineering project may occur from time to time due to unforeseen circumstances and events beyond our control such as shortage of construction materials or labour disputes. Delays could also arise due to factors such as the breakdown of equipment and machinery and insufficient deployment of resources, as well as government directives for the temporary stoppage of work.

In the event that completion of our projects is delayed, we may be liable to pay liquidated damages under the civil engineering contract and incur additional costs, and this may adversely affect our earnings and erode our profit margin for the project. In such event, our operations and financial performance may be adversely affected. Additionally, we may face further claims from our customers for damages if the delay is attributed to us. In the event that this happens, our business, financial condition and results of operation may be adversely affected. As at the Latest Practicable Date, although we have not been made liable to pay for any significant liquidated damages, there can be no assurance that we will not incur any liquidated damages or other additional costs relating to or arising from delays in existing and future projects which we undertake which could have a material impact on our financial performance and financial conditions.

For design and build projects, we may be liable for any design defects or failure in the civil engineering works

For design and build projects, we may be liable for any liabilities arising from any defect or failure in the design aspects of the projects even if we had engaged external consultants such as architects and engineers to design for such projects. In the event of any such design defect or failure in the architectural or engineering design of our civil engineering projects arising from the default or negligence of these external consultants and through no fault or negligence on our part, and even if we had exercised reasonable degree of skill and care within our capacity as the main contractor, we may nevertheless be liable to the customer under the contract.

As at the Latest Practicable Date, although we have not been made liable for any liabilities arising from any defect or failure in the design aspects of the projects, there is no assurance that such liability will not arise in the future. If a customer were to succeed in obtaining a court judgment or an arbitration award against us for claims on the grounds of design defect or failure, such claims may have a material adverse effect on our financial performance and financial condition.

We may be affected by accidents at our worksites

Due to the nature of our business, accidents or mishaps may occur at the construction sites for our projects even though we have put in place certain safety measures. Such accidents or mishaps may severely disrupt our operations and lead to a delay in the completion of a project, and in the event of such delay, we could be liable to pay liquidated damages under the civil engineering contract with our customer. In such event, our business, results of operations and financial performance may be materially and adversely affected. Furthermore, such accidents or mishaps may subject us to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them, and any significant claims which are not covered by our insurance policies may materially and adversely affect our results of operations and financial performance. In addition, any accidents or mishaps resulting in significant damage to our machinery or equipment may also have a significant adverse effect on our business, financial condition and results of operations.

Our Civil Engineering Segment is subject to unforeseen ground conditions

The costs of ground engineering projects are directly related to ground conditions. An incorrect assessment of the ground conditions may result in costs escalating beyond our control. We usually carry out soil tests or depend on soil investigation reports provided by potential clients during the tender stage for ground engineering projects, for example, the geotechnical interpretative baseline reports provided by the LTA for our recent civil engineering projects undertaken by us for them. However, where soil conditions are non-homogenous, preliminary soil test reports may not correctly reflect the underlying characteristics of the soil, therefore there may be a possibility that we may have to incur cost overruns due to such unforeseen ground conditions which may materially affect our business and results of operations. For example, in one of our earlier projects undertaken with the PWD in 1991, the preliminary soil bored holes indicated only isolated boulders at the site. However, during the actual execution of the project, it was discovered that the site contained a large rock or granite outcrop that needed to be removed for the road construction. The additional removal cost was not entirely compensated for by our customer and we had to bear the differential cost.

In the event that the actual soil conditions differ materially from preliminary soil test reports, we will request for extensions of time for completion of the projects and claim additional costs from our customers for execution of our projects. However, there is no assurance that our customers will agree to the amount claimed arising from the unforeseen ground conditions or fully compensate us for the additional costs of rectifying unforeseen ground conditions.

Our insurance coverage may not be adequate

In relation to our civil engineering projects, unless already insured by our customers, we have taken up equipment all risks, public liability, contractors' all risks, fire insurance for site offices and workmen's compensation insurance policies. For projects undertaken for the LTA, the LTA will purchase builders insurance, third party liability insurance and workmen compensation insurance on our behalf. However, in the event that any claims arise which are not covered by such insurance policies or if our insurance coverage is insufficient or the amount claimed is less than the amount under the excess clause of the insurance, we may be exposed to losses which may adversely affect our profitability.

We face the risk of loss or damage to our properties, machinery and building materials due to fire, theft and natural disasters such as earthquakes and floods. Such events may cause a disruption or cessation in our operations. In the event that such eventualities were to occur, and we are not covered by insurance, our financial position will be adversely affected.

Building Materials Segment

We may face general risks associated with doing business with overseas suppliers

For our Building Materials Segment, we source our building materials from overseas suppliers (including Malaysia, the PRC, Myanmar, Vietnam and Cambodia). There are risks which are inherent in doing business overseas, such as social and/or political instabilities, fluctuations in currency exchange rates, changes in local law, regulations or policies relating to the export of building materials, occurrence of calamities, any of which could materially affect our overseas suppliers' operations and consequently our business, results of operations and financial condition. In particular, any changes in policies implemented by the governments in these countries that ban or restrict the export of building materials will affect our ability to secure a constant supply of building materials for our Building Materials Segment and hence the continuity of our business in Building Materials Segment.

We are exposed to fluctuations in freight rates

Logistics costs comprised approximately 70.7%, 59.2% and 22.9% of our total cost of sales in the Building Materials Segment in FY2007, FY2008 and HY2009. As we also source for building materials from overseas suppliers, freight charges accounted for a significant portion of our logistics costs in FY2007. We are exposed to fluctuations in freight rates in transporting the building materials to Singapore. The prevailing freight rates in a given period of time is largely dependent on, *inter alia*, the supply of and demand for vessels and fuel costs. As fuel is derived from refining crude oil, any increase in crude oil prices will likely result in a corresponding increase in fuel prices. The Bloomberg European Brent Blend Crude Oil Spot Price fell from US$47.73 in the beginning of 2009 to a low of US$39.23 in February 2009[6] but thereafter increased to U$77.32 on 10 November 2009. Notwithstanding the current low freight rates, we are susceptible to any upward movement in the crude oil prices. As a result, where there are adverse fluctuations in the freight rates and if we are unable to pass on the higher freight charges to our customers, our profit margin will be significantly reduced and our financial performance may be materially and adversely affected.

Vessels transporting our building materials are vulnerable to pirate or terrorist attacks

Vessels carrying our building materials may be vulnerable to attacks by pirates or terrorists. There is no assurance that the vessels will not be attacked and the cargo stolen or destroyed by pirates or be subject to terrorist attacks in the future. In the event of such attack, we may not be able to fulfill our contracts on schedule and we may face claims for breach of contracts. Moreover, as we have not taken up any insurance to cover for such eventualities, should such risks materialise, we may have to bear the losses arising therefrom and our business and financial conditions will be adversely affected.

We may be adversely affected by the use of alternative building materials

As our Building Materials Segment provides mainly concreting sand and aggregates to the Singapore construction industry, any initiatives, legislation, regulations or policies on the use of alternative building materials may adversely affect our results of operations. Any failure or delay by us in reacting to such changes will adversely affect our financial performance.

Civil Engineering Segment and Building Materials Segment

We are dependent on public sector demand for civil engineering services and building materials in Singapore

Our Civil Engineering Segment provides civil engineering services and our Building Materials Segment supplies concreting sand and aggregates. The bulk of our revenue is derived from the Singapore public sector, in particular from projects and/or contracts with the LTA and HDB. The civil engineering contract values for projects from the LTA accounted for approximately 93.3%, 49.6%, 82.1% and 95.2% of our total contract values in FY2006, FY2007, FY2008 and HY2009 respectively. Our business in the Building Materials Segment commenced towards the end of FY2006. The contract values for the supply of building

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6 The above information is extracted from the website of Bloomberg L.P. at http://www.bloomberg.com as accessed on 10 November 2009 and is included in its proper form and context in this Prospectus. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. Bloomberg L.P. has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

materials to the HDB accounted for approximately 48.1%, 16.9% and 2.4% of our total contract values in FY2007, FY2008 and HY2009 respectively. In addition, we are currently facing stronger competition in relation to the supply of the building materials in Singapore. In order to maintain our competitiveness to secure contracts in our Building Materials Segment, we will need to lower our profit margin. The gross profit margins derived from our Building Materials Segment were 15.3%, 25.3% and 4.2% in FY2007, FY2008 and HY2009 respectively.

We are reliant on major customers, namely the LTA and the HDB

As described above, we are reliant on our current major customers, namely the LTA and the HDB. Most of these projects and contracts are secured through open or closed tenders and there is no assurance that the LTA or the HDB will continue to engage us or that we will continue to sustain the general level of revenue that we have been securing from them periodically. In the event that the LTA or the HDB ceases to have business dealings with us, or materially reduces the frequency of jobs that they engage us for, or if we are unsuccessful in our tenders for such jobs, our revenue and profitability will be adversely affected.

In addition, if the LTA and/or the HDB introduce measures to postpone or reduce public sector civil engineering works or building materials contracts, our business operations and financial conditions may be adversely affected.

We may be adversely affected by cost overruns

We tender for projects in our Civil Engineering Segment and contracts in our Building Materials Segment based on our estimated costs (including labour and material costs and indicative pricing of our suppliers and sub-contractors) for completing the projects and contracts. However, due to unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions, unanticipated construction constraints at the worksite arising during the course of construction, fluctuations in the costs of labour, raw materials, equipment and sub-contracting services, demand and competition from other civil-engineering companies, unanticipated variations in labour and equipment productivity over the term of a contract, corrective measures for poor workmanship or any delay or errors that occurred during the course of the project, costs not previously factored into our contract value may be incurred. As our projects and contracts in our industry typically do not allow for any adjustments to the contract value consequent to the occurrence of such circumstances, such costs which are not previously factored into the contract value will lead to cost overruns and would have to be absorbed by us. Under such circumstances, our profit margin for the project and the contract will be reduced and accordingly, our profitability and financial performance will be adversely affected.

Our financial performance is dependent on our successful bidding for new projects and contracts and the non-cancellation of secured projects and contracts

As most of our projects and contracts undertaken by both our Civil Engineering Segment and our Building Materials Segment are undertaken on a non-recurring basis, it is critical that we are able to continuously and consistently secure new projects and contracts of similar value and volume. There is no assurance that we will be able to do so. In the event that we are not able to continually and consistently secure new projects or contracts of similar or higher value, this would have an adverse impact on our financial performance. In addition, there may be a lapse of time between the completion of our projects or contracts and the commencement of subsequent projects or contracts. As such, our earnings and financial performance during such periods may be adversely affected.

Cancellation of secured projects and contracts due to factors such as changes in our customers' businesses, poor market conditions and lack of funds on the part of the project owners may adversely affect us. Any cancellation of projects and contracts could lead to idle or excess capacity, and may adversely affect our business and financial conditions. In particular, in relation to our Building Materials Segment, our revenue may fluctuate significantly from year to year depending on the number of contracts and the value of contracts successfully secured. Potential investors should therefore inform themselves that the historical financial performance and financial condition of the Group are not to be taken as an indication of the future financial performance and financial condition of the Group.

We may be affected by competition for Singapore public sector projects from existing and new industry players including foreign companies entering the Singapore market

As our projects in our Civil Engineering Segment and Building Materials Segment in the local public sector are secured through open tenders, an increase in the number of qualified competitors, including foreign companies entering the Singapore market for the civil engineering projects, would increase competition. This may result in the loss of tender bids or the lowering of our profit margin in order to maintain our competitiveness. Our revenue and profitability may be adversely affected if competition intensifies.

In addition, our industry is highly competitive and such competition may increase in the near future due to the entry of new players in the Singapore public sector civil engineering industry. In the event that our competitors are able to provide comparable construction services at lower prices or respond to changes in market conditions more swiftly or effectively than we do, our business, results of operations and financial performance will be adversely affected. There is no assurance that we will be able to compete effectively with our existing and future competitors and adapt quickly to changing market conditions and trends. Any failure by us to remain competitive will adversely affect the demand for our business, results of operations and financial performance.

We are dependent on our suppliers

We are dependent on our suppliers for the supply of construction and building materials. For the Civil Engineering Segment, we purchase construction materials such as ready-mixed concrete, re-bars and road construction materials from our major suppliers. For the Building Materials Segment, we engage freight services of freight forwarders as well as purchase concreting sand and aggregates from our major suppliers. We typically enter into supply contracts with our suppliers on a project basis, which will last for the duration of a specified project. Please refer to the section entitled "Major Sub-contractors and Suppliers" of this Prospectus.

There is no assurance that we will be able to continue sourcing these materials and services from our suppliers at prices that are favourable to us. In the event that our suppliers terminate the supply of their construction materials and services to us, we may not be able to seek alternative sources in a timely manner and/or at reasonable prices. This will cause our services to be delayed, thereby affecting delivery to our customers. In addition, we may face an increase in the cost of supply should we switch to new suppliers. Under such circumstances, our profit margin for the project will be reduced or eroded and accordingly, our profitability and financial performance will be adversely affected.

We are exposed to fluctuations in the price of fuel which is exposed to fluctuations in the price of crude oil

The cost of fuel used in the operation of our equipment and machinery in our Civil Engineering Segment and in the transport of building materials in our Building Materials Segment, contributes to our cost of sales. The market price of fuel is subject to fluctuations in the regional and global supply and demand conditions, which are in turn affected by a number of factors including cyclical changes in regional and global economic conditions, price and availability of substitute products. To a large extent, the price of fuel is also vulnerable to fluctuations in the price of crude oil as fuel is derived from refining crude oil. Based on the Bloomberg European Brent Blend Crude Oil Spot Price, the crude oil spot price was US$61.57 on 3 January 2006 and increased to a high of US$78.63 in August 2006 before decreasing to a low of US$55.77 in November 2006. In FY2007, the crude oil spot price recorded a low of US$51.31 in January 2007 before reaching a high of US$96.23 in November 2007. In FY2008, the crude oil spot price increased to a high of US$145.86 in July 2008 before decreasing to a low of US$33.79 in December 2008. It increased again from a low of US$39.23 in February 2009 to a high of US$78.94 in October 2009 and stood at US$77.32 on 10 November 2009[7]. As such, despite some intermediate fluctuations, there was an upward trend in the market price for crude oil prices and correspondingly, the market price for fuel in the past three financial years and up to the Latest Practicable Date. Therefore if substantial fuel price increases occur and if we are unable to pass on such price increases to our customers, whether partially or entirely, our business, profitability and financial performance will be severely affected.

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7 The above information is extracted from the website of Bloomberg L.P. at http://www.bloomberg.com as accessed on 1 December 2009 and is included in its proper form and context in this Prospectus. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. Bloomberg L.P. has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

We require various licences and permits to operate our business

We are required to obtain various licences and permits to operate our business. The BCA will be implementing a new licence scheme for importers of building materials and therefore, we will need to obtain the new licence in order to continue our current business of supplying building materials. In the event that our Group does not obtain this licence, any impact will be limited to the contribution of the revenue from the Building Materials Segment.

The 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 licences or permits. 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 such an event, our operations and financial performance will be adversely affected.

Certain projects may require us to obtain new licences or permits. In the event that such licences or permits are not obtained, we will not be able to undertake the relevant projects, and our business operations and financial performance will be adversely affected.

We are subject to revenue, gross profit margin and profit volatility as a result of our policy of revenue recognition

Our revenue recognition policy is based on the percentage-of-completion method. Hence, we do not record the full contract value of the project as revenue at the point when we secure the project. Accordingly, we may be subject to revenue and profit volatility in any financial reporting period, depending on the duration required to complete our respective projects. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations" of this Prospectus for further information.

We are reliant on key management personnel to develop and grow our business

Our continued success is dependent to a large extent on our ability to retain the services of our key management personnel. Apart from our founder, Executive Chairman and CEO, Chua Leong Hai who has been with us for more than 40 years, our Executive Directors, Lim Peng Kiat and Chua Hua Hong each has been with us for more than 25 years. In addition, our Executive Director, Cheang You Kong and each of our Executive Officers Pang Siew Pui, Fong Kam Wai, Kee Guan Chua, Daniel Tay Chin Kwang and Ang Kwee Hong has more than 15 years of experience in the civil engineering industry. All of them are experienced in the civil engineering industry and are instrumental in maintaining good relationships with our customers, suppliers and sub-contractors. More information on our key management personnel may be found in the section entitled "Directors, Management and Staff" of this Prospectus.

If we lose the services of any of our existing key management personnel without timely and suitable replacements, or if we are unable to attract and retain new personnel with suitable experience and qualifications, there will be an adverse impact on our future operations, business, financial condition, results of operations and prospects and our ability to achieve our objectives. In addition, we may lose our business to any competitors that key members of our management team may join after leaving their positions with us. We do not have key man life insurance on any of our key management personnel. Our profits could also be materially and adversely impacted if we need to increase employee compensation levels substantially to attract and retain our existing key management personnel, as well as any additional personnel that we may require in the future.

We may be adversely affected by disputes and claims with our customers or our sub-contractors/suppliers or regulatory authorities

Claims are made, from time to time, by us and/or against us for various reasons such as delays, defective workmanship and materials used and non-compliance with specifications.

It is an industry practice for our customers to withhold a certain percentage of the contract sum as retention monies ranging from approximately 2.5% to 5.0% of the contract sum to cover any defects which may surface 12 to 18 months from the date of completion of the project, which is known as the defects liability period. In some cases, a customer may withhold the retention monies for longer periods. Any disputes on progress payments, variation orders, retention monies, defective workmanship, non-compliance with specifications or otherwise relating to our projects may have an adverse impact on our financial performance and cash flow.

During the course of a project, a customer may also instruct us to perform certain works which are not included in the original specifications. These are known as variation orders. Although the scope for the additional works is agreed, the value of the variation orders may not be fixed. We will usually carry out the works specified in the variation order in accordance with market practice and ensure that the project is completed on schedule. However, as we usually perform the variation orders before the charges for such additional works are finalised, and the final charges for such works under the variation orders are subject to negotiation after the completion of the project, there is a risk that we may not be able to recover the full amount that we have charged for these additional works due to disagreement on the final value of these additional works under the variation orders.

The aggregate amount of claims which resulted in the commencement of legal or arbitration proceedings against the Group by our customers and sub-contractors for FY2006 was approximately $1.05 million and there were no claims which resulted in the commencement of legal or arbitration proceedings against the Group by our customers and sub-contractors for FY2007, FY2008 and for the period from 1 January 2009 up to the Latest Practicable Date. Please refer to the section entitled "General and Statutory Information – Information on Directors and Executive Officers" of this Prospectus.

We are subject to safety regulations imposed by various government and regulatory authorities

We are subject to safety regulations imposed by various government and regulatory authorities as set out in the section entitled "Government Regulations" of this Prospectus.

In particular, we are guided by a set of safety regulations imposed by the LTA, and are subject to, *inter alia*, demerit points if we breach or infringe any of the safety regulations. Under the relevant LTA regulations, the maximum number of demerit points which a contractor may accumulate in respect of a project in any given six-month period is in the range of 100 to 500 cumulative demerit points, depending on the contract sum. If the cumulative demerit points given to us in any given six-month period exceeds the relevant limits, we may be barred from tendering for LTA projects for a period of three months commencing from the date of the notice of the suspension. Should this happen, our revenue and profitability may be adversely affected.

HLS Infrastructure has been issued with five demerit points, 20 demerit points and 10 demerit points in FY2007, FY2008 and HY2009 respectively, for the breach or infringement of LTA's safety regulations. We did not have any demerit points in FY2006 and for the period from 1 July 2009 to the Latest Practicable Date. The cumulative demerit points given to HLS Infrastructure in any given six-month period of the contract in FY2007, FY2008 and HY2009 were insignificant and did not exceed the relevant limits. We have not been barred from tendering for any LTA projects in the past. Please refer to the section entitled "Government Regulations" of this Prospectus and for further details.

For our new civil engineering works, we are guided by the safety performance scheme which the LTA has implemented to encourage and reward safety excellence by civil engineering contracts and to incentivise safety at worksites. Contractors with good safety performance will be rewarded an additional 0.5% of the contract sum, up to a maximum of $1.0 million. Contractors with poor safety performance may have a deduction of up to one-third of the 1.5% of the contract value set aside, also subject to a cap of $1.0 million. In addition, under the monthly environmental, safety and security assessment, if a contractor accumulates monthly scores of less than 50 for three consecutive months or caused utilities damages based on certain specified criteria, the contractor's top management will be requested to explain the cause of the utilities damages and to provide effective action plan to prevent recurrence of such damages. In the event that we are unable to meet the expected safety performance on the sites under the safety performance scheme or we do not accumulate the necessary monthly scores, our ability to tender for future LTA projects may be affected.

In addition, we may be in breach of certain regulatory guidelines and regulations imposed by the regulatory authorities (such as the MOM, MEWR and PUB), which may subject us to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to our civil engineering projects. Judgments and decrees awarded that are unfavourable to us would have a negative effect on our reputation. An affected reputation, pecuniary liabilities and possible delays would have a material adverse effect on our financial performance. The aggregate amount of fines imposed by such regulatory authorities and paid by our Company for FY2006, FY2007, FY2008 and for the period from 1 January 2009 up to the Latest Practicable Date were approximately $70,800, $17,560, $4,337 and $21,657 respectively. Please refer to the section entitled "General and Statutory Information – Information on Directors and Executive Officers" of this Prospectus.

In the event of any changes in the regulations or policies implemented by such governmental or regulatory authorities in respect of any projects and contracts undertaken by the Company, compliance with such new regulations or policies may also increase our costs and if such increase is significant, our results of operations may be adversely affected.

GENERAL RISKS RELATING TO OUR GROUP

Our business maybe adversely affected by the recent disruption in global credit markets and associated impacts

The recent disruption in global credit markets and its associated effects including the re-pricing of credit risks have created increasingly difficult conditions in the financial markets. These conditions, such as volatility in equity securities markets, tightening of liquidity in credit markets, widening of credit spread and loss of market confidence have resulted in the failure of a number of financial institutions in the United States of America and the adoption of unprecedented measures by governmental authorities and central banks around the world in response to concerns and identified trends. It is difficult to predict how long these developments and measures will exist and how our markets and businesses may be affected. Accordingly, these developments and measures could potentially present risks to our Group, including a slowdown in securing new projects, increase in interest expenses on our bank borrowings, or reduction of the amount of banking facilities currently available to us and our contractors, thereby materially and adversely affecting our future financial position and performance.

Changes in government legislation, regulations or policies which affect our industry may adversely affect our business operations

As the bulk of our revenue is derived from the public sector in Singapore, any changes in government legislation, regulations or policies affecting our industry in Singapore could adversely affect our business operations and/or have a negative effect on the demand for our services. Should this risk materialise, the demand for our services in our industry may be reduced and accordingly, our business and results of our operations may be adversely affected. In the event that the Singapore Government implements policies or measures that have a negative effect on the demand for our services in the Civil Engineering Segment, our business and results of operations may be adversely affected.

Compliance with new government legislation, regulations or policies may also increase our costs and any significant increase in compliance costs arising from such new government legislation, regulations or policies may adversely affect our results of operations. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance.

The recurrence and spread of SARS, H1N1 or other communicable diseases may have an adverse impact on our business

The recurrence and spread of SARS, H1N1 or other communicable diseases may affect our business. In the event that any of the employees in our offices or facilities, or those of our contractors, is affected with SARS, H1N1 or other communicable diseases, we or our contractors may be required to temporarily shut down our offices and quarantine all affected employees to prevent the spread of the diseases which could materially and adversely affect our business, financial condition and results of operations.

We are exposed to foreign exchange risks

Currently, our revenue is denominated principally in S$ and while some of our purchases are denominated in US$. In FY2006, FY2007, FY2008 and HY2009, approximately 0%, 39.2%, 6.7% and 0% of our total purchases respectively were denominated in US$. To the extent that our revenue and purchases are not sufficiently matched in the same currency and to the extent that there are timing differences between collection and payments, we will be exposed to any adverse fluctuations in the exchange rates between US$ and S$.

At present, our Group does not have any formal policy for hedging against foreign exchange exposure. Going forward, our Group may, when necessary, utilise appropriate financial instruments to hedge against exposure from foreign currency fluctuations. However, there is no assurance that such efforts will successfully hedge against all foreign currency fluctuations.

We may face uncertainties associated with the expansion of our business

In order to grow our business in the future, we may expand our operations overseas or explore acquisitions, joint ventures and/or strategic alliances which we believe will complement our current and future businesses. Details of our future plans are discussed under the section entitled "Business Strategies and Future Plans" of this Prospectus.

Overseas expansion involves the financial costs of setting up overseas operations, investment in machinery and equipment, and working capital requirements. There can be no assurance that our overseas operations will achieve a sufficient level of revenue which will cover our investment and operational costs. If we fail to achieve a sufficient level of revenue or if an acquired company under our expansion plans does not perform or if our expansion plans result in potential dilutive issuances of equity securities or the incurrence of debt, contingent liabilities, possible impairment charges related to goodwill or other intangible assets or any other unanticipated events or circumstances, our future financial position and performance may be materially and adversely affected.

Participation in acquisitions, joint ventures and/or strategic alliances similarly involves numerous risks, including but not limited to difficulties in the assimilation of the management, operations, services, products and personnel and the possible diversion of management attention from other business concerns. The successful implementation of our growth strategies depends on our ability to identify suitable partners and the successful integration of their operations with ours. There is no assurance that we will expand our operations overseas or explore acquisitions, joint ventures and/or strategic alliances that are complementary to our businesses.

There can be no assurance that we will be able to execute such growth strategies successfully and as such, the performance of any acquisitions, joint ventures or strategic alliances could fall short of expectations.

We may require external financing for our future growth

Although we have identified our future growth plans in the section entitled "Business Strategies and Future Plans" of this Prospectus as the avenues to pursue growth in our business, the issue proceeds from the Invitation will not be sufficient to fully cover the estimated costs of implementing all these plans. We may also find opportunities to grow through acquisitions which cannot be predicted at this juncture. Under such circumstances, we may need to obtain debt or equity financing to develop these growth opportunities.

Additional equity financing may result in dilution to our Shareholders. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our Share price. 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 the 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 adversely affect our business, implementation of our business strategies and future plans and results of operations.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

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

Upon the completion of the Invitation, our Executive Directors and their Associates will own in aggregate approximately 74.1% of our post-Invitation issued share capital. Should these parties act 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 shareholder action or approval requiring a majority vote, except where they are required by the rules of the Listing Manual to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group, or otherwise discourage a potential acquirer from attempting to obtain control of our Company through corporate actions such as merger or takeover attempts notwithstanding that the same may be synergistic or beneficial to our Group or our Shareholders.

New investors will incur immediate dilution and may experience future dilution

Our Issue Price of $0.25 per Share is substantially higher than our NAV per Share of $0.115 based on the post-Invitation issued share capital adjusted for the net proceeds from the issue of New Shares. If we were liquidated for NAV immediately following the Invitation, each Shareholder subscribing for the new Shares pursuant to the Invitation would receive less than the price they paid for their Shares. Details of the immediate dilution of our Shares incurred by new investors are described under the section entitled "Dilution" of this Prospectus.

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

Except for Shares which are under moratorium, as described under the section entitled "Moratorium" of this Prospectus, there will be no restriction on the sale of our Shares on the SGX-ST or otherwise. The sale of a significant number of Shares in the public market after the Invitation, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. In addition, if our Substantial Shareholders sell substantial amounts of our Shares in the public market following the expiry of the moratorium, there may be downward pressure on the price of our Shares. These factors may also affect our ability to sell additional equity securities.

Our Share price may fluctuate following the Invitation

The market 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' estimates of our financial performance;
- announcements by us of significant acquisitions, strategic alliances or joint-ventures;
- success or failure of our efforts in implementing business and growth strategies;
- additions or departures of key personnel;
- fluctuations in stock market prices and volume;
- our involvement in litigation; and
- changes in conditions affecting our industry, the general economic and stock market conditions.

Negative publicity, including those relating to any of our Directors, Executive Officers, Substantial Shareholders or major customers may adversely affect our Share price

Any negative publicity or announcement relating to any of our Directors, Executive Officers, Substantial Shareholders or major customers may adversely affect the market perception or the stock performance of our Company, whether or not this is justifiable. Examples of these include involvement in legal and/or insolvency proceedings, unsuccessful attempts in takeovers, joint ventures, acquisitions, etc.

Singapore law contains provisions that could discourage a takeover of our Company

The Takeover Code and Sections 138, 139 and 140 of the Securities & Futures Act (collectively, the "Singapore Takeover and Merger Laws and Regulations") contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company for so long as our Shares are listed for quotation on the Official List of the SGX-ST. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of our voting Shares may be required to extend a takeover offer for our remaining voting Shares in accordance with the Singapore Takeover and Merger Laws and Regulations. Except with the consent of the Securities Industry Council, such a takeover offer is also required to be made if a person holding between 30% and 50% (both inclusive) of the voting Shares (either on his own or together with parties acting in concert with him) acquires additional voting Shares representing more than 1% of our voting Shares in any six-month period. Although such take-over provisions are intended to protect the interests of our Shareholders by requiring any acquisitions of our Shares that may involve or threaten a change in control of our Company to also be extended to all Shareholders on the same terms, these provisions may discourage or prevent such transactions from taking place at all. Some of our Shareholders, which may include you, may therefore be disadvantaged, as a transaction of that kind might have allowed the sale of Shares at a price above the prevailing market price.

No prior market for our Shares

Prior to this Invitation, there has been no prior market for our Shares. The Issue Price may not be indicative of the market price for our Shares after the completion of this Invitation. We have applied to the SGX-ST for the listing and quotation of our Shares on the Official List of the SGX-ST. However, no assurance can be given that an active trading market for our Shares will develop or, if developed, will be sustained.

INVITATION STATISTICS

Issue Price	25.0 cents
NAV	
NAV per Share based on the audited interim combined financial statements of our Group as at 30 June 2009 adjusted for the Share Consolidation and Share Split and the Restructuring Exercise ("Adjusted NAV"):	
(a) before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 399,978,991 Shares	8.3 cents
(b) after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 509,978,991 Shares	11.5 cents
Premium of Issue Price over the Adjusted NAV per Share as at 30 June 2009:	
(a) before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 399,978,991 Shares	201.2 %
(b) after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 509,978,991 Shares	117.4 %
EARNINGS	
Historical net EPS for FY2008 and based on the pre-Invitation share capital of 399,978,991 Shares	3.9 cents
Historical net EPS for FY2008 (assuming the Service Agreements had been in effect in FY2008) and based on the pre-Invitation share capital of 399,978,991 Shares	3.8 cents
PER	
Historical PER based on the historical net EPS for FY2008 and the pre-Invitation share capital of 399,978,991 Shares	6.4 times
Historical PER based on the historical net EPS for FY2008 (assuming the Service Agreements had been in effect in FY2008) and the pre-Invitation share capital of 399,978,991 Shares	6.5 times
NET OPERATING CASH FLOW[1]	
Historical net operating cash flow per Share for FY2008 and based on the pre-Invitation share capital of 399,978,991 Shares	9.5 cents
Historical net operating cash flow per Share for FY2008 (assuming the Service Agreements had been in effect in FY2008) and based on the pre-Invitation share capital of 399,978,991 Shares	9.4 cents
PRICE TO NET OPERATING CASH FLOW RATIO	
Issue Price to historical net operating cash flow per Share for FY2008 and based on the pre-Invitation share capital of 399,978,991 Shares	2.6 times
Issue Price to historical net operating cash flow per Share for FY2008 (had the Service Agreements been in effect in FY2008) and based on the pre-Invitation share capital of 399,978,991 Shares	2.7 times

Note:

(1) Net operating cash flow is defined as net cash flows generated from operating activities as set out in our Group's Audited Combined Cash Flow Statement for FY2008 as set out in Appendix A of this Prospectus.

MARKET CAPITALISATION

Market capitalisation based on the post-Invitation share capital of 509,978,991 Shares and the Issue Price of $0.25	$127.5 million

DILUTION

Dilution is the amount by which the Issue Price to be paid by the subscribers of our New Shares in this Invitation exceeds our NAV per Share immediately after the Invitation. Our NAV per Share as at 30 June 2009 adjusted for the Share Consolidation and Share Split and the Restructuring Exercise, before adjusting for the estimated net proceeds from this Invitation and based on the pre-Invitation issued and paid-up share capital of 399,978,991 Shares, was 8.3 cents.

Pursuant to this Invitation in respect of 110,000,000 New Shares at the Issue Price, our NAV per Share as at 30 June 2009 after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation issued and paid-up share capital of 509,978,991 Shares would have been 11.5 cents. This represents an immediate increase in NAV per Share of 3.2 cents to our existing Shareholders and an immediate dilution in NAV per Share of 13.5 cents or approximately 54.0% to our new investors.

The following table illustrates the dilution per Share as at 30 June 2009:

	Cents
Issue Price per Share	25.0
NAV per Share based on the pre-Invitation share capital of 399,978,991 Shares (adjusted for the Share Consolidation and Share Split and the Restructuring Exercise)	8.3
Increase in NAV per Share attributable to existing Shareholders[(1)]	3.2
NAV per Share after the Invitation[(1)]	11.5
Dilution in NAV per Share to new public investors[(1)]	13.5

Note:

(1) The computed NAV does not take into account our actual financial performance from 1 July 2009 to the Latest Practicable Date. Depending on our actual financial results, our NAV per Share may be higher or lower than the computed NAV.

Save for the Selected Employees, our existing Shareholders received their Shares as a result of the Restructuring Exercise pursuant to which HLS Investment distributed the Shares that it held to its existing shareholders ("HLS Investment Share Distribution"). Therefore, such Shareholders did not pay any consideration for such Shares.

The following table summarises, as at the Latest Practicable Date, the total number of Shares (as adjusted for the Share Consolidation and Share Split and the Restructuring Exercise, save for the transfers of Shares to the Selected Employees) held by our Directors, Substantial Shareholders and their Associates, as well as other existing pre-Invitation Shareholders during the period of three years prior to the date of this Prospectus, the total consideration paid by them and the effective cash cost per Share to them, and to the new public investors pursuant to the Invitation:

	Number of Shares (as adjusted for the Share Consolidation and Share Split and Restructuring Exercise)	Total consideration $	Effective cash cost per Share Cents
Existing Shareholders[1]	395,978,991	–	–
Selected Employees[2]:			
- Directors and Associates of our founder, Executive Chairman and CEO, Chua Leong Hai	1,325,000	6	n.m.[3]
- Other Employees	2,675,000	56	n.m.[3]
New public investors pursuant to the Invitation	110,000,000	27,500,000	25
Total	**509,978,991**	**27,500,062**	**5.4**

Notes:

(1) These include our Directors, Substantial Shareholders and their Associates who received their Shares from the HLS Investment Share Distribution. Please refer to the section entitled "Ownership Structure" of this Prospectus for further details on these individuals.

(2) These include (i) our Directors and Associates of our founder, Executive Chairman and CEO, Chua Leong Hai, namely Lim Peng Kiat, Chua Hua Hong, Cheang You Kong, Chua Hua Leong, Chua Eng Lye and Chua See; and (ii) 56 other Selected Employees who received Shares in our Company for a nominal payment of $1.00 each.

(3) "n.m." means not meaningful.

CAPITALISATION AND INDEBTEDNESS

The following table shows the Group's cash and cash equivalents, debt and capitalisation as at the Latest Practicable Date. The table should be read in conjunction with the Report on Audited Interim Combined Financial Statements and related notes which is included in Appendix B of this Prospectus and the sections entitled "Management's Discussion and Analysis of the Financial Conditions and Results of Operations" and "Selected Combined Financial Statements" of this Prospectus.

($'000)	As at the Latest Practicable Date	As adjusted for Share Consolidation and Share Split and Restructuring Exercise	As adjusted for the net proceeds from the issue of New Shares
Cash and Cash Equivalents	105,526	105,526	131,095
Indebtedness			
Short-term indebtedness			
- secured and guaranteed	–	–	–
- unsecured and non-guaranteed	–	–	–
Long-term indebtedness			
- secured and guaranteed	–	–	–
Total indebtedness	–	–	–
Shareholders' Equity	39,901	39,901	65,470
Total Capitalisation and Indebtedness	39,901	39,901	65,470

As at the Latest Practicable Date, our total facilities (utilised and unutilised) were as follows:

Type	Facilities granted ($'000)	Utilised ($'000)	Unutilised ($'000)	Commission rates (%)	Maturity profile
Performance guarantee/ Banker's guarantee	112,956	106,039	6,917	0.5-1.2	On the expiry date of the respective guarantee issued
Overdraft facilities, letter of credit and trust receipts	19,000	–	19,000	N.A.	N.A.
Total	131,956	106,039	25,917	N.A.	N.A.

Note:

(1) N.A. means not applicable.

Save as disclosed in the section entitled "Interested Person Transactions" of this Prospectus, we intend to obtain a release and discharge of the guarantees and performance bonds provided by the guarantors, namely, Chua Leong Hai, HLS Investment, Chua Hua Hong, Chua Siok Hong and Lim Peng Kiat, to secure the aforementioned banking facilities from the respective banks and financial institutions after the admission of our Company to the Official List of the SGX-ST. In the event that the banks and financial institutions do not accept the substitution of the guarantees and performance bonds and we are unable to secure alternative credit facilities on similar terms, the guarantors have undertaken to continue providing the guarantees and performance bonds until such time we are able to secure alternative facilities from other financial institutions. For further information, please refer to the section entitled "Interested Person Transactions" of this Prospectus.

There were no material changes in our total capitalisation and indebtedness, since 30 June 2009 to the Latest Practicable Date.

As at the Latest Practicable Date, to the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

Contingent Liabilities

Save as disclosed above and save for the contingent liability arising from the discrepancy in the GST declarations relating to the Group's imports, our Group had no other borrowings or indebtedness and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, obligations under finance leases, guarantees or other material contingent liabilities. Please refer to the section entitled "Contingent Liability" in the Report on Audited Interim Combined Financial Statements as set out in Appendix B of this Prospectus for more information on the contingent liability.

DIVIDEND POLICY

We currently do not have a fixed dividend policy. Subject to the factors outlined below, our Directors intend to recommend and distribute not less than 30% of our audited net profit attributable to Shareholders as final dividend for FY2009 (the "Proposed Dividend").

The dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other relevant factors deemed relevant by our Board:

(a) the level of our cash, gearing, return on equity and accumulated profits;

(b) our actual and projected financial performance and working capital needs;

(c) our projected levels of capital expenditure and other investment plans;

(d) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and

(e) the general economic and business conditions in countries where we operate.

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

We may declare annual dividends with the sanction of our Shareholders in a general meeting but the amount of such dividends shall not exceed the amount recommended by our Directors. Our Directors may also declare interim dividends without seeking Shareholders' approval. Our Company must pay all dividends out of our profits. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors' sole and absolute discretion.

Information relating to taxes payable on dividends is set out under the section entitled "Taxation" in Appendix D of this Prospectus.

Save as disclosed below, no dividend has been declared or paid by our Group in FY2006, FY2007, FY2008 and for the period from 1 January 2009 to the Latest Practicable Date:

(a) HLS Infrastructure declared in aggregate net interim dividends of $13,000,000 in FY2007 to its then shareholder, HLS Investment, of which $8,000,000 was paid in FY2007 and the remaining $5,000,000 was paid in FY2008;

(b) HLS Infrastructure declared and paid a net interim dividend of $12,600,000 to its then shareholder, HLS Investment, during the period from 1 January 2009 to the Latest Practicable Date;

(c) HLS Contractors declared and paid a net interim dividend of $2,402,816 to its then shareholder, HLS Investment, in FY2007; and

(d) HLS Contractors declared and paid an interim dividend of $680,000 to its then shareholder, HLS Infrastructure, during the period from 1 January 2009 to the Latest Practicable Date.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Prospectus including the "Report on Audited Combined Financial Statements of Hock Lian Seng Holdings Limited and its subsidiary companies for the financial years ended 31 December 2006, 2007 and 2008" and the "Report on Audited Interim Combined Financial Statements of Hock Lian Seng Holdings Limited and its subsidiary companies for the financial period from 1 January 2009 to 30 June 2009" and the related notes thereto as set out in Appendices A and B of this Prospectus respectively.

Combined Operating Results of the Group[1]

($'000)	← **Audited** →				**Unaudited**
	FY2006	**FY2007**	**FY2008**	**HY2009**	**HY2008**
Revenue	**48,480**	**86,167**	**194,523**	**109,032**	**72,137**
Cost of sales	(46,957)	(71,938)	(171,872)	(97,104)	(64,228)
Gross profit	**1,523**	**14,229**	**22,651**	**11,928**	**7,909**
Other income	1,637	1,707	1,620	1,511	940
Administrative costs	(1,487)	(2,705)	(4,294)	(1,679)	(1,742)
Other operating costs	(580)	(541)	(1,079)	(448)	(105)
Profit before taxation	**1,093**	**12,690**	**18,898**	**11,312**	**7,002**
Tax expense	(95)	(2,321)	(3,354)	(1,920)	(1,346)
Profit for the year/ period	**998**	**10,369**	**15,544**	**9,392**	**5,656**
Profit attributable to equity holders of the Company	**998**	**10,369**	**15,544**	**9,392**	**5,656**
Basic EPS (cents)[2][3]	0.2	2.6	3.9	2.3	1.4
Adjusted EPS (cents)[4]	0.2	2.0	3.0	1.8	1.1

Notes:

(1) The operating results of the Group for the Periods Under Review have been prepared on the basis that the Group has been in existence throughout the Periods Under Review since 1 January 2006.

(2) For comparative purposes, EPS have been computed based on the profit attributable to equity holders for the year/period and our pre-Invitation share capital of 399,978,991 Shares.

(3) Had the service agreements been in place with effect from 1 January 2008, the profit before tax and profit attributable to equity holders for FY2008 would have been $18.6 million and $15.3 million respectively, and the EPS based on the pre-Invitation share capital of 399,978,991 Shares would have been 3.8 cents.

(4) For comparative purposes, Adjusted EPS have been computed based on the profit attributable to equity holders for the year/period and our post-Invitation share capital of 509,978,991 Shares.

Combined Balance Sheets of the Group[1]

($'000)	Audited	
	As at 31 December 2008	As at 30 June 2009
Non-current assets		
Property, plant and equipment	4,241	5,176
Investment properties	800	930
Investment securities (non-current)	74	2,010
Deferred tax assets	474	274
	5,589	8,390
Current assets		
Inventories	77	501
Contract work-in-progress[3]	6,000	6,572
Trade receivables	21,456	19,948[2]
Other receivables	2,242	2,719
Prepayments	2,776	23
Investment securities (current)	–	7,783
Cash at banks and on hand	16,765	9,856
Fixed deposits	46,191	96,994
	95,507	144,396
Current liabilities		
Trade and other payables	36,588	40,257
Progress billings in excess of work-in-progress[4]	16,272	47,262
Advance payment received from customer	9,678	27,971
Provision for taxation	4,967	4,050
	67,505	119,540
Net current assets	28,002	24,856
Non-current liabilities		
Deferred tax liabilities	(37)	(59)
Net assets	33,554	33,187
Equity attributable to equity holders of the Company		
Share capital	16,800	–
Foreign currency translation reserve	(189)	–
Fair value adjustment reserve	(46)	2,606
Accumulated profit	17,597	14,389
Merger (deficit)/reserve	(608)	16,192
Total equity	33,554	33,187
Net assets per Share (cents)[5]	8.4	8.3

Notes:

(1) The financial position of our Group for the Periods Under Review have been prepared on the basis that our Group has been in existence throughout the Periods Under Review. Please refer to the Report on Audited Combined Financial Statements of our Group for the financial years ended 31 December 2006, 2007 and 2008 and Report on Audited Interim Combined Financial Statements for the financial period from 1 January 2009 to 30 June 2009 in Appendices A and B of this Prospectus respectively.

(2) As at the Latest Practicable Date, 99.5% of the outstanding trade receivables have been received by the Company.

(3) Briefly, "contract work-in-progress" arises when the costs (plus recognised net profit/loss) in carrying out a project have been incurred by our Company but such costs have not yet been billed to our customer. Such delay in billings to a customer typically occurs because the project milestone agreed with the customer has not been achieved. As our Company has not billed our customer even though costs had been incurred, this is therefore regarded as a current asset to our Company.

(4) Briefly, "progress billings in excess of work-in-progress" arises when our Company's progress billings to our customer (based on the project milestone agreed with our customer) exceeded the actual costs incurred by our Company (plus recognised net profit/loss) in carrying out the project. As our Company billed our customer before incurring such costs for the project, this is regarded as a current liability to our Company.

(5) For comparative purposes, the NAV per Share is computed based on the NAV of our Group divided by our pre-Invitation share capital of 399,978,991 Shares.

Combined Cash Flow Statements of the Group[1]

($'000)	← Audited →				Unaudited
	FY2006	FY2007	FY2008	HY2009	HY2008
Net cash flows (used in)/generated from operating activities	(1,810)	18,439	37,895	52,200	6,922
Net cash flows generated from/(used in) investing activities	1,481	(3,968)	(1,858)	(8,306)	(561)
Net cash flows generated from/(used in) financing activities	37	(10,126)	(16,618)	6,773	(17,550)
Net (decrease)/increase in cash and cash equivalents	(292)	4,345	19,419	50,667	(11,189)
Cash and cash equivalents at the beginning of year/period	27,625	27,333	31,712	51,123	31,712
Effects of exchange rate changes, net	–	34	(8)	–	–
Cash and cash equivalents at the end of year/period	27,333	31,712	51,123	101,790	20,523

Note:

(1) The combined cash flow of our Group for the Periods Under Review have been prepared on the basis that our Group has been in existence throughout the Periods Under Review.

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

In the following section we discuss our historical combined results of operations and financial condition for the years ended 31 December 2006, 2007 and 2008 and for the six months ended 30 June 2008 and 30 June 2009 and our management's assessment of the factors that may affect our prospects and performance in future periods. You should read the following discussion together with the Report on Audited Combined Financial Statements and the Report on Audited Interim Combined Financial Statements and the related notes thereto, and other financial information as set out in Appendices A and B of this Prospectus respectively.

This discussion and analysis contains forward-looking statements which involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. Factors that might cause our actual 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 Prospectus, particularly in the section entitled "Risk Factors" of this Prospectus.

The figures in this section are approximate figures and have been rounded to the nearest one decimal place for ease of reference.

OVERVIEW

We carry out civil engineering works for bridges, expressways, tunnels, MRT, port facilities, water and sewage facilities and other infrastructure works. Since our establishment in 1969, for a period of over 40 years, we have undertaken and completed a wide range of civil engineering projects for both the public sector and the private sector in Singapore. A number of these projects have been conferred "Construction Excellence" awards and are recognised landmarks in Singapore. As at the Latest Practicable Date, all our current projects are based in Singapore.

We are a **Grade A1** contractor (the highest grade) in the the Civil Engineering (CW02) Category. We are also a **Grade L6** contractor (the highest grade) in the Basic Building Materials (SY01) Category.

Since the end of 2006, we have been engaged in the supply and sale of building and construction materials mainly for Singapore public sector projects.

Our revenue is wholly generated from activities in Singapore, and as such, it is not meaningful to provide a geographical breakdown of our financial results.

Revenue

We derive our revenue primarily from two business segments:

(i) Civil Engineering Segment, which refers to revenue derived from our civil engineering projects. Please refer to the section entitled "Business Overview - Civil Engineering Segment" of this Prospectus for further details.

(ii) Building Materials Segment, which refers to revenue derived from projects relating to the supply of building materials which comprises mainly concreting sand and aggregates to the Singapore public sector. We currently obtain our supply of concreting sand and aggregates from Myanmar, China and/or Malaysia depending on the specifications from the customers. About 25.0% of our aggregate revenue attributable to our Building Materials Segment was derived from the sale of concreting sand for FY2007 and FY2008. In certain projects we also provide stockpiling and maintenance services at the stockpile sites. Our business in the Building Materials Segment commenced towards the end of 2006. The revenue derived from this segment was first recognised in FY2007, in line with our accounting policy. Please refer to the section entitled "Business Overview - Building Materials Segment" of this Prospectus for further information.

Depending on the contract terms, our customers may retain up to 5% of the contract sum which will be released to us after the expiry of the defects liability period. The defects liability period is typically a period of 12 to 18 months after completion of the entire project.

The following table shows our revenue by business segments:

Revenue	**FY2006 Audited**		**FY2007 Audited**		**FY2008 Audited**		**HY2008 Unaudited**		**HY2009 Audited**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Civil Engineering Segment	48,480	100.0	44,413	51.5	160,025	82.3	42,450	58.8	104,230	95.6
Building Materials Segment	–	–	41,754	48.5	34,498	17.7	29,687	41.2	4,802	4.4
Total	**48,480**	**100.0**	**86,167**	**100.0**	**194,523**	**100.0**	**72,137**	**100.0**	**109,032**	**100.0**

Our revenue over a given financial year/period may be affected by, *inter alia*, the following key factors:

(a) Revenue Recognition for our Projects

For both the Civil Engineering Segment and the Building Materials Segment, we use the percentage-of-completion method measured by reference to the quantity survey of work performed to recognise the revenue we derive from our projects. Our cost of sales is calculated using value of progress billings at year to day against the estimated total revenue of the contract.

The factors affecting the revenue recognised for the Group's projects in any financial year/period are:

(i) a project could require a few financial years/periods to complete. Generally, a significant portion of revenue will be recognised during the peak of the construction activity for the project. This could contribute significantly to the overall revenue recognised in that financial year/period; and

(ii) for both our business segments, from time to time, we may carry out variation orders and/or submit claims in respect of such variation orders for our projects. Variation orders may arise from additional works which were not included in the original specifications of the contract. Our Company will only recognise the variation orders or claims approved by our customers. As such if the revenue from such variation works or claims are significant, this will contribute to the overall Group's revenue recognised in that financial year/period.

(b) Market Demand

Civil Engineering Segment

We are dependent on the demand for civil engineering works from public sectors in Singapore, which is typically measured by the number of projects available for tender by the Singapore Government and government-related bodies of Singapore such as LTA. In the event that the Singapore Government introduces measures to postpone or reduce public sector infrastructure projects available for tender, our revenue may be adversely affected.

Building Materials Segment

We supply building materials to the Singapore construction industry. As such, our Building Materials Segment is dependent on the overall outlook of the construction industry in Singapore. In the event of a slowdown in the Singapore construction industry, our revenue may be adversely affected.

(c) Our ability to secure projects

Our ability to secure projects is dependent on our BCA registration grades as well as our overall performance as a contractor. This allows us to apply for certain pre-qualified tenders, which only allows certain contractors to tender for certain large scale projects. During the tender process, the selection of the contractors would take into consideration, *inter alia*, our track record, expertise and net worth.

(d) Competition

Projects in the Singapore public sector civil engineering industry as well as the supply of building materials are secured through public tenders and invitations. An increase in the number of qualified competitors could increase competition and if the competition intensifies, our revenue and profitability could be adversely affected.

Please refer to the section entitled "Risk Factors" of this Prospectus for a more comprehensive discussion of other factors which may affect our business operations, revenue and financial performance.

Gross profit and gross profit margin

Gross profit is determined after deducting the cost of sales on projects from our revenue. Hence the key determinants of gross profit are the revenue generated from our projects and the cost of sales.

Gross Profit ($'000)	**FY2006 Audited**	**FY2007 Audited**	**FY2008 Audited**	**HY2008 Unaudited**	**HY2009 Audited**
Civil Engineering Segment	1,523	7,829	13,918	3,438	11,725
Building Materials Segment	–	6,400	8,733	4,471	203
Total	**1,523**	**14,229**	**22,651**	**7,909**	**11,928**

Gross Profit Margin	**FY2006 Audited**	**FY2007 Audited**	**FY2008 Audited**	**HY2008 Unaudited**	**HY2009 Audited**
Civil Engineering Segment	3.1%	17.6%	8.7%	8.1%	11.2%
Building Materials Segment	–	15.3%	25.3%	15.1%	4.2%
Total	**3.1%**	**16.5%**	**11.6%**	**11.0%**	**10.9%**

Our gross profit margin may be affected by, *inter alia*, the following key factors:

(a) Recognition of gross profit

Our gross profit and gross profit margins may fluctuate between financial years/periods due to the following reasons:

(i) our gross profit and gross profit margin is affected by the different projects secured which carry different estimated gross profit and gross profit margin;

(ii) a significant portion of the revenue and profit will be recognised during the peak of the construction activity for the project. This in turn may contribute significantly to the overall gross profit of the Group in that financial year/period;

(iii) we may revise our initial estimates of gross profit and gross profit margin achieved for a project due to fluctuations in cost of sales and variation orders. Such adjustments in the estimates may be substantial for projects of a large contract value;

(iv) we make provisions with respect to anticipated losses for contracts-in-progress in the financial year/period in which the losses are determined. Such provisions are recognised as expenses and could result in a reduction of profit for a project recognised previously. We do not retrospectively adjust revenue and profit in the prior financial year(s)/period(s) as a result of these provisions;

(v) for variation orders and claims made by us in respect of a project, we will have to bear the costs of rejected variation orders or claims. In the event that the customer does not accept the variation orders, claims or the final amount settled with the customer is less that the amount submitted by us, this may affect our gross profit and gross profit margin for the financial year/period; and/or

(vi) due to finalisation of project accounts. In the event that there is cost savings, there will be an increase in gross profit margin. If there is cost overrun, there will be a decrease in the gross profit margin.

(b) Fluctuations in cost of sales

As we use the percentage-of-completion method to recognise our revenue, accordingly our cost of sales is calculated using value of progress billings against the estimated total revenue of the contract.

Civil Engineering Segment

The cost of sales for Civil Engineering Segment includes sub-contracting costs, direct materials costs and project overheads.

	FY2006 Audited		**FY2007 Audited**		**FY2008 Audited**		**HY2008 Unaudited**		**HY2009 Audited**	
	$'000	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**	**$'000**	**%**
Sub-contracting costs	24,449	52.1	18,310	50.0	73,257	50.1	17,407	44.6	32,626	35.3
Direct materials costs	10,995	23.4	7,470	20.4	47,661	32.6	13,574	34.8	49,157	53.1
Project overheads	11,513	24.5	10,804	29.6	25,189	17.3	8,031	20.6	10,722	11.6
Total	**46,957**	**100.0**	**36,584**	**100.0**	**146,107**	**100.0**	**39,012**	**100.0**	**92,505**	**100.0**

The major components for our cost of sales are subcontracting costs and direct materials costs.

We rely heavily on sub-contractors in our Civil Engineering Segment to provide various services for our construction projects, including piling and foundation works, reinforced concrete works, mechanical and electrical works, architectural works and any other specialist works. Sub-contracting costs accounted for 52.1%, 50.0%, 50.1%, 44.6% and 35.3% of our total cost of sales in FY2006, FY2007, FY20008, HY2008 and HY2009 respectively.

In the event of any loss or damage which arises from the default of the sub-contractors engaged by us, we, being the main contractor, will nevertheless be liable for our sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our construction projects or resulting in additional costs for us. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We may incur cost overruns due to unforeseen circumstances. As our construction contracts typically do not allow for any adjustments to the contract value consequent to the occurrence of such circumstances, such costs which are not previously factored into the contract value will lead to cost overruns and would have to be absorbed by us.

Direct materials costs refer to construction materials such as concrete and precast components, re-bars, timber, cement and asphalt. Direct materials costs accounted for 23.4% 20.4%, 32.6%, 34.8% and 53.1% of our cost of sales in FY2006, FY2007, FY2008, HY2008 and HY2009 respectively. The composition of direct materials changes with type and nature of projects. Any sudden or adverse change in the supply conditions for our direct materials such as re-bars and concrete may adversely affect our operations, or result in us having to pay higher prices for these construction materials for our projects, which generally span a period of between two and four years. As a result, our costs may exceed our initial projections and this may result in a reduction of our estimated profit margin or may cause us to incur a loss. In the event of any significant increase in the costs of such construction materials and if we are unable to pass on such increase in costs to our customers on a timely basis or find a cheaper source of supply, our results of operations and financial performance will be adversely affected.

Project overheads comprise mainly the salary of foreign workers, engineers and supervisory staff, utilities and general expenses, the upkeep, depreciation and rental of machinery and equipment, environment control costs, scaffolding, insurance and finance costs on performance bonds and/or bankers' guarantees. Project overheads accounted for 24.5%, 29.6%, 17.3%, 20.6% and 11.6% of our cost of sales in FY2006, FY2007, FY2008, HY2008 and HY2009 respectively.

Building Materials Segment

The cost of sales for Building Materials Segment includes direct materials, logistics costs and project overheads.

	FY2006 Audited		FY2007 Audited		FY2008 Audited		HY2008 Unaudited		HY2009 Audited	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
Direct materials costs	–	–	7,547	21.4	9,166	35.6	12,670	50.2	3,479	75.6
Logistics costs	–	–	24,999	70.7	15,251	59.2	11,928	47.3	1,053	22.9
Project overheads	–	–	2,808	7.9	1,348	5.2	618	2.5	67	1.5
Total	**–**	**–**	**35,354**	**100.0**	**25,765**	**100.0**	**25,216**	**100.0**	**4,599**	**100.0**

The major components for our cost of sales for our Building Materials Segment are direct materials and logistics costs.

Direct materials costs comprise mainly costs of building materials, such as concreting sand and aggregates, which accounted for 21.4%, 35.6%, 50.2% and 75.6% of the total cost of sales in FY2007, FY2008, HY2008 and HY2009 respectively. Logistics costs comprise mainly cost of transporting the building materials such as freight charges, terminal costs and other transport costs. Logistics costs comprise 70.7%, 59.2%, 47.3% and 22.9% of our total cost of sales in FY2007, FY2008, HY2008 and HY2009 respectively. As we source for building materials from overseas suppliers, freight charges accounted for a significant portion of our logistics costs in FY2007, FY2008, FY2009, HY2008 and HY2009. We are exposed to fluctuations in freight rates in transporting the building materials to Singapore. The prevailing freight rates in a given period of time are largely dependent on, *inter alia*, the supply of and demand for vessels and the fuel costs. If we are unable to pass on the higher freight charges to our customers, our profit margin will be significantly reduced and our financial performance will be affected.

Project overheads comprise the cost of labour, utilities, upkeep and rental of machinery and equipment and its deployment costs, depreciation expenses, environment control costs as well as finance costs on performance bonds or bankers' guarantees. Overhead costs accounted for 7.9%, 5.2%, 2.5% and 1.5% of the cost of sales in FY2007, FY2008, HY2008 and HY2009 respectively.

Other income

Other income comprises mainly rental income from the dormitories (at Kim Chuan Depot construction site) which we currently lease out to unrelated third parties, interest income from fixed deposits, equipment hiring income from the rental of equipment and machinery, dividends from quoted equity securities, gain on disposal of plant and equipment, changes in the fair value of investment properties held and other sundry income.

Our other income represented 3.4%, 2.0%, 0.8%, 1.3% and 1.4% of our revenue for FY2006, FY2007, FY2008, HY2008 and HY2009 respectively.

Administrative costs

General and administrative costs comprise office staff and directors' remuneration, professional fees, office rental as well as other general expenses, representing 3.1%, 3.1%, 2.2%, 2.4% and 1.5% of our revenue in FY2006, FY2007, FY2008, HY2008 and HY2009 respectively.

Other Operating costs

Other operating costs comprise expenses such as the depreciation, impairment loss on quoted investments, foreign exchange losses arising from our foreign currencies bank balances, plant and equipment written off, loss on the disposal of plant and equipment, revaluation loss on investment properties, bad and doubtful debts written off and the costs of upkeep of motor vehicles.

Our other operating costs represented 1.2%, 0.6%, 0.6%, 0.1% and 0.4% of our revenue for FY2006, FY2007, FY2008, HY2008 and HY2009 respectively.

Finance costs

We did not incur any finance costs in FY2006, FY2007, FY2008, HY2008 and HY2009.

Our Group does not have any outstanding bank borrowings as at 30 June 2009.

Taxation

For FY2006, our Singapore operations were subject to a corporate tax rate of 20% while in FY2007, FY2008 and HY2008, the corporate tax rate was 18%. The tax rate for HY2009 was 17%.

Income tax expenses amounted to $0.1 million, $2.3 million, $3.4 million, $1.3 million and $1.9 million for FY2006, FY2007, FY2008, HY2008 and HY2009 respectively.

Our effective tax rates based on the profit before taxation for FY2006, FY2007, FY2008, HY2008 and HY2009 were 8.7%, 18.3%, 17.7%, 19.2% and 17.0% respectively.

The low effective tax rate in FY2006 was due mainly to the utilisation of carried forward tax losses.

REVIEW OF RESULTS OF OPERATIONS

FY2006 to FY2007

Revenue increased by $37.7 million or 77.7% from $48.5 million in FY2006 to $86.2 million in FY2007. Revenue from the Civil Engineering Segment decreased by $4.1 million or 8.4% from $48.5 million in FY2006 to $44.4 million in FY2007 which was offset by revenue from the Building Materials Segment which increased from nil in FY2006 to $41.8 million in FY2007. Our business in the Building Materials Segment commenced towards the end of FY2006. The revenue derived from the Building Materials Segment was recognised in FY2007, in line with our accounting policy. The Building Materials Segment projects were contracts relating to the supply and delivery of, and stockpiling of, concreting sand and aggregates.

The decrease in revenue for the Civil Engineering Segment was due mainly to the following reasons:-

(i) Decreased revenue contribution due to the completion of two existing projects

In FY2007, we successfully completed two of our projects, namely the Changi Airport Terminal 3 Project and the Kim Chuan Depot Project. These two projects were substantially completed in FY2006 and the revenue recognised for these two projects was $42.6 million in FY2006. In FY2007, the revenue recognised for these two projects declined to $29.1 million.

The decline in revenue by the Changi Airport Terminal 3 Project and the Kim Chuan Depot Project was offset by an increase of $9.1 million in revenue recognised for the Sungei Serangoon Bridge Project in FY2007. The Sungei Serangoon Bridge Project progressed to a more mature construction phase in FY2007, with revenue recognised increasing from $4.8 million in FY2006 to $13.9 million in FY2007.

(ii) Revenue recognition threshold was not reached for the Bartley Road Extension Project

The Bartley Road Extension Project was secured in FY2007 and although work commenced in FY2007, revenue was not recognised as it did not reach the threshold for the purpose of recognition for the financial statement.

Cost of sales increased by $25.0 million or 53.2% from $47.0 million in FY2006 to $71.9 million in FY2007. The increase in cost of sales was mainly due to the new business segment, Building Materials Segment. The cost of sales for the Building Materials Segment in FY2007 was $35.4 million as compared to $nil in FY2006. The major component of the cost of sales was logistics cost which amounted to $25.0 million as our building materials were imported from overseas suppliers.

The cost of sales for the Civil Engineering Segment decreased by $10.4 million or 22.1% from $47.0 million in FY2006 to $36.6 million in FY2007 due mainly to the decrease in sub-contracting cost of $6.1 million and direct materials cost of $3.5 million. This was in line with the lower construction activities in FY2007 as major projects were at their final stages of construction.

Gross profit increased by $12.7 million or 834.3% from $1.5 million in FY2006 to $14.2 million in FY2007. This represented an increase in gross profit margin from 3.1% in FY2006 to 16.5% in FY2007.

The increase in gross profit and gross profit margin was mainly attributed to the following:

(i) Higher gross profit and gross profit margin recognised from our Civil Engineering Segment

For our Civil Engineering Segment, gross profit increased by $6.3 million or 414.1% from $1.5 million in FY2006 to $7.8 million in FY2007 and our gross profit margin increased from 3.1% in FY2006 to 17.6% in FY2007 due mainly to the Kim Chuan Depot Project and the Changi Airport Terminal 3 Project.

The Changi Airport Terminal 3 Project which was completed in FY2007, recognised an increase in gross profit from $0.8 million in FY2006 to $1.9 million in FY2007. This was due mainly to the finalisation of actual cost savings and the confirmation of variation orders for the project, which resulted in a higher gross profit margin for this project than what was previously estimated.

The Kim Chuan Depot Project, which was completed in FY2007, recognised a gross profit of $4.9 million compared to no profit being recognised in FY2006. This was due mainly to finalisation of claims made by us for additional costs incurred on this project, which resulted in a higher gross profit margin for this project than what was previously estimated.

The Sungei Serangoon Bridge Project, which commenced in FY2006, recognised an increase in gross profit from $29,000 in FY2006 to $89,000 in FY2007. This was due to the increased level of construction activities for this project.

(ii) Gross profit and gross profit margin recognised from our Building Materials Segment

Gross profit of $6.4 million from our Building Materials Segment significantly contributed to the overall increase in gross profit in FY2007. This represented 15.3% gross profit margin in FY2007.

Other income increased by $0.1 million or 4.3% from $1.6 million in FY2006 to $1.7 million in FY2007. This was due mainly to an increase in the valuation of our investment property at 80 Marine Parade Road #09-07 Parkway Parade, Singapore 449269 in accordance with FRS 40 of $0.4 million coupled with an increase in dormitory rental of $0.2 million. This is offset by a decrease in equipment hiring income of $0.3 million and decrease on interest income on fixed deposits of $0.2 million.

Administrative costs increased by $1.2 million or 81.9% from $1.5 million in FY2006 to $2.7 million in FY2007. The increase was mainly attributed to an increase in office staff salaries and bonuses and directors' remuneration and bonuses by $0.8 million in FY2007 as a result of larger profit, listing costs of $0.3 million being expensed off and an increase in professional fees of $0.1 million in FY2007.

Other operating costs decreased by $39,000 or 6.7% from $580,000 in FY2006 to $541,000 in FY2007. This was due mainly to a decrease in foreign currency loss arising from HLS Taiwan of $0.2 million which was partially offset by an increase in allowance for doubtful debts of $0.1 million.

Profit before taxation increased by $11.6 million or 1061.0% from $1.1 million in FY2006 to $12.7 million in FY2007. The increase was due to an increase in gross profit of $12.7 million and other income of $0.1 million, which was partially offset by an increase in administrative costs of $1.2 million.

Tax expense increased from $0.1 million in FY2006 to $2.3 million in FY2007 in line with the increase in profits. The provision for income tax was calculated based on the statutory income tax rate of 20% and 18% of assessable income as determined in accordance with the relevant income tax rules and regulations for FY 2006 and FY2007 respectively.

FY2007 to FY2008

Revenue increased by $108.4 million or 125.8% from $86.2 million in FY2007 to $194.5 million in FY2008. Revenue from the Civil Engineering Segment increased by $115.6 million or 260.3% from $44.4 million in FY2007 to $160.0 million in FY2008 offset by the decrease of revenue from the Building Materials Segment which decreased by $7.3 million or 17.4% from $41.8 million in FY2007 to $34.5 million in FY2008.

The revenue increase for our Civil Engineering Segment was mainly due to the commencement of the Marina Bay Project in FY2008 which generated revenue of $103.3 million and the contribution from the Bartley Road Extension Project of $27.1 million, partially offset by lower revenue recorded by the Kim Chuan Depot Project of $15.2m.

The decline in revenue derived from our Building Materials Segment was due mainly to the completion of secured contracts in the first half of 2008 and the absence of any new major contracts secured in FY2008.

Cost of sales increased by $99.9 million or 138.9% from $71.9 million in FY2007 to $171.9 million in FY2008. This was mainly due to the increase in the cost of sales for the Civil Engineering Segment by $109.5 million or 299.4% from $36.6 million in FY2007 to $146.1 million which was in line with the higher revenue recorded from our Civil Engineering Segment. This increase was mainly due to the higher subcontractor costs, direct materials costs and project overheads of $54.9 million, $40.2 million and $14.4 million respectively.

The cost of sales for the Building Materials Segment decreased by $9.6 million or 27.1% from $35.4 million in FY2007 to $25.8 million in FY2008 due mainly to the decrease in logistics cost of $9.7 million.

Gross profit increased by $8.4 million or 59.2% from $14.2 million in FY2007 to $22.7 million in FY2008 whilst the gross profit margin reduced from 16.5% to 11.6% in FY2008 due to the following:

(i) Total gross profit for our Civil Engineering Segment amounted to $13.9 million in FY2008 mainly contributed by new construction projects commencing in 2008 namely the Marina Bay Project and the Bartley Road Extension Project. Our gross margin for Civil Engineering Segment decreased from 17.6% for FY2007 to 8.7% for FY2008. The higher gross margin achieved for FY2007 was mainly due to finalisation of project accounts.

(ii) Total gross profit for Building Materials Segment amount to $8.7 million in FY2008 which is $2.3 million higher than FY2007. Existing HDB contracts were substantially completed in FY2008 and finalisation of project account has resulted in better margin than estimated margin in FY2008.

Other income decreased by $0.1 million or 5.1% from $1.7 million in FY2007 to $1.6 million in FY2008. This was mainly due to the absence of gain arising from revaluation of investment property of $0.4 million in FY2008, partially offset by the increase in rental income from workers' quarters of $0.3 million.

Administrative costs increased by $1.6 million or 58.7% from $2.7 million in FY2007 to $4.3 million in FY2008. The increase was mainly attributed to the $0.8 million in professional fees incurred for the preparation of listing in FY2008 and higher directors' remuneration of $0.7 million in view of the better performance of the company.

Other operating costs increased by $0.5 million or 99.4% from $0.5 million in FY2007 to $1.1 million in FY2008 mainly due to the $0.6 million loss in foreign exchange arising from our A$ fixed deposit.

Profit before taxation increased by $6.2 million or 48.9% from $12.7 million in FY2007 to $18.9 million in FY2008. The increase was due to an increase in gross profit of $8.4 million and partially offset by an increase in administrative costs and other operating costs of $1.6 million and $0.5 million respectively, and decrease in other income by $0.1 million.

Tax expenses increased from $2.3 million in FY2007 to $3.4 million in FY2008 in line with the increase in profits. The provision for income tax was calculated based on the statutory income tax rate of 18% of assessable income as determined in accordance with the relevant income tax rules and regulations for the relevant years.

HY2008 to HY2009

Revenue increased by $36.9 million or 51.1% from $72.1 million in HY2008 to $109.0 million in HY2009. Revenue from the Civil Engineering Segment increased by $61.8 million or 145.5% from $42.5 million in HY2008 to $104.2 million in HY2009 offset by the decrease of revenue from Building Materials Segment which decreased by $24.9 million or 83.8% from $29.7 million in HY2008 to $4.8 million in HY2009.

The revenue increase for Civil Engineering Segment was mainly due to the commencement of the new Marina Coastal Expressway Project which generated revenue of $5.7 million, and more construction activities for the Marina Bay Project in HY2009 which resulted in higher revenue of $64.1 million and partially offset by the lower revenue recorded by the Serangoon Bridge Project of $5.0 million, the Kim Chuan Depot Project of $1.2 million and the Bartley Road Extension Project of $2.0 million.

The revenue decrease for Building Materials Segment was mainly due to the substantial completion of existing major HDB projects in late 2008 and the absence of such large valued contracts in HY2009.

Cost of sales increased by $32.9 million or 51.2% from $64.2 million in HY2008 to $97.1 million in HY2009. This was mainly due to the increase in the cost of sales for the Civil Engineering Segment by $53.5 million or 137.1% from $39.0 million in HY2008 to $92.5 million in HY2009 which was in line with the higher revenue recorded for the Marina Bay Station Project. This increase was mainly for direct materials cost of $35.6 million, sub-contractors costs of $15.2 million and project overheads of $2.7 million.

The cost of sales for the Building Materials Segment reduced by $20.6 million or 81.8% from $25.2 million in HY2008 to $4.6 million in HY2009. The lower cost of sales was due mainly to the decrease in logistic costs of $10.9 million, direct materials of $9.2 million and project overheads of $0.6 million which was in line with the lower Building Materials Segment business activities.

Gross profit increased by $4.0 million or 50.8% from $7.9 million in HY2008 to $11.9 million in HY2009. The gross profit margin remained consistent at around 11%.

Gross profit for Civil Engineering Segment increased by $8.3 million or 241.0% from $3.4 million in HY2008 to $11.7 million in HY2009. The higher gross profit was mainly attributed to the commencement of the Marina Coastal Expressway Project and more construction activities of the Marina Bay Project and the Bartley Road Extension Project. We achieved higher gross margin from Civil Engineering Segment mainly due to finalisation account of the Sungei Serangoon Bridge Project and this resulted in the increase from 8.1% in HY2008 to 11.2% in HY2009.

However the gross profit derived from Building Materials Segment decreased by $4.3 million or 95.5% from $4.5 million in HY2008 to $0.2 million in HY2009 in line with the decline in revenue derived from Building Materials Segment, The margin derived from Building Materials Segments decreased from 15.1% in HY2008 to 4.2% in HY2009 due mainly to the sourcing of concreting sand and aggregates from nearer regions which has more competitors and therefore we had to lower our margins to secure contracts.

Other income increased by $0.6 million or 60.7% from $0.9 million in HY2008 to $1.5 million in HY2009. This was mainly due to the gain arising from the revaluation of investment property of $0.1 million, gain in foreign exchange of $0.3 million arising from the A$ fixed deposit and increase in dividend income of $0.2 million from investment securities.

Administrative costs remained at around $1.7 million as we were able to maintain our costs.

Other operating costs increased by $0.3 million or 326.7% from $0.1 million in HY2008 to $0.4 million in HY2009 mainly due to the $0.3 million loss recognised on liquidation of HLS Taiwan.

Profit before taxation increased by $4.3 million or 61.6% from $7.0 million in HY2008 to $11.3 million in HY2009. The increase was due mainly to an increase in gross profit of $4.0 million and other income of $0.6 million partially offset by the increase in other operating costs of $0.3 million.

Tax expenses increased from $1.3 million in HY2008 to $1.9 million in HY2009 in line with the increase in profits. The provision for income tax was calculated based on the statutory income tax rates of 17% and 18% of assessable income as determined in accordance with the relevant income tax rules and regulations for HY2009 and HY2008 respectively.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets comprise property, plant and equipment, investment property, investment securities and deferred tax assets.

Our non-current assets totalled $5.6 million and represented 5.5% of our total assets as at 31 December 2008. These comprised property, plant and equipment of $4.2 million, investment property of $0.8 million, investment securities of $0.1 million and deferred tax assets of $0.5 million. Our non-current assets increased by $2.8 million to $8.4 million as at 30 June 2009. The increase was mainly due to the purchase of plant and equipment of $1.3 million and purchase of investment securities of $2.0 million and gain arising from the revaluation of investment property of $0.1 million at 30 June 2009 and partially offset by depreciation charges of $0.4 million and reduced deferred tax assets of $0.2 million.

Our investment property is a leasehold office premise located at 80 Marine Parade, #09-07 Parkway Parade, Singapore 449269. Please refer to the section entitled “Properties and Fixed Assets” of this Prospectus for further details on our investment property.

Current assets

Our current assets comprise inventories, contract work-in-progress, trade receivables, other receivables, prepayments, investment securities, cash at banks and on hand and fixed deposits.

Our current assets amounted to $95.5 million and represented 94.5% of our total assets as at 31 December 2008, which increased to $144.4 million as at 30 June 2009, representing 94.5% of our total assets as at 30 June 2009.

Our contract work-in-progress and inventories increased from $6.0 million and $0.1 million respectively as at 31 December 2008 to $6.6 million and $0.5 million respectively as at 30 June 2009. The increase was mainly due to the commencement of the Jalan Gali Batu Depot Project and the concreting sand supply contract to the HDB.

Our trade receivables reduced from $21.5 million as at 31 December 2008 to $19.9 million as at 30 June 2009. The lower trade receivables was mainly due to the lower sales in Building Materials Segment and the completion of the Sungei Serangoon Bridge Project.

Our other receivables comprise deposits, staff advances, sundry receivables and amount due from joint venture partner. Our other receivables increased from $2.2 million as at 31 December 2008 to $2.7 million as at 30 June 2009 mainly due amount due from joint venture partner of $0.2 million arising from the project costs paid on behalf of the Joint Venture for the Jalan Gali Batu Depot Project and increase in deposits of $0.2 million.

Prepayments stood at $2.8 million as at 31 December 2008. This was mainly attributable to advance payment to supplier for material delivered which was fully utilised as at 30 June 2009.

Our investment securities increased to $7.8 million due to the purchase of investment securities of $5.1 million and gain arising from the revaluation of investment securities of $2.7 million.

Our cash at bank and on hand decreased from $16.8 million as at 31 December 2008 to $9.9 million as at 30 June 2009 mainly due to the higher amount of cash placed into fixed deposits of $50.8 million which offset the increase in net cash flows generated from operating activities of $52.2 million and the purchase of investment securities of $7.1 million and plant and equipment of $1.3 million.

Our fixed deposits increased from $46.2 million as at 31 December 2008 to $97.0 million as at 30 June 2009 mainly due to the additional placement of cash into fixed deposits. Of this amount, we had $11.8 million and $5.1 million of fixed deposit as at 31 December 2008 and 30 June 2009 respectively, pledged to financial institutions for the issuance of performance bonds on our projects.

Current liabilities

Our current liabilities comprise trade and other payables, progress billings in excess of work-in-progress, advance payment received from customer and provision for taxation. As at 31 December 2008, our total current liabilities amounted to $67.5 million and represented 99.9% of our total liabilities, which increased to $119.5 million and represented 99.9% of our total liabilities as at 30 June 2009.

Our trade and other payables mainly comprise of trade payable, GST payable and accrued operating expenses and amounted to $36.6 million as at 31 December 2008 and $40.3 million as at 30 June 2009. This increase was due to mainly to the accrual of dividends payable of $12.6 million and increase in GST payable of $1.3 million which was partially offset by the decrease in accrued operating expenses of $10.3 million.

Our progress billings in excess of work-in-progress increased from $16.3 million as at 31 December 2008 to $47.3 million as at 30 June 2009 in view of the increased activities of the Marina Bay Project, the Bartley Road Extension Project and commencement of the Marina Coastal Expressway Project.

Advance payment received from customer was $9.7 million and $28.0 million as at 31 December 2008 and 30 June 2009 respectively. This increase was attributable to the advance payment for the commencement of the Marina Coastal Expressway Project and the Jalan Gali Batu Depot Project.

Our current tax payable reduced from $5.0 million as at 30 December 2008 to $4.1 million as at 30 June 2009 due to tax payments partially offset by tax provision for current period.

Non-current liabilities

Our non-current liabilities comprise deferred tax liabilities. Non-current liabilities amounted to $37,000 and $59,000 respectively as at 31 December 2008 and 30 June 2009.

Shareholders' equity

Total equity comprises share capital, accumulated profits, fair value adjustment reserve, foreign currency translation reserve and merger reserve. Total equity amounted to $33.6 million and $33.2 million as at 31 December 2008 and 30 June 2009, respectively. The decrease was attributed to the declaration of dividends of $12.6 million in HY2009, partially offset by HY2009 profits of $9.4 million and increase in fair value adjustment reserve of $2.7 million arising from the revaluation of investment securities.

LIQUIDITY AND CAPITAL RESOURCES

Our historical sources of funds have primarily been cash generated by operating activities and capital contributions from our Shareholders. Our historical uses of funds have principally been to finance working capital and capital expenditure requirements.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Prospectus for further details of our available facilities and our level of borrowings as at the Latest Practicable Date.

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

Our Directors are of the opinion that, after taking into account our Group's internal resources, cash flow generated from operating activities and banking facilities, our Group has sufficient working capital to meet our present requirements as at the Latest Practicable Date.

The following table sets out a summary of our Group's cash flow statements for the Periods Under Review:

$'000	**Audited**			
	FY2006	**FY2007**	**FY2008**	**HY2009**
Net cash flows (used in)/generated from operating activities	(1,810)	18,439	37,895	52,200
Net cash flows generated from/(used in) investing activities	1,481	(3,968)	(1,858)	(8,306)
Net cash flows generated from/(used in) financing activities	37	(10,126)	(16,618)	6,773
Net (decrease)/increase in cash and cash equivalents	(292)	4,345	19,419	50,667
Cash and cash equivalents at the beginning of year/period	27,625	27,333	31,712	51,123
Effects of exchange rate changes, net	–	34	(8)	–
Cash and cash equivalents at the end of year/period	27,333	31,712	51,123	101,790

FY2006

Net cash used in operating activities

In FY2006, our net cash outflow from operating activities was $1.8 million which comprised operating profit before working capital changes of $1.3 million and offset by a net working capital outflow of $2.8 million.

Our cash outflows from changes in working capital of $2.8 million were due primarily to the following:

(i) a decrease in trade and other payables of $5.8 million as a result of decrease in construction activities;

partially offset by:

(i) a decrease in other receivables of $1.2 million due to repayment of loan from HLS International and HLS Investment;

(ii) an increase in progress billings in excess of work-in-progress of $0.8 million; and

(iii) an increase in advance payment received from customer of $0.9 million.

Net cash generated from investing activities

Net cash generated from investing activities of $1.5 million was primarily due to the proceeds from the sale of plant and equipment of $1.0 million and proceeds from sale of quoted shares and bonds of $0.7 million. This was partially offset by cash outflows of $0.2 million for the purchase of plant and equipment.

Net cash generated from financing activities

Net cash generated from financing activities was not material.

FY2007

Net cash generated from operating activities

In FY2007, our net cash provided by operating activities was $18.4 million which comprised operating profit before working capital changes of $12.0 million and a net working capital inflow of $6.0 million.

Our cash inflows from changes in working capital of $6.0 million were due primarily to the following:

(i) a decrease in other receivables of $6.2 million primarily due to the repayment of loan from HLS International and HLS Investment;

(ii) an increase in progress billings in excess of work-in-progress of $2.7 million due mainly to revenue accrued for the Kim Chuan Depot Project resulting from certified claims from customer; and

(iii) an increase in trade and other payables of $3.5 million mainly due to an increase in trade payables of $1.1 million, GST payables of $0.7 million and increase in accrued operating expenses of $1.8 million;

partially offset by:

(i) an increase in trade receivables of $3.2 million due to an increase in revenue recognised for the year;

(ii) an increase in contract work-in-progress of $2.2 million due mainly to an increase in cost of sales incurred for the Building Materials Segment; and

(iii) a decrease in advance payment received from customer of $0.9 million.

Net cash used in investing activities

Net cash used in investing activities of $4.0 million was primarily due to the acquisition of our subsidiary, HLS Contractors from HLS Investment, of $2.3 million and the purchase of plant and equipment of $1.7 million required to support the growth of the business. The outflow was partially offset by proceeds from the disposal of plant and equipment of $0.1 million.

Net cash used in financing activities

Net cash used in financing activities in FY2007 of $10.1 million was due to a dividend payment of $10.4 million and net cash used in connection with the payment of listing expenses of $0.1 million which was partially offset by a decrease in fixed deposits pledged of $0.4 million.

FY2008

Net cash generated from operating activities

In FY2008, our net cash provided by operating activities was $37.9 million which comprised operating profit before working capital changes of $19.2 million and a net working capital inflow of $19.7 million.

Our cash inflows from changes in working capital of $19.7 million were due primarily to the following:

(i) advance payment from our customer of $9.7 million for the commencement of the Marina Bay Project;

(ii) increase in trade and other payable of $21.6 million and progress billings in excess of work-in-progress of $4.8 million due to the increase in construction activities; and

(iii) decrease in other receivables of $1.9 million primarily due to the refund of deposit given to a financial institution as cash collateral for a performance bond issued for a construction project;

partially offset by:

(i) an increase in trade receivables of $11.8 million due the increase in revenue recognised for the year;

(ii) an increase in contract work-in-progress of $3.8 million; and

(iii) an increase in prepayment for material of $2.5 million.

Net cash used in investing activities

Net cash used in investing activities of $1.9 million was primarily due to purchase of equipment of $1.9 million required to support the increase in construction activities.

Net cash used in financing activities

Net cash used in financing activities in FY2008 of $16.6 million was due to the payment of dividend declared in FY2008 of $5.0 million, an increase in fixed deposit pledged to bank of $11.5 million for the purposes of banker guarantee issued to our customers and net cash used in connection with the payment of listing expenses of $0.1 million.

HY2009

Net cash generated from operating activities

In HY2009, our net cash generated from operating activities was $52.2 million which comprised operating profit before working capital changes of $11.5 million and a net working capital inflow of $43.1 million.

Our cash inflows from changes in working capital of $43.1 million were due primarily to the following:

(i) advance payments from our customer of, in aggregate $18.3 million for the commencement of the Marina Coastal Expressway Project and the Jalan Gali Batu Project;

(ii) increase in progress billings in excess of work-in-progress of $27.6 million and decrease in contract work-in-progress of $2.8 million;

(iii) decrease in trade receivables of $1.5 million primarily due to the lower sales in the Building Materials Segment and the completion of the Sungei Serangoon Bridge Project; and

(iv) decrease in prepayments of $2.7 million due to utilisation of advance payment;

partially offset by a decrease in trade and other payables of $8.9 million. This was primarily due to the payment of directors' fees and bonuses accrued in FY2008 and settlement of subcontractor accounts upon finalisation of Sungei Serangoon Bridge Project.

Net cash used in investing activities

Net cash used in investing activities of $8.3 million was primarily due to purchase of equipment of $1.3 million and purchases of quoted securities of $7.1 million for investment purpose.

Net cash generated from financing activities

Net cash generated from financing activities in HY2009 of $6.8 million was mainly due to the decrease in fixed deposit pledged to bank for the purposes of banker guarantee issued to our customers.

CAPITAL EXPENDITURE, DIVESTMENTS AND CAPITAL COMMITMENTS

The material capital expenditures and divestments of our Group for FY2006, FY2007, FY2008, FY2009 and from 1 January 2009 to the Latest Practicable Date were as follows:

($'000)	FY2006	FY2007	FY2008	HY2009	From 1 January 2009 to the Latest Practicable Date
Capital Expenditure[1]					
Machinery and equipment	204	1,672[2]	1,376	1,265	1,687
Motor Vehicles	–	18	148	53	150
Air-conditioners	–	–	–	–	–
Office Equipment	16	47	182	15	133
Furniture and Fittings	–	–	166	–	–
Total	**220**	**1,737**	**1,872**	**1,333**	**1,970**

($'000)	FY2006	FY2007	FY2008	HY2009	From 1 January 2009 to the Latest Practicable Date
Divestments[1]					
Machinery and Equipment	1,929[3]	464	145	34	1,666
Motor Vehicles	168	368	–	36	150
Air-conditioners	–	–	34	–	–
Office Equipment	15	24	157	–	–
Furniture and Fittings	–	–	248	–	–
Total	**2,112**	**856**	**584**	**70**	**1,816**

Notes:

(1) In relation to the cost of property, plant and equipment acquired/disposed of during the respective financial years/periods.

(2) This capital expenditure was due mainly to the purchase of a wheel loader, excavators and a crawler mounted crusher.

(3) This divestment was due mainly to the disposal of a concrete slipform paver, excavators, truck, diesel generator and a speed loader.

As at the Latest Practicable Date, our Group has material capital commitment for purchase of two units of steel dumb barges and one unit of crawler crane for an aggregate sum of approximately $3,325,000 for our civil engineering projects, using cash generated from our operations.

Operating Leases

As at the Latest Practicable Date, our Group leases out its investment property (at 80 Marine Parade Road, #09-07 Parkway Parade, Singapore 449269) to an unrelated third party. Future minimum rentals receivable under non-cancellable operating lease are as follows:

	As at 30 June 2009 ($'000)	As at the Latest Practicable Date ($'000)
Within 1 year	35	12
After 1 year but not more than 5 years	–	–
Total	**35**	**12**

As at 30 June 2009 and the Latest Practicable Date, our Group had the following operating lease commitments:

	As at 30 June 2009 ($'000)	As at the Latest Practicable Date ($'000)
Within 1 year	214	214
After 1 year but not more than 5 years	107	36
Total	**321**	**250**

The operating lease relates to the rental of our current office premises located at 80 Marine Parade Road, #21-08 Parkway Parade Singapore 449269 from HLS Investment. Please refer to the section entitled "Interested Person Transactions" of this Prospectus for more details.

SEASONALITY

We generally do not experience any significant seasonality patterns in our operations and business.

CHANGES TO ACCOUNTING POLICIES

Save as disclosed in the Report on Audited Combined Financial Statements and the Report on Audited Interim Combined Financial Statements as set out in Appendices A and B of this Prospectus respectively, we have not made any significant changes in our accounting policies during the last three financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and for the six months ended 30 June 2009.

Allocation of issue expenses for the Invitation as an expense

On 25 January 2008, the Institute of Certified Public Accountants of Singapore has withdrawn the Recommended Accounting Practice 9 ("RAP 9") - IPO Costs. The withdrawal of RAP 9 will be effective for financial statements covering periods beginning on or after 1 January 2008. As a result of the above withdrawal, a portion of the expenses (other than the underwriting commission, placement commission and brokerage) incurred in connection with the listing of our Company's shares on the Main Board of the SGX-ST will be treated as a one-time charge in our financial statements and hence affect our financial results for FY2009.

POSSIBLE IMPACT ON OUR FUTURE FINANCIAL RESULTS AND POSITION

We have adopted the Scheme and the Plan. Hence there will be costs to our Group in granting such Options and Awards. Please refer to the section entitled "HLS Share-based Incentives" of this Prospectus for the potential impact on our financial results.

SHARE CAPITAL

Our Company (Company Registration No.: 200908903E) was incorporated in Singapore on 20 May 2009 under the Companies Act as a private limited company under the name of "Hock Lian Seng Holdings Pte. Ltd.". On 3 December 2009, we converted into a public company and changed our name to "Hock Lian Seng Holdings Limited".

As at the date of incorporation, the issued and paid-up capital of our Company was $1.00 comprising 10 Shares.

At an extraordinary general meeting held on 1 December 2009, our Shareholders approved, *inter alia*, the following:

(a) the conversion of our Company into a public limited company and the change of our name to Hock Lian Seng Holdings Limited;

(b) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued) on the SGX-ST to be approved;

(c) the adoption of a new set of the memorandum and articles of association;

(d) the issue and allotment of 110,000,000 New Shares which are the subject of the Invitation, on the basis that the New Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;

(e) the adoption of the Scheme, the rules of which are set out in Appendix F of this Prospectus and that authority be given to our Directors to issue and allot Scheme Shares upon the exercise of Options granted under the Scheme;

(f) the adoption of the Plan, the rules of which are set out in Appendix G of this Prospectus and that our Directors be authorised to allot and issue Shares upon the release of Awards granted under the Plan; and

(g) that authority be given to our Directors, pursuant to Section 161 of the Companies Act, to:

(i) (aa) issue Shares whether by way of rights, bonus or otherwise; and/or

(bb) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may, in their absolute discretion, deem fit; and

(ii) issue Shares in pursuance of any Instruments made or granted by our Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

(iii) the aggregate number of Shares issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the Post-Invitation Issued Share Capital, and provided further that where Shareholders with registered addresses in Singapore are not given the opportunity to participate in the same on a pro-rata basis ("non pro-rata basis"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20.0% of the Post-Invitation Issued Share Capital;

(iv) the 50% limit in paragraph (iii) above may be increased to 100% for issues of Shares pursuant to this resolution by way of a renounceable rights issue where Shareholders with registered addresses in Singapore are given the opportunity to participate in the same on a pro-rata basis ("Renounceable Rights Issue"); and

(v) (unless revoked or varied by our Company in general meeting) the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

For the purposes of this resolution, the "Post-Invitation Issued Share Capital" shall mean the total number of issued Shares of our Company (excluding treasury shares) immediately after the Invitation, 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 the options or awards were granted in compliance with the Listing Manual; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company, being ordinary shares. The rights and privileges of our Shares are stated in our Articles.

Save for the Scheme Shares and the Plan Shares, there are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. Save for the Options, 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.

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 Invitation are as follows:

	Number of Shares	**Issued and Paid-up Share Capital ($)**
Issued and fully paid shares as at the date of incorporation	10	1
Issue of Shares pursuant to the acquisition of HLS Infrastructure	324,307,280	32,430,728
Issued and fully paid Shares immediately after the Restructuring Exercise	324,307,290	32,430,729
Share Consolidation	10,810,243	32,430,729
Share Split	399,978,991	32,430,729
New Shares issued pursuant to the Invitation	110,000,000	26,456,380
Post-Invitation issued and paid-up share capital	509,978,991	58,887,109

The Shareholders' equity of our Company as at (i) the date of incorporation, (ii) after adjustments to reflect the Restructuring Exercise, and (iii) immediately after the Invitation are set out below. This should be read in conjunction with the Report on Audited Combined Financial Statements and the Report on Audited Interim Combined Financial Statements which are included in Appendices A and B of this Prospectus respectively.

	As at the date of incorporation ($)	After the Restructuring Exercise ($)	Immediately after the Invitation ($)
Shareholders' equity			
Share capital	1	32,430,729	58,887,109
Reserves	–	–	(887,730)[1]
	1	32,430,729	57,999,379

Note:

(1) On 25 January 2008, the Institute of Certified Public Accountants of Singapore has withdrawn the Recommended Accounting Practice 9 ("RAP 9") - IPO Costs. The withdrawal of RAP 9 will be effective for financial statements covering periods beginning on or after 1 January 2008. As a result of the above withdrawal, a portion of the expenses (other than the underwriting commission, placement commission and brokerage) incurred in connection with the listing of our Company's shares on the Main Board of the SGX-ST will be treated as a one-time charge in our financial statements and hence affect our financial results for FY2009.

RESTRUCTURING EXERCISE

In preparation for the listing of our Company on the SGX-ST, we implemented the following in the Restructuring Exercise prior to the Invitation:

1. Conversion and change of name of HLS Infrastructure

On 16 November 2009, HLS Infrastructure converted into a private limited company and changed its name from "Hock Lian Seng Infrastructure Limited" to "Hock Lian Seng Infrastructure Pte. Ltd.".

2. Acquisition of HLS Infrastructure

Pursuant to a share sale agreement dated 20 November 2009 between our Company and HLS Investment, our Company acquired the entire issued and fully paid-up share capital of HLS Infrastructure, comprising 252,000,000 ordinary shares, for an aggregate consideration of approximately S$32,430,728, being a sum equal to the value of the audited NTA of HLS Infrastructure as at 30 June 2009, which was satisfied by the issue and allotment of 324,307,280 Shares (before the Share Consolidation and Share Split) credited as fully paid, by our Company to HLS Investment.

3. Acquisition of HLS Contractors

Pursuant to a share sale agreement dated 23 November 2009 between our Company and HLS Infrastructure, our Company acquired the entire issued and fully paid-up share capital of HLS Contractors, comprising 17,000 ordinary shares, for a cash consideration of approximately S$2,383,375, being the sum equal to the value of the audited NTA of HLS Contractors as at 30 June 2009.

4. Share Consolidation and Share Split

On 1 December 2009, our Shareholders passed a resolution approving, *inter alia*, the consolidation of every 30 ordinary shares into 1 ordinary share and the sub-division of every 1 share in the issued and paid-up share capital of our Company into 37 ordinary Shares.

5. Transfer of Shares from HLS Investment to the Selected Employees

On 4 December 2009, HLS Investment transferred in aggregate 4,000,000 Shares it held in our Company representing 1.0% of our Pre-Invitation share capital to the Selected Employees. Each Selected Employee paid a nominal consideration of $1.00 for all the Selected Employee Shares allocated to him or her. The Selected Employees include our Directors and Associates of our founder, Executive Chairman and CEO, Chua Leong Hai, namely Lim Peng Kiat, Chua Hua Hong, Chua Hua Leong, Cheang You Kong, Chua See and Chua Eng Lye. The allocation of the Selected Employee Shares to the Selected Employees was based on the number of years of service of the respective employee, their past contributions to the Group and their current designations with the Group.

Please refer to the section entitled "Ownership Structure" of this Prospectus for further details.

6. Declaration of dividend by way of distribution in specie by HLS Investment of its shareholding interest in our Company

Pursuant to the articles of association of HLS Investment, HLS Investment may from time to time declare a dividend to be paid out of its profits. Immediately prior to the distribution in specie, HLS Investment held in aggregate 395,978,991 Shares representing 99.0% of our Pre-Invitation share capital (the "Distributed Shares").

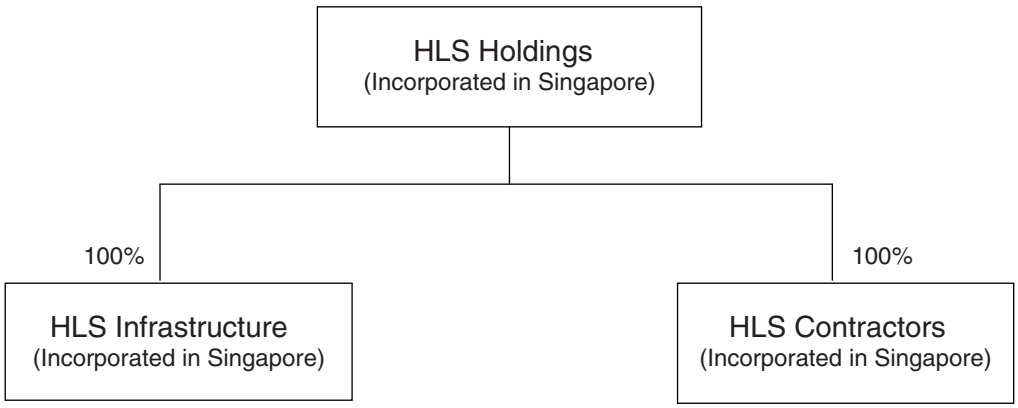
By way of a distribution in specie, all the Distributed Shares were distributed to the individual shareholders of HLS Investment on 5 December 2009, in proportion to their existing shareholdings in HLS Investment. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the distribution in specie, the shareholders of HLS Investment became the direct Shareholders of our Company and their respective shareholdings are in proportion to their existing shareholdings in HLS Investment.

Please refer to the section entitled "Ownership Structure" of this Prospectus for details of our Shareholders and their shareholdings in our Company upon completion of the Restructuring Exercise.

GROUP STRUCTURE

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



The details of our subsidiaries as at the date of this Prospectus are as follows:

Name	Date and country of incorporation	Principal place of business	Principal activities	Issued and paid-up share capital	Effective equity interest held by our Company (%)
HLS Infrastructure	3 May 1969 / Singapore	Singapore	Provision of civil engineering works and the supply of building materials	$16,800,000	100
HLS Contractors	28 April 1975 / Singapore	Singapore	Rental of property, leasing of machinery and the supply of building materials	$1,700,000	100

None of our subsidiaries is listed on any stock exchange. We do not have any associated companies.

OWNERSHIP STRUCTURE

The Directors and Substantial Shareholders of our Company and their respective shareholdings as at the Latest Practicable Date and immediately before and after the Invitation are set out below:

	As at the Latest Practicable Date				Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors												
Chua Leong Hai[(1),(2)]	–	–	10	100.00	180,346,547	45.09	42,118,037	10.53	180,346,547	35.36	42,118,037	8.26
Lim Peng Kiat[(3)]	–	–	–	–	10,674,221	2.67	–	–	10,674,221	2.09	–	–
Chua Hua Hong[(2),(4)]	–	–	–	–	12,139,065	3.03	–	–	12,139,065	2.38	–	–
Chua Aik Khoon[(2)]	–	–	–	–	29,847,663	7.46	–	–	29,847,663	5.85	–	–
Cheang You Kong[(5)]	–	–	–	–	125,000	0.03	–	–	125,000	0.02	–	–
Koh Lian Huat	–	–	–	–	–	–	–	–	–	–	–	–
Khor Poh Hwa	–	–	–	–	–	–	–	–	–	–	–	–
Lau Teik Soon	–	–	–	–	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)												
Eng Ah Goh[(1),(2)]	–		10	100.00	42,118,037	10.53	180,346,547	45.09	42,118,037	8.26	180,346,547	35.36
HLS Investment	10	100.00	–	–	–	–	–	–	–	–	–	–
Other Non-public Shareholders Family Members												
Chua Siok Hong[(2)]	–	–	–	–	19,898,442	4.97	–	–	19,898,442	3.90	–	–
Chua Siok Peng[(2)]	–	–	–	–	5,969,532	1.49	–	–	5,969,532	1.17	–	–
Chua Siok Kheng[(2)]	–	–	–	–	5,969,532	1.49	–	–	5,969,532	1.17	–	–
Chua Hua Leong[(2),(6)]	–	–	–	–	8,134,376	2.03	–	–	8,134,376	1.60	–	–
Chua See[(2),(7)]	–	–	–	–	6,407,501	1.60	–	–	6,407,501	1.26	–	–
Chua Teng Kok[(2)]	–	–	–	–	4,676,133	1.17	–	–	4,676,133	0.92	–	–
Ng Sing[(2)]	–	–	–	–	9,451,760	2.36	–	–	9,451,760	1.85	–	–
Chua Cher Chye[(2)]	–	–	–	–	795,937	0.20	–	–	795,937	0.16	–	–

	As at the Latest Practicable Date				Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Chua Chee Yong[2]	–	–	–	–	795,937	0.20	–	–	795,937	0.16	–	–
Chua Boe[2]	–	–	–	–	7,203,236	1.80	–	–	7,203,236	1.41	–	–
Chua Hoo Sai[2]	–	–	–	–	7,203.236	1.80	–	–	7,203.236	1.41	–	–
Estate of Chua Pa[2]	–	–	–	–	7,243,032	1.81	–	–	7,243,032	1.42	–	–
Peck Lin Huwa[2]	–	–	–	–	1,492,383	0.37	–	–	1,492,383	0.29	–	–
Peh Tiew Hoi[2]	–	–	–	–	12,874,292	3.22	–	–	12,874,292	2.52	–	–
Ng Seng[2]	–	–	–	–	2,228,625	0.56	–	–	2,228,625	0.44	–	–
Yap Seng Kee[2]	–	–	–	–	2,248,523	0.56	–	–	2,248,523	0.44	–	–
Chua Eng Lye[8]	–	–	–	–	60,000	0.02	–	–	60,000	0.01	–	–
Other Non-public Shareholders[10]												
Kee Guan Chua[9]	–	–	–	–	200,000	0.05	–	–	200,000	0.04	–	–
Other Employees	–	–	–	–	2,475,000	0.62	–	–	2,475,000	0.49	–	–
Pre-IPO Public Shareholders												
Neo Kim Lian	–	–	–	–	17,908,598	4.48	–	–	17,908,598	3.51	–	–
Peh Pu Bee	–	–	–	–	1,492,383	0.37	–	–	1,492,383	0.29	–	–
New Public (including Reserved Shares)	–		–	–	–		–	–	110,000,000	21.57	–	–
Total	**10**	**100.00**			**399,978,991**	**100.00**			**509,978,991**	**100.00**		

Notes:

(1) As at the Latest Practicable Date, our founder, Executive Chairman and CEO, Chua Leong Hai and his wife, Eng Ah Goh, hold a direct interest of 45.54% and 10.64% respectively of the issued share capital of HLS Investment. As Chua Leong Hai, together with Eng Ah Goh, hold more than 20.0% of the issued share capital in HLS Investment, they are therefore deemed to have an interest in the Shares held by HLS Investment pursuant to section 7 of the Companies Act.

(2) We set out below the registered shareholders of HLS Investment and their shareholdings in HLS Investment as at the Latest Practicable Date and the relationship of shareholders who are related to our founder, Executive Chairman and CEO Chua Leong Hai:

	Number of ordinary shares held	As a percentage of issued share capital (%)	Relationship with Chua Leong Hai
Chua Leong Hai	4,531,675	45.54	self
Eng Ah Goh	1,058,325	10.64	wife
Chua Aik Khoon	750,000	7.54	son
Chua Siok Hong	500,000	5.03	daughter
Chua Siok Peng	150,000	1.51	daughter
Chua Siok Kheng	150,000	1.51	daughter
Chua Hua Hong	300,000	3.02	brother
Chua Hua Leong	200,000	2.01	brother
Chua See	160,000	1.61	brother
Chua Teng Kok	117,500	1.18	brother
Ng Sing	237,500	2.39	sister-in-law
Chua Cher Chye	20,000	0.20	nephew
Chua Chee Yong	20,000	0.20	nephew (also his alternate director in HLS Investment)
Chua Boe	181,000	1.82	cousin
Chua Hoo Sai	181,000	1.82	cousin
Estate of Chua Pa	182,000	1.83	Chua Pa was a cousin
Peck Lin Huwa	37,500	0.38	cousin's spouse
Peh Tiew Hoi	323,500	3.25	cousin's spouse
Ng Seng	56,000	0.56	brother-in-law
Yap Seng Kee	56,500	0.57	wife's brother-in-law
Lim Peng Kiat	250,000	2.51	–
Neo Kim Lian	450,000	4.52	–
Peh Pu Bee	37,500	0.38	–
Total	**9,950,000**	**100.0**[1]	

Note:

(1) The figures do not add up due to rounding.

(3) Lim Peng Kiat holds 250,000 ordinary shares representing 2.51% of the issued share capital of HLS Investment as at the Latest Practicable Date. As at the date of registration of this Prospectus, Lim Peng Kiat holds in aggregate 10,674,221 Shares representing 2.67% of our Company's Pre-Invitation share capital comprising (a) 9,949,221 Shares (or 2.49% of our Pre-Invitation share capital) by way of the distribution in specie as described in the section entitled "Restructuring Exercise" of this Prospectus, and (b) 725,000 Shares (or 0.18% of our Pre-Invitation share capital) pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus. In connection with the Invitation, we intend to offer Lim Peng Kiat 1,000,000 Reserved Shares for subscription, representing 0.20% of our post-Invitation share capital. Should Lim Peng Kiat accept such shares, his shareholding immediately post-Invitation would be 11,674,221 Shares, representing 2.29% of our post-Invitation share capital.

(4) Chua Hua Hong holds 300,000 ordinary shares representing 3.02% of the issued share capital of HLS Investment as at the Latest Practicable Date. As at the date of registration of this Prospectus, Chua Hua Hong holds in aggregate 12,139,065 Shares representing 3.03% of our Company's Pre-Invitation share capital comprising (a) 11,939,065 Shares (or 2.98% of our Pre-Invitation share capital) by way of the dividend in specie as described in the section entitled "Restructuring Exercise" of this Prospectus, and (b) 200,000 Shares (or 0.05% of our Pre-Invitation share capital) pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus. In connection with the Invitation, we intend to offer Chua Hua Hong 230,000 Reserved Shares for subscription, representing 0.05% of our post-Invitation share capital. Should Chua Hua Hong accept such shares, his shareholding immediately post-Invitation would be 12,369,065 Shares, representing 2.43% of our post-Invitation share capital.

(5) As at the date of registration of this Prospectus, Cheang You Kong holds 125,000 Shares (or 0.03% of our Pre-Invitation share capital) as Selected Employees Shares. In connection with the Invitation, we intend to offer Cheang You Kong 400,000 Reserved Shares for subscription, representing 0.08% of our post-Invitation share capital. Should Cheang You Kong accept such shares, his shareholding immediately post-Invitation would be 525,000 Shares, representing 0.10% of our post-Invitation share capital.

(6) Chua Hua Leong holds 200,000 ordinary shares representing 2.01% of the issued share capital of HLS Investment as at the Latest Practicable Date. As at the date of registration of this Prospectus, Chua Hua Leong holds in aggregate 8,134,376 Shares representing 2.03% of our Company's Pre-Invitation share capital comprising (a) 7,959,376 Shares (or 1.99% of our Pre-Invitation share capital) by way of the distribution in specie as described in the section entitled "Restructuring Exercise" of this Prospectus, and (b) 175,000 Shares (or 0.04% of our Pre-Invitation share capital) pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus.

(7) Chua See holds 160,000 ordinary shares representing 1.61% of the issued share capital of HLS Investment as at the Latest Practicable Date. As at the date of registration of this Prospectus, Chua See holds in aggregate 6,407,501 Shares representing 1.60% of our Company's Pre-Invitation share capital comprising (a) 6,367,501 Shares (or 1.59% of our Pre-Invitation share capital) by way of the dividend in specie as described in the section entitled "Restructuring Exercise" of this Prospectus, and (b) 40,000 Shares (or 0.01% of our Pre-Invitation share capital) pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus.

(8) As at the date of registration of this Prospectus, Chua Eng Lye, the nephew of Chua Leong Hai, holds 60,000 Shares (or 0.02% of our Pre-Invitation share capital pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus.

(9) Kee Guan Chua is a director of our subsidiary company, HLS Infrastructure. As at the date of registration of this Prospectus, Kee Guan Chua holds 200,000 Shares representing 0.05% of our Company's Pre-Invitation share capital pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus. In connection with the Invitation, we intend to offer Kee Guan Chua 250,000 Reserved Shares for subscription, representing 0.05% of our post-Invitation share capital. Should Kee Guan Chua accept such shares, these are not subject to any moratorium and he may hold, dispose of or transfer all or part of his shareholdings in our Company after the admission of our Company to the Official List of the SGX-ST.

(10) These consists of 56 Selected Employees (excluding Lim Peng Kiat, Chua Hua Hong, Chua Hua Leong, Cheang You Kong, Chua See and Chua Eng Lye) who became the direct Shareholders of our Company pursuant to the transfer of shares to the Selected Employees as set out in the section entitled "Restructuring Exercise" of this Prospectus.

Save as disclosed above, there are no other relationships between our Directors and Substantial Shareholders. Save as disclosed above, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

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

Significant Changes in Percentages of Shareholdings

Save as disclosed above and in the section entitled "Restructuring Exercise" of this Prospectus, there have been no significant changes in the percentage of ownership of our Group held by our Directors and Substantial Shareholders during the past three years.

MORATORIUM

Chua Family Members

As a demonstration of their commitment to our Group, Chua Family Members, who collectively hold 284,149,753 Shares representing approximately 55.71% of our Company's enlarged issued and paid-up share capital immediately after the Invitation, have each undertaken not to, directly or indirectly, transfer, assign, dispose of, realise or make subject to any charge or encumbrance any part of each of their direct interests in our Company for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

Executive Directors - Lim Peng Kiat, Chua Hua Hong and Cheang You Kong

Each of Lim Peng Kiat, Chua Hua Hong and Cheang You Kong, who, as at the Latest Practicable Date, hold an aggregate of 22,938,286 Shares or approximately 4.50% of our Company's enlarged issued and paid-up share capital immediately after the Invitation (including the shares received by each of them as a Selected Employee), has undertaken not to, directly or indirectly, transfer, assign, dispose of, realise or make subject to any charge or encumbrance any part of each of their direct interests in our Company for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

In the event that each of Lim Peng Kiat, Chua Hua Hong and Cheang You Kong accepts our offer to subscribe to 1,000,000, 230,000 and 400,000 Reserved Shares respectively, they will hold an aggregate of 24,568,286 Shares or approximately 4.82% of our Company's enlarged issued and paid-up share capital immediately after the Invitation, each of them will also undertake not to, directly or indirectly, transfer, assign, dispose of, realise or make subject to any charge or encumbrance any part of each of their direct interests in our Company arising from such allocation of Reserved Shares for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

Selected Employees

Each of the Selected Employee (save for (i) Lim Peng Kiat, Chua Hua Hong and Cheang You Kong who have each provided a moratorium as Executive Directors; and (ii) Chua Hua Leong, Chua See and Chua Eng Lye who have each provided a moratorium as Shareholders related to Chua Leong Hai), who hold an aggregate of 2,675,000 Shares or approximately 0.52% of our Company's enlarged issued and paid-up share capital immediately after the Invitation, has undertaken not to, directly or indirectly, transfer, assign, dispose of, realise or make subject to any charge or encumbrance any part of each of their direct interests in our Company for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

Other Shareholders related to Chua Leong Hai

Other Shareholders who are related to Chua Leong Hai, namely Chua Hua Leong, Chua See, Chua Teng Kok, Ng Sing, Chua Cher Chye, Chua Chee Yong, Chua Boe, Chua Hoo Sai, Estate of Chua Pa, Peck Lin Huwa, Peh Tiew Hoi, Ng Seng, Yap Seng Kee and Chua Eng Lye, who collectively hold 70,814,971 Shares or approximately 13.89% of our Company's enlarged issued and paid-up share capital immediately after the Invitation (including the shares received by Chua Hua Leong, Chua See and Chua Eng Lye as Selected Employees), have each undertaken not to, directly or indirectly, transfer, assign, dispose of, realise or make subject to any charge or encumbrance any part of each of their direct interests in our Company for a period of six months from the date of our Company's admission to the Official List of the SGX-ST.

BUSINESS

OUR CORPORATE HISTORY

Our Company (Company Registration No.: 200908903E) was incorporated in Singapore on 20 May 2009 under the Companies Act as a private company limited by shares under the name "Hock Lian Seng Holdings Pte. Ltd." and became the investment holding company of our Group pursuant to the Restructuring Exercise. On 3 December 2009, our Company was converted into a public limited company and the name of our Company was changed to "Hock Lian Seng Holdings Limited" in connection therewith.

HLS Infrastructure

The history of our Group can be traced back to 3 May 1969 when our founder, Executive Chairman and CEO, Chua Leong Hai, founded the business under the name "Hock Lian Seng Engineering Pte. Ltd." as a private company limited by shares under the Companies Act. On 1 December 1999, Hock Lian Seng Engineering Pte. Ltd. changed its name to Hock Lian Seng Infrastructure Pte Limited. On 7 August 2008, it converted into a public limited company and changed its name to "Hock Lian Seng Infrastructure Limited". On 16 November 2009, HLS Infrastructure converted into a private limited company and changed its name to "Hock Lian Seng Infrastructure Pte. Ltd." pursuant to the Restructuring Exercise. HLS Infrastructure is principally engaged in the provision of civil engineering works.

HLS Contractors

HLS Contractors, was incorporated in Singapore on 28 April 1975 under the name "Hup Kian Sheng (Pte) Limited" by two individuals who are unrelated to our founder, Executive Chairman and CEO, Chua Leong Hai. It was acquired by HLS Infrastructure on 31 December 2007 as part of a group restructuring exercise. In preparation for of the listing of our Company on the SGX-ST and as part of the Restructuring Exercise, HLS Holdings acquired HLS Contractors from HLS Infrastructure. HLS Contractor currently carries on the business of rental of property, leasing of machinery and the supply of building materials.

HLS Taiwan

HLS Taiwan was established as a branch office on 25 February 1992 by HLS Infrastructure to carry out the construction of the Taipei Metropolitan Area Rapid Transit System's Nankang Line ("Contract CN255") and to provide services relating to this contract. With the completion of the Contract CN255 in 2007, the directors of HLS Infrastructure resolved on 17 October 2007 that HLS Taiwan be dissolved. The Ministry of Economic Affairs, Taiwan, had approved the withdrawal of HLS Taiwan's recognition and registration on 13 November 2007 and HLS Taiwan ceased to operate thereafter.

Dwi Indonesia

Dwi Indonesia was established on 15 February 1995 to carry out ship repair, construction of barges and steel fabrication. Since its incorporation, Dwi Indonesia has been a dormant company. HLS Infrastructure held 95% of the issued share capital of Dwi Indonesia while an unrelated third party held the remaining 5% of the issued share capital of Dwi Indonesia. HLS Infrastructure (as the grantor) entered into a deed of grant and transfer of shares on 16 November 2007 with HLS Investment (as the grantee) pursuant to which HLS Infrastructure granted its 95% equity interest in Dwi Indonesia, which has a nil carrying value, to HLS Investment at nil consideration.

We set out below the milestones in our corporate history.

1970s

In the 1970s, HLS Infrastructure started off with projects for general construction of road works, drainage works and bridges. In 1979, we were awarded one of our largest contracts for that period, that is, the construction for part of the coastal road adjacent to Changi International Airport (contract value: approximately $6.2 million) which we completed in 1981.

1980s

In the 1980s, there was significant infrastructure development in Singapore, including the construction of major expressways and the commencement of the construction of the MRT system. We achieved significant milestones in terms of our track record and expertise for civil engineering works for major transportation routes, including roads and expressways, MRT construction, water and sewage facilities and port facilities.

Roads and Expressways

During this period, our significant projects included the construction of the following major roads and several expressways:

- the construction of part of the Sembawang Expressway in 1981 (contract value: approximately $23.4 million) which we completed in 1983;

- the widening of Yio Chu Kang Road in 1983 (contract value: approximately $13.8 million) which we completed in 1985; and

- the construction of the Tampines Expressway-Tampines Avenue 10 interchange in 1987 (contract value: approximately $13.2 million) which we completed in 1989.

Apart from the above build-only contracts, we were also involved in design and build projects for the following:

- part of the Central Expressway in 1985 (contract value: approximately $18.7 million) which we completed in 1986;

- part of the Tampines Expressway in 1986 (contract value: approximately $11.9 million) which we completed in 1987; and

- part of the Ayer Rajah Expressway in 1986 (contract value: approximately $13.0 million) which we completed in 1988.

MRT-related works

In 1986, through a joint venture with RSEA, the joint venture was awarded its first MRT project (contract value: approximately $100.8 million) for the construction, completion and maintenance of the viaducts and tunnels for the Bukit Batok, Bukit Gombak and Choa Chu Kang MRT stations. The project was completed in 1990. In 1989, the same joint venture was awarded the contract for the completion and maintenance of viaducts and the Boon Lay MRT station (contract value: approximately $34.2 million) which was completed in 1990.

The successful completion of these two MRT projects was important in establishing our credentials in performing civil engineering services for MRT-related works.

Water and sewage facilities

In 1987, in another joint venture with RSEA, the joint venture was awarded a project by the Ministry of the Environment for the construction of a major sewage treatment plant in Seletar (contract value: approximately $45.3 million). The project was completed in 1990.

Port-related works

In 1989, HLS Infrastructure secured its first port project for extension works to the berths at Pasir Panjang Wharves (contract value: approximately $34.9 million). The project was awarded by PSA and was completed in 1991.

1990s

In the 1990s, leveraging on our technical expertise and experience from the previous two decades, HLS Infrastructure secured more complex contracts for a range of civil engineering works. HLS Infrastructure was also presented with opportunities to undertake projects overseas in Taiwan and the PRC. The late 1990s saw a severe downturn in the construction industry in Singapore as a result of the Asian financial crisis in 1997. HLS Infrastructure managed to weather through those difficult years of the late 1990s through the successful tender and award of some large-scale projects in MRT, road construction and other civil engineering works.

Roads and Expressways

During this period, our significant projects include:

- the construction of a part of the Kranji Expressway (contract value: approximately $48.7 million) in 1991 which was completed in 1993; and

- the upgrading of Telok Blangah Road to a semi-expressway (contract value: approximately $83.8 million) in 1998 which was completed in 2001. In 2003, this project was awarded the Construction Excellence Awards 2003 (Category: Civil Engineering Projects) by the BCA.

In 1993, we were presented with the opportunity to tender for the construction of the Shanghai Inner Ring Road in the PRC. We were successfully awarded the contracts which we completed in 1994.

MRT-related works

In 1991, HLS Infrastructure provided technical consultation services to the main contractor appointed for the construction of the Tamshui Line for the MARTS in Taiwan which was completed in 1993. In 1992, HLS Infrastructure successfully tendered for a major contract awarded by the Taiwan Municipal Government Office for the construction of the Nankang Line for the MARTS (contract value: approximately NT$5.28 billion, equivalent to approximately $330.0 million) which was completed in 2000. The Nankang Line Project marked our ability to manage large-scale projects and is a testament to the financial strength and expertise of HLS Infrastructure.

HLS Infrastructure, in a joint venture with Sato-Kogyo Co., Ltd, Singapore Branch, was awarded two design and build contracts for different sections of the North-East Line (combined contracts value: approximately $252.3 million). The projects, which included the construction of tunnels and three MRT stations, were completed in 2002.

Water and sewage facilities

In 1992, HLS Infrastructure was awarded a project by the Ministry of the Environment for the reconstruction of quay walls along the Singapore River (contract value: approximately $20.7 million) which was completed in 1995. In 1993, HLS Infrastructure was awarded another contract for the reconstruction of quay walls along a different section of the Singapore River (contract value: approximately $33.7 million) which was completed in 1997.

Port-related works

In 1990, HLS Infrastructure, in a joint venture with Sum Cheong Piling Pte Ltd, secured its second project from PSA for the eastern extension of Pasir Panjang Wharves (contract value: approximately $69.8 million), which was completed in 1992. Our largest port facility project to-date (contract value: approximately $93.7 million) was secured in 1995 when we, in a joint venture with Mitsui Engineering and Shipbuilding Co. Ltd, were awarded the contract for structural works required for supporting bridge cranes at the new container terminals at Pasir Panjang Wharves by the PSA. The project was completed in 1999.

Other projects

In 1993, HLS Infrastructure achieved a new milestone when it tendered for and was awarded a contract by the CAAS for the construction of aircraft parking aprons for the expansion of Changi Airport Terminal 2 (contract value: approximately $48.3 million). The project was completed in 1995. In 1996, HLS Infrastructure was awarded a similar contract by the CAAS for the construction of aircraft parking aprons for the expansion of Changi Airport Terminal 1 (contract value: approximately $52.3 million) which was completed in 1999.

In 1997, HLS Infrastructure was awarded a contract by the PWD for foundation works for the MHA Complex (contract value: approximately $64.6 million) which was completed in 1998. In the same year, the HDB awarded a contract to HLS Infrastructure for the construction of HDB flats in Bedok (contract value: approximately $20.0 million) which was completed in 1999.

2000 to the Latest Practicable Date

In 2001 and 2003, the terrorist attacks in the USA and the SARS crisis respectively had adverse effects on the Asian economies, resulting in a general decline in the number of civil engineering projects available for tender in the early 2000s. Although this affected the number of projects that we undertook, which in turn affected our business performance, our strong financial position enabled us to weather through this period. In addition, our ability to take advantage of the market opportunity to supply concreting sand and aggregates in 2006 helped to stabilise our financial performance. With the recovery of demand for civil engineering construction in 2007, HLS Infrastructure submitted tenders for a few large contracts.

From late 2008 to the Latest Practicable Date, the current global economic downturn, together with the H1N1 outbreak, created uncertainty in the economic outlook of our markets. Such external factors continued to dampen the general economy of Singapore. Nonetheless, there have been recent signs of stabilisation in this downturn, and signs of possible recovery. Despite the economic uncertainty, we have nonetheless been able to secure civil engineering projects. Further, based on the plans and measures announced by the Singapore Government for the development and improvement of public infrastructure, our Directors believe that, barring a global recession or other unforeseen circumstances, construction demand for civil engineering projects will continue to remain healthy over the next few years.

The three projects secured by us from February 2008 to the Latest Practicable Date are the Marina Bay Project (contract value: approximately $348.4 million), the Marina Coastal Expressway Project (contract value: approximately $305.0 million) and the Jalan Gali Batu Depot Project (contract value: approximately $410.7 million).

Roads and Expressways

During this period, our significant projects include:

- the Jurong River Bridge Project (contract value: approximately $25.6 million) in 2001 which was completed in 2004. In 2006, the Jurong River Bridge Project was awarded the Construction Excellence Awards 2006 (Merit) (Civil Engineering Projects Category) by the BCA;

- the Toh Guan Road Extension Project (contract value: approximately $20.8 million) in 2001 which was completed in 2005;

- the Sungei Serangoon Bridge Project (contract value: approximately $33.9 million) in 2006 which was completed in 2009;

- the Bartley Road Extension Project (contract value: approximately $51.6 million) in 2007 which is due for completion in the 2009; and

- the Marina Coastal Expressway Project (contract value: approximately $305.0 million) in 2009 which is due for completion in 2013.

MRT-related works

In June 2002, in a joint venture with a local contractor, LTA awarded the joint venture company a contract for the construction of the Kim Chuan Depot (contract value: approximately $296.6 million). This marked a new milestone for a local joint venture and HLS Infrastructure in securing a large-scale project for MRT-related works. In December 2002, HLS Infrastructure took over as the sole main contractor to complete the project and subsequently, the joint venture partner was liquidated. The Kim Chuan Depot will serve as the train depot for trains operating on the Circle Line and is one of the world's largest underground depot with the capacity to accommodate up to 77 trains.[8] It measures 11 hectares or the size of 17 football fields[8]. The Kim Chuan Depot Project was completed in October 2007.

In February 2008, HLS Infrastructure was awarded the Marina Bay Project (contract value: approximately $348.4 million). The project involves the construction of a new Marina Bay MRT station which will serve as an interchange with the existing North-South Line's Marina Bay Station. Apart from the new station and alterations to the existing Marina Bay station, HLS Infrastructure will build the running tunnels as well as provide maintenance facilities for the Downtown Line 1. A stretch of the East Coast Park Expressway will be diverted to allow the works to proceed. This project is due for completion in 2011.

In March 2009, we were awarded the Jalan Gali Batu Depot Project (contract value: approximately $410.7 million) which involves designing and building depot located along Woodlands Road stretching from the junction of the Kranji Expressway to the opposite of Sungei Kadut Avenue. The project is due for completion in 2015.

Other projects

In 2002, with the technical expertise gained from the successful completion of earlier projects, HLS Infrastructure was awarded a contract by the CAAS for the construction of aircraft parking aprons for Changi Airport Terminal 3 (contract value: approximately $52.2 million). This project was completed in 2007.

Sale of Building Materials

Prior to 2006, our Group had sourced for and supplied building materials for our direct use as well as to sub-contractors in connection with our civil engineering projects. In 2006, as a result of the uncertainty over the supply of building materials from Indonesia, our Group decided to leverage on our procurement experience to explore new market opportunities. Since 2006, we have procured and supplied building materials, namely, concreting sand and aggregates, for building and construction purposes.

We have secured a total of five contracts from the HDB since January 2007 up to the Latest Practicable Date for the supply of concreting sand and aggregates (combined contracts value: approximately $86.1 million). We have successfully completed four of these contracts and we expect to complete the remaining contract (which was secured in May 2009) in 2010.

8 Information was extracted from an article titled "Kim Chuan Depot all ready to provide support for rail lines" published in the website http://www.channelnewsasia.com on 26 January 2008 and accessed on 10 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The Channel NewsAsia has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under sections 253 and 254 of the SFA.

AWARDS AND CERTIFICATES

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

Year	Award	Awarding Institution
1990	1989 CIDB Award for Construction Excellence (Civil Engineering Projects Category) – for the construction of the Loyang Flyover	CIDB
1996	Certificate of Merit (Civil Engineering Projects Category) for Construction Excellence – for the construction of Kranji Expressway / Bukit Timah Expressway Interchange including Kranji Expressway between Bukit Timah Expressway & Woodlands Road	CIDB
1997	ISO 9001:2000 and SS ISO 9001:2000 Certificate of Registration (Quality Management System) – for design management, piling, building and civil engineering construction services	BCA
2001	Annual Safety Award 2001 (Construction Safety and Health)	LTA
2003	Annual Safety Award 2003 (Certificate of Merit) (Occupational Safety and Health Management)	LTA
2003	Construction Excellence Awards 2003 (Category: Civil Engineering Projects) – for the Telok Blangah Expressway Project	BCA
2004	Annual Safety Award 2004 (Certificate of Excellence) (Occupational Safety and Health Management)	LTA
2004	ISO 14001:2004 and SS ISO 14001:2004 Certificate of Registration (Environmental Management System) – for piling, building and civil engineering construction services	BCA
2006	Construction Excellence Awards 2006 (Merit) (Civil Engineering Projects Category) – for the Jurong River Bridge Project	BCA
2007	Annual Safety Award 2007 (Certificate of Merit) (Occupational Safety and Health Management)	LTA
2008	Annual Safety Award 2008 (Certificate of Excellence) (Occupational Safety and Health Management)	LTA
2008	BizSafe Partner Certificate – for workplace safety and health	Workplace Safety and Health Council
2009	OHSAS 18001:2007 Certificate of Registration (Occupational Health and Safety Management System) – for piling, building and civil engineering construction services	BCA
2009	Annual Safety Award 2009 (Certificate of Merit) (Occupational Safety and Health Management)	LTA

BUSINESS OVERVIEW

Our Directors believe that we are one of the leading Singapore-based civil engineering firms with an established reputation and track record for quality, reliability and safety.

We operate in the following two key business segments:

Civil Engineering Segment

We carry out civil engineering works for bridges, expressways, tunnels, MRT, port facilities, water and sewage facilities and other infrastructure works. Since our establishment in 1969, for a period of over 40 years, we have undertaken and completed a wide range of civil engineering projects for both the public and private sectors in Singapore. A number of these projects have been conferred "Construction Excellence" awards and are recognised landmarks in Singapore. As at the Latest Practicable Date, all our current projects are based in Singapore.

Since our commencement of business, our major customers include government and government-related bodies of Singapore, such as the LTA, the HDB, the PSA, the PUB and the CAAS. Please refer to the section entitled "Major Customers" of this Prospectus for further information.

In connection with the types of civil engineering works we are qualified to undertake, we have the following registrations and licences with the BCA:

(a) **Grade A1** contractor in the Civil Engineering (CW02) Category. Such A1 ranking is the highest ranking for contractors registration in such category and allows us to tender for Singapore public sector projects of unlimited contract value.

(b) **Grade B1** contractor in the General Building (CW01) Category. Such registration allows us to tender for Singapore public sector projects of up to $50 million for the period from 1 July 2008 to 31 December 2009 and up to $40 million for the period from 1 January 2010 to 30 June 2010.

(c) **Grade L5** contractor in the Piling Works (CR08) Category. Such registration allows us to tender for Singapore public sector projects of up to $15 million for the period from 1 July 2008 to 31 December 2009 and up to $13 million for the period from 1 January 2010 to 30 June 2010.

(d) **Certificate of Licence for General Builder Class 1**, being the licence for general building works. Such licence allows us to carry on the business of a general builder generally and to undertake projects of any value.

(e) **Certificate of Licence for Specialist Builder (Piling Works)**, being the licence for a specialist builder piling works. Such licence allows us to carry on the business of a specialist builder in piling works.

Please refer to the section entitled "Government Regulations" of this Prospectus for more information on our registrations with the BCA.

As at 9 November 2009, there are 35 Grade A1 contractors in the Civil Engineering (CW02) Category[9].

Building Materials Segment

We procure and sell building materials, namely, concreting sand and aggregates, for building and construction purposes mainly for Singapore public sector contracts. Our building materials are sourced from different suppliers locally and overseas.

Prior to 2006, we had sourced for and supplied building materials for our direct use as well as to sub-contractors in connection with our projects. In 2006, as a result of changes in market conditions, namely the uncertainty over the supply of building materials from Indonesia, we decided to leverage on our procurement experience to explore market opportunities. Currently, our main sources of supplies are from Malaysia and Myanmar.

We mainly sell concreting sand and aggregates to the HDB, a government-related body of Singapore. Our contracts with the HDB were secured either through public tenders (based on advertisements in the newspapers, government website and other mass media publication) or through invitations to tender. Please refer to the section entitled "Our Business Process" of this Prospectus for further information.

We are a **Grade L6** contractor (the highest grade) in the Basic Building Materials (SY01) Category, which allows us to tender for Singapore public sector contracts for the supply of basic building materials of unlimited value. As at 9 November 2009, there are 71 **Grade L6** contractors in the Basic Building Materials (SY01) Category[10].

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9 The statistics were extracted from the BCA's website (http://www.bca.gov.sg) on 9 November 2009 and which was accessed on 9 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

10 Statistics were obtained from the BCA's website (http://www.bca.gov.sg) on 9 November 2009 and which was accessed on 9 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

Please refer to the section entitled "Government Regulations" of this Prospectus for more information on our registrations with the BCA.

OUR PROJECTS

Our major projects in the last 10 years and up to the Latest Practicable Date are set out below:

	Description of Project	Approximate Contract Value (in millions)	Commencement Date to Actual/ Expected Completion Date
(a)	**Bridges, Roads and Expressways**		
	Telok Blangah Expressway Project Telok Blangah Road, which links Kampong Bahru Road to Henderson Road, was upgraded to a semi expressway. This project involved the construction of a 2.5km long dual 3-lane vehicular viaduct with four ramps and upgrading of at-grade roads. Balance cantilever segmental construction method was successfully used to construct the viaduct with minimum interference to the at-grade road system. In 2003, this project was awarded the Construction Excellence Awards 2003 (Category: Civil Engineering Projects) by the BCA.	$83.8	June 1998 to December 2001
	Jurong River Bridge Project This project involved the demolition of an existing bridge and the concurrent construction of a new bridge across Jurong River along Jalan Buroh. The new bridge has a total span of 200m and consists of dual 4-lane carriageways. In 2006, this project was awarded the Construction Excellence Awards 2006 (Merit) (Civil Engineering Projects Category) by the BCA.	$25.6	June 2001 to October 2004
	Toh Guan Road Extension Project The construction of an interchange connecting the northern end of Toh Guan Road to Pan-Island Expressway ("PIE") by four slip roads, the extension of Toh Guan Road to PIE and the widening of the existing Toh Guan Road to Boon Lay Way.	$20.8	September 2002 to March 2005
	Sungei Serangoon Bridge Project The construction of a dual 3-lane new road connecting Buangkok Drive to Tampines Road. Works include a 200m long bridge across Serangoon River, piled roadway over landfill, a flyover over the Kallang-Paya Lebar Expressway and connecting slip road structure and underpass.	$33.9	February 2006 to February 2009
	Bartley Road Extension Project The extension connects Bartley Road to Airport Road and runs above the Kim Chuan Depot. The stretch of road (viaduct) above the Kim Chuan Depot was constructed by HLS Infrastructure as part of the contract for the Kim Chuan Depot. The proposed viaduct from Bartley Road to Airport Road will be constructed and linked to the completed section. Works involved the construction of cast-insitu box girders and also the launching of precast segments over roads such as Upper Paya Lebar Road, Hougang Avenue 3 and Airport Road.	$51.6	March 2007 to 2009[1]

	Description of Project	Approximate Contract Value (in millions)	Commencement Date to Actual/ Expected Completion Date
	Marina Coastal Expressway Project The construction of approximately 490m dual carriageway at-grade piled road system and a 460m dual carriageway viaduct linking existing South Quay viaduct. This project is one of the six packages awarded by the LTA for the completion of the 5km Marina Coastal Expressway. Besides the expressway construction, the works also include the construction of sea walls and reclamation of 9.1 hectares of foreshore area fronting Marina Wharf, demolition of existing buildings, construction of slip roads and temporary road diversions.	$305.0	January 2009 to 2013
(b)	**MRT-related works**		
	Punggol Station Project Punggol Station is the last station of the North-East Line. This design and build project comprised the construction of Punggol Station with three levels of reinforced concrete structure with provision for a future interchange with the LRT, a twin running tunnel of 2km from the end of Sengkang Station to Punggol Station and from Punggol Station to Sungei Punggol. This project was undertaken with our joint venture partner, Sato-Kogyo Co., Ltd, Singapore Branch.	$85.9	March 1998 to September 2002
	Kim Chuan Depot Project Kim Chuan Depot serves as the train depot for the Circle Line. It measures 11 hectares and required the excavation of approximately 1.5 million tons of soil. The Kim Chuan Depot is one of the world's largest underground depots with housing capacity for up to 77 trains. This project took about five years to complete and at its construction peak, it involved approximately 1,000 workers. Works included excavation beneath the busy Hougang Avenue 3. The "Top Down Construction Methodology" was adopted for this part of the depot structure.	$296.6	June 2002 to October 2007
	Marina Bay Project This project is for the construction of the new Marina Bay Station which will serve as an interchange for the proposed Circle Line and the existing North-South Line. It will also require the construction of approximately 320m of tunnels. Works will include the construction of extensive temporary earth retaining system consisting of diaphragm walls and strutting system, jet grouting, deep excavation in marine clay, structural works and building works.	$348.4	February 2008 to 2011
	Jalan Gali Batu Depot Project This design and build project involves the construction of a depot located along Woodlands Road stretching from the junction of Kranji Expressway to the opposite of Sungei Kadut Avenue. The depot will provide state-of-the-art maintenance facilities to a fleet of 108 3-car trains or driverless trains. This project involves extensive earth removal and the construction of office building, operation control centres and electrical substations. The design also allows for future expansion for stabling and reception track. This project is undertaken by the GS HLS JV.	$410.7	March 2009 to 2015

	Description of Project	Approximate Contract Value (in millions)	Commencement Date to Actual/ Expected Completion Date
(c)	**Institutional**		
	Changi Airport Terminal 3 Project This project was our third project of such type awarded by the CAAS. This project involved the construction of aircraft parking aprons, associated taxiways and ancillary works at Singapore Changi Airport Terminal 3. The prior two projects of such type were completed in 1995 and 1999 respectively. The construction of aircraft parking aprons required the use of special concrete mix and auto-levelling slip form concrete paving machines.	$52.2	July 2002 to February 2007
(d)	**Building Materials**		
	Supply and Delivery of Concreting Sand and Aggregates to HDB (five contracts) We supply and deliver concreting sand and aggregates, including the preparation and maintenance of the designated stockpile site for certain contracts.	$86.1	January 2007 to 2010

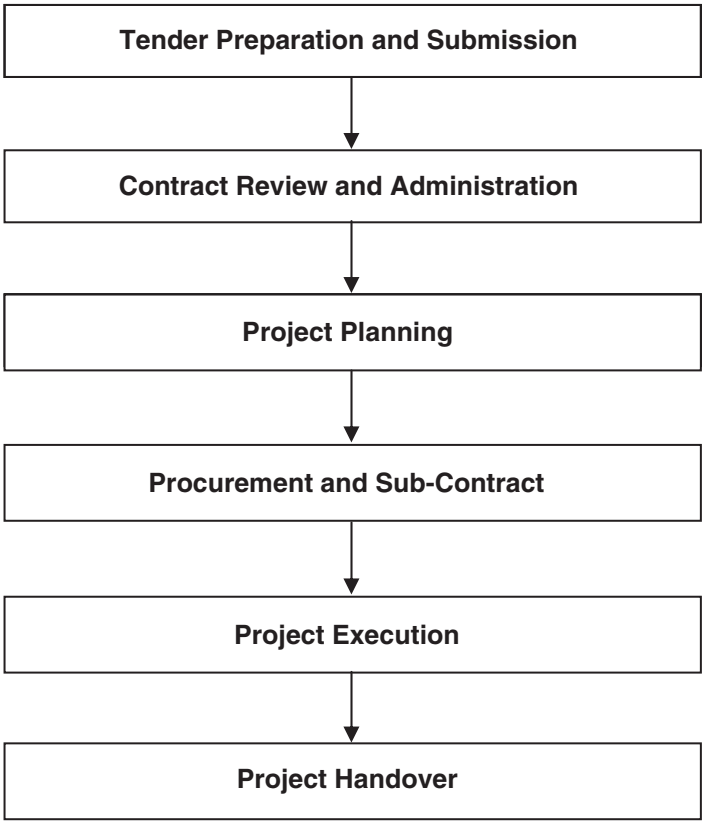
Note:

(1) The Company expects the Bartley Road Extension Project to be completed by December 2009.

OUR BUSINESS PROCESS

Civil Engineering Segment

The diagrammatic illustration of the business process for our Civil Engineering Segment is as follows:



Tender Preparation and Submission

We source for projects mainly through public tenders (based on advertisements in the newspapers, government websites and other mass media publications). Sometimes, we also source for projects through invitations to tender and referrals from clients from existing and past projects.

Once a decision has been made to participate in the tender, we typically undertake the following steps to ensure that we submit a suitable tender proposal:

(a) review the tender documents which contain details of the proposed project to be tendered for, including drawing plans and project specifications;

(b) form a tender team to prepare the tender bid. Based on the tender requirements set out in the tender documents, our tender team will review the tender design, method of construction and tender specifications to ensure that the quantities and the scope of work to be carried out are adequately provided for;

(c) for design and build projects, we will tie up with external consultants to develop preliminary cost-effective designs for our customers. We will work together with external consultants to prepare design reports, specifications and technical submissions;

(d) compile cost estimates of materials, labour, sub-contracting costs and machinery costs after considering the method of construction and resources required to carry out the project as well as quotations obtained from suppliers and sub-contractors; and

(e) derive the tender price, factoring in a reasonable profit margin after taking into consideration the complexity and risks associated with the project.

The entire process for the above would typically take about two weeks to a few months depending on the type and size of the project.

Contract Review and Administration

If our submitted tender price is amongst the most competitive, we may then be required to attend tender interviews to clarify issues such as pricing and materials offered, and to respond to any other queries relating to the tender, such as methods of construction. There may be negotiations to finalise the terms of the contract before the contract is awarded. Notification of a successful tender would typically take place within three to six months after the close of the tender.

After the letter of award or project contract is received from the customer, our contract team will review and ensure that the project specification and scope of work to be performed by us are clearly set out in these documents, and the contract terms are consistent with the tender documents submitted.

We will source for a performance bond representing a specified percentage of the contract sum that will be submitted to our customer prior to the commencement of the project.

Our contract team will compile and hand over all relevant information including documents and drawings to the project team ("Project Team"). The Project Team comprising our project manager and his team members, will be in charge of carrying out the civil engineering works. The composition of the Project Team members will depend on the size, complexity and requirements of the awarded project.

Project Planning

A Project Quality Plan ("PQP") will be formulated by the Project Team before work commences on the project. The PQP will specify the functions and responsibilities of all parties involved (including the sub-contractors), project organisation chart, project schedule, schedule of submissions, project budget, plant and equipment utilisation plan, manpower projection plan as well as all necessary procedures and controls to ensure that the project is executed in accordance with the contractual requirements and drawings and fulfils the objectives of completing the project that meets high quality standards under safe and environmentally-friendly conditions within the stipulated time and budgeted cost.

Following the formulation of the PQP, a kick-off meeting will be held to ensure that all staff assigned to the project are fully aware of their responsibilities and roles in the project.

Procurement and Sub-Contract

A procurement schedule will be prepared by the Project Team and will set out the expected dates of award of the various supply contracts and sub-contracts. Regular meetings within the Project Team are held to monitor the status of the procurement schedule in order to ensure that the progress of the project will not be affected. We will request for quotations from our approved list of various sub-contractors and suppliers, in order to obtain competitive quotes. We will appoint the suppliers and the sub-contractors as soon as we can in order to mitigate any risk arising from any adverse changes in the cost of the materials and sub-contracting services.

The list of approved suppliers and sub-contractors is evaluated and assessed periodically based on certain criteria such as ability to meet delivery and project schedules, and the quality of products and services performed. This list is updated based on feedback obtained from the various projects.

Project Execution

The project manager will manage the project in accordance with the PQP to ensure its timely completion. He will also closely monitor materials and machinery utilisation to minimise wastage and inefficiency, and conducts random checks on materials upon delivery to ensure that the materials conform to our quality standards. He will have regular meetings with his team members, suppliers and sub-contractors to track the progress of work, schedule of procurement and schedule of technical submission to ensure that these are carried out accordingly. The Project Team will also carry out daily site inspections to ensure that the civil engineering works are carried out in accordance with the PQP.

During the course of the project, our management conducts regular progress meetings with our project manager and Project Team to ensure that the project is carried out on schedule in accordance with the PQP, and that project costs are kept under control.

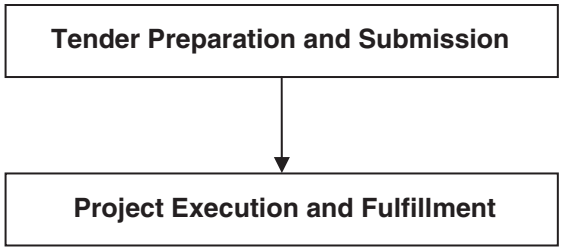
Project Handover

Upon the completion of the project, the Project Team will carry out an inspection with the customer to list out and rectify any defects identified. Formal documentation of the handing over of the project to the customer shall be done thereupon. This is followed by the defects liability period, usually spanning between 12 months and 18 months from the handing over of the project to the customer, during which we will be required to rectify any defects found in the completed project. Typically, a sum not exceeding 5% of the contract sum will be retained by our customers as retention moneys to secure the fulfillment of our obligations under the contract. In addition, our customers will continue to retain the performance bond that was provided to them at the commencement of the project until the expiry of the said liability period.

Upon the expiry of the said liability period, our management will conduct a feedback and review meeting with our project manager to evaluate our performance on the project in terms of both efficiency and profitability, and identify areas in which we can improve ourselves for future projects.

Building Materials Segment

Our business process for the Building Materials Segment is as follows:



Tender Preparation and Submission

We source for contracts mainly through public tenders (based on advertisements in the newspapers, government websites and other mass media publication) or by invitations to tender.

Once a decision has been made to participate in the tender, we typically undertake the following steps to ensure that we submit a suitable tender proposal:

(a) review of the tender documents which contain details of the building materials as required by our contract team;

(b) compile cost estimates of materials, labour, sub-contracting costs (where applicable) and freight costs after considering the resources required to fulfil the contract as well as quotations from suppliers and sub-contractors. To be competitive, we may have pre-bid agreements with our suppliers whose materials were tested previously and conform with the required specifications; and

(c) derive at the tender price, factoring in a reasonable profit margin after taking into consideration the delivery schedule, complexity and risks associated with the project.

The entire process for the above may take about two weeks to one month depending on the type and size of the contract.

Project Execution and Fulfillment

Once the contract is successfully awarded to us, we will assign a building materials team to the contract. Our contract manager will liaise with the contract team to finalise and enter into the supply agreement with the relevant suppliers. At the same time, for areas of work which are sub-contracted (such as the maintenance of stockpile), our contract team will prepare the sub-contract, which will contain key terms such as the scope of work, sub-contract amount, estimated commencement and completion dates, and variation order provisions.

Our contract team will monitor and ensure that the supply of the building materials are in accordance with the contract schedules and cost estimates, and ensure quality control procedures are followed. This will include arranging for the logistics of supplying the building materials, including sea and land transportation. Generally, the contract will provide for the delivery of the building materials in batches over a period of time.

During the course of the performance of the contract, our contract team will conduct regular inspection visits at the supplier sites and upon delivery of the building materials, we will conduct batch inspection to ensure that the quality and standard of the building materials meet the expectation of the contract.

At the end of the contract period, our management will conduct a feedback and review meeting with our team to evaluate our performance on the contract in terms of both efficiency and profitability, and identify areas in which we can improve ourselves for future contracts.

QUALITY ASSURANCE

We are committed to achieving high quality standards in all our projects and contracts. We have a quality control manual to guide our employees on adhering to our quality management system. Standard work methods and checklists are also used for all civil engineering works.

The quality management system of our Group has been certified by the BCA in December 1997 as having satisfied ISO 9001:2000 requirements in respect of design management, piling, building and civil engineering construction services. In June 2004 and April 2009, the environmental management systems and occupational health and safety management systems of HLS Infrastructure were certified as having conformed with the requirements of ISO 14001:2004 and OHSAS 18001:2007 respectively. These certifications are important to HLS Infrastructure as they are pre-requisites to maintaining HLS Infrastructure's registration as a **Grade A1** contractor in the Civil Engineering (CW02) Category with the BCA. These certifications will be renewed by 1 December 2009.

To achieve our desired quality standards, we maintain a list of approved suppliers and sub-contractors, and purchase materials from suppliers or sub-contract work to sub-contractors based on their quality of work or materials and their track record, in addition to their pricing and credit terms. We evaluate the performance of suppliers and sub-contractors on the completion of each project by obtaining feedback from the relevant project personnel and quality control team. We also monitor the quality of our suppliers' products and services and evaluate the reasonableness of quotations submitted by suppliers and sub-contractors. In addition, new sub-contractors and suppliers are assessed before they are added to our list of approved sub-contractors and suppliers.

For each civil engineering project, we set up a quality control team comprising a senior project manager or project manager and quality engineer. Our quality control team conducts inspections during the course of the project to ensure that work is carried out according to our quality control procedures, and that unnecessary wastage of materials is minimised. Regular inspections are carried out to ensure proper site set-up and work processes.

SAFETY POLICY

Due to the nature of the construction business, incidents that may have detrimental effects on the health and safety of our workers and the environment may occur from time to time. We aim to conduct our business in such a manner that all reasonable and practicable measures have been taken to protect our workers and the environment from the detrimental effects. In order for us to achieve our aim, we have established a set of environmental, health and safety policies as follows:

(a) Risk assessment will be conducted before works are allowed to commence so that any foreseeable risks arising from such works can be identified and eliminated accordingly. Where it is not reasonably practicable to eliminate the risks, measures and safe work procedures shall be developed to minimise and control the risks;

(b) All our staff and workers will be briefed on the hazards and risks associated with their work and trained to carry out works in accordance with the established safe work procedures before they commence the works;

(c) Regular inspections and checks will be conducted to ensure that the established safe work procedures are adhered to;

(d) All staff and workers will be provided with the necessary safety and health training so as to enable them to carry out their work safely;

(e) All machinery and equipment deployed to our worksites will be in good working condition. Only workers who have been trained are allowed to operate the machinery and equipment. In addition, all machinery and equipment are to be regularly serviced and maintained;

(f) Regular promotion of safety through talks, demonstrations, seminars and courses will be carried out to maintain and raise awareness of safety; and

(g) Only sub-contractors and suppliers who are able to meet our environmental, health and safety requirements will be selected as our business partners. We will monitor their performance on a continuous basis to ensure that they maintain their standards.

As a testament to our commitment to establish environmental, health and safety policies, our Group has received several safety awards and certificates over the years, including the Annual Safety Award 2009 (Certificate of Merit) (Occupational Safety and Health Management), the Annual Safety Award 2008 (Certificate of Excellence) (Occupational Safety and Health Management) and the Annual Safety Award 2007 (Certificate of Merit) (Occupational Safety and Health Management). Please refer to the section entitled "Awards and Certificates" of this Prospectus for further information on our awards and certifications.

BUSINESS DEVELOPMENT

Our approach to business development is based on fostering long-term and strong relationships with our customers. Our strategy is based on identifying the specific needs of our prospective customers and proposing suitable, cost-effective designs and/or technical solutions to meet those needs.

We secure our projects primarily through:

- referrals and recommendations from past and existing customers; and
- open and invitational tender process.

Our business development in respect of the Civil Engineering Segment is headed by Lim Peng Kiat, assisted by Pang Siew Pui. Our business development in respect of the Building Materials Segment is headed by Cheang You Kong.

PRODUCTION FACILITY

We do not own or use any production facilities as we are not engaged in any production activities.

RESEARCH AND DEVELOPMENT

We do not undertake any research and development activity since it is not in the nature of our business to engage in research and development activities.

MAJOR CUSTOMERS

Our major customers who accounted for five per cent. or more of our revenues in FY2006, FY2007, FY2008 and HY2009 are as follows:

	FY2006 (%)	FY2007 (%)	FY2008 (%)	HY2009 (%)
Civil Engineering Segment				
LTA	93.3	49.6	82.1	95.2
CAAS	6.5	1.1	0.1	0.4
Building Materials Segment				
HDB	–	48.1	16.9	2.4
Total	99.8	98.8	99.1	98.0

Revenue contribution from our customers varied from year to year as a result of the nature of our business being conducted on a project basis. We may not generate similar projects in terms of size and scope with the same customers in subsequent years.

As at the date of this Prospectus, none of our Directors or Substantial Shareholders has any interest (direct or indirect) in the abovementioned customers.

MAJOR SUB-CONTRACTORS AND SUPPLIERS

Our suppliers and sub-contractors who accounted for five per cent. or more of our total purchases in FY2006, FY2007, FY2008 and HY2009 are as follows:

	Nature of Products / Services Purchased	FY2006 (%)	FY2007 (%)	FY2008 (%)	HY2009 (%)
Civil Engineering Segment					
Pan-United Concrete Pte Ltd	Ready-Mixed Concrete	8.0	5.6	3.8	1.8
Alliance Concrete Singapore Pte Ltd	Ready-Mixed Concrete	–	–	5.7	7.1
Natsteel Holdings Pte Ltd	Re-bars Supplier	11.0	3.8	15.8	4.8
Sub-Contractors					
Sambo E&C Pte Ltd	Piling Sub-Contractor	–	–	22.2	37.8
Santarli Construction Pte Ltd	Building Contractor	21.0	7.5	1.2	–
Sanyo Engineering & Construction Inc	Mechanical and Electrical Specialist	5.0	2.1	0.6	1.4
Techniques Air-Conditioning & Engineering Pte Ltd	Mechanical and Electrical Specialist	6.0	1.6	2.5	–
Building Materials Segment					
Zhangzhou Unisincere Shipping Agencies Co. Ltd	Supply of aggregates	–	8.4	–	–
San Juan Navigation (Singapore) Pte Ltd	Shipping & Forwarding	–	7.3	0.7	–
Eitzen Bulk A/S	Shipping & Forwarding	–	6.5	0.8	–
Total		**51.0**	**42.8**	**53.3**	**52.9**

The fluctuation in our cost of sales by our suppliers and sub-contractors was a result of our varying requirements for different projects. Our cost of sales in terms of size and scope with the same supplier and/or sub-contractor may not be similar over the years. We do not enter into any long term agreements with any of our suppliers and sub-contractors as this would provide us with the flexibility to evaluate and select more suppliers and/or sub-contractors who are able to give us higher quality work at competitive prices.

As at the date of this Prospectus, none of our Directors or Substantial Shareholders has any interest (direct or indirect) in the abovementioned sub-contractors or suppliers.

INVENTORY MANAGEMENT

We have inventory management in our Building Materials Segment. We purchase building materials for our business in the Building Materials Segment and keep a sufficient quantity of building materials at the BCA Tuas Aggregate Terminal pending delivery of the building materials under the contracts. For most of our inventory, our project team will estimate the inventory required under a contract and we will procure such stock as and when required according to the schedule and requirements of the secured contracts as well as the delivery lead times. Consequently, our inventory comprises mainly concreting sand and aggregates. As at the Latest Practicable Date, our Group has an insignificant level of inventory.

We have in place a computerised inventory management system that allows us to track our inventory movements and levels. We conduct stock reviews on a regular basis to ensure accuracy of the information captured in our inventory management system and to rectify any discrepancies in our inventory records. We do not provide general allowances for inventory obsolescence.

CREDIT MANAGEMENT

Our Executive Directors and CFO manage and administer our credit policies, as well as monitor collection of payments for our Group on a regular basis. Credit terms are stipulated in the contracts and are generally 30 days from the date of our invoices.

Our average trade receivables turnover days in FY2006, FY2007, FY2008 and HY2009 are as follows:

	FY2006	FY2007	FY2008	HY2009
Average trade receivables turnover days[1],[2]	44.7	32.8	29.2	34.2

Notes:

(1) Trade receivables' turnover (in days) for FY2006, FY2007 and FY2008 = (average trade receivables / revenue) X 365 days.

(2) Trade receivables' turnover (in days) for HY2009 = (average trade receivables / revenue) X 180 days.

The trade receivables turnover days decreased from 44.7 days in FY2006 to 32.8 days in FY2007 due mainly to the prompt payments from customers for larger projects. The trade receivables turnover days remained at around 30 days for FY2007, FY2008 and HY2009.

Payment Terms

Generally, our suppliers grant us credit terms of 60 days from the delivery of products for the Civil Engineering Segment and 30 days from the delivery of building materials for the Building Materials Segment.

Our average trade payables turnover days in FY2006, FY2007, FY2008 and HY2009 are as follows:

	FY2006	FY2007	FY2008	HY2009
Average trade payables turnover days[1],[2]	107.2	63.1	51.6	54.9

Notes:

(1) For FY2006, FY2007 and FY2008, the average trade payables turnover days are calculated based on average trade payables divided by cost of sales for the year multiplied by 365 days. For HY2009, the average trade payables turnover days is calculated based on average trade payables divided by cost of sales for the period multiplied by 180 days.

(2) Trade payables include accrued operating expenses. Should such amounts be excluded, our adjusted average trade payables turnover days for FY2006, FY2007, FY2008 and HY2009 would have been 22.2, 13.1, 11.5 and 14.4 days respectively.

The average trade payables turnover days during the Periods Under Review were largely within the normal credit terms granted by our suppliers. The decrease in trade payables turnover days from 107.2 days in FY2006 to 63.1 days and 51.6 days for FY2007 and FY2008 respectively was due mainly to our suppliers and freight forwarders in the Building Materials Segment granting shorter credit terms to us.

STAFF TRAINING

We believe that our employees are one of our important resources and significant assets to the success of our business. Hence, we place emphasis on constant training and re-training of our staff to ensure that they are equipped with the necessary skills and knowledge to serve our customers better with improved productivity.

Our training programmes can be classified into the following three main categories:

(a) **Orientation training**

All new employees undergo orientation programs to familiarise themselves with our general working environment, corporate culture, product and service knowledge as well as quality requirements. These programs are conducted in-house with emphasis on matters relating to employee conduct and discipline, quality and safety awareness. Thereafter, the employees are directed to their respective supervisors for more specific on-the-job training.

(b) **On-the-job training**

On-the-job training is provided by the employees' immediate supervisors. Immediate supervisors will closely monitor individual staff and impart skills and knowledge to ensure that our employees are equipped with the necessary skills and knowledge for their respective job functions and their performance meets our desired standards.

(c) **Continuing education**

To ensure that our employees are kept abreast with the latest developments in their respective fields, we send selected employees to participate in seminars, conferences and training courses from time to time.

Our staff training costs in FY2006, FY2007, FY2008 and HY2009 were insignificant.

INTELLECTUAL PROPERTY

We have registered the following trademark:

Trademark	Country of Registration	Class	Registration Number	Registration Date / Effective Date
	Singapore	37[1]	T0804076F	28 March 2008 to 27 March 2018

Note:

(1) Class 37 refers to the specification of services under the International Classification of Goods and Services by the World Intellectual Property Organisation. The services classified under Class 37 that are relevant to our Group include building construction.

We have not paid nor received any royalties for any licence or use of any intellectual property.

Save as disclosed in the section entitled "Risk Factors" of this Prospectus, neither our business nor profitability is materially dependent on any licence, trademark, patent or any other intellectual property rights.

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, we, through our subsidiary, HLS Contractors, own the following investment property:

Location	Estimated Area	Primary Usage	Land Tenure	Encumbrances
80 Marine Parade Road, #09-07 Parkway Parade, Singapore 449269	86 sq m	Commercial (Leased to third party)	99 years lease commencing from 17 August 1979	Mortgaged to United Overseas Bank Limited

We have no intention of selling the abovementioned investment property in the short term.

We rent the following property:

Lessee	Location	Use	Aggregate Area (approximate)	Tenure	Annual Rental	Lessor
HLS Infrastructure	80 Marine Parade Road, #21-07, #21-08, #21-09 (partial) Parkway Parade, Singapore 449269	Office	3,080 sq ft	3 years commencing from 1 January 2008	$214,368 (before GST)	HLS Investment

We have been licensed to use the following properties:

Licensee	Location	Use	Aggregate Areas (approximate)	Tenure	Annual Rental	Licensor
HLS Infrastructure	Plot No. 5, BCA Tuas Aggregate Terminal, Tuas South Avenue 3, Singapore 630000	Temporary storage of building materials	3,804 sq m	3 years commencing from 15 August 2008 and may be renewed for a further period of 3 years (at the discretion of the BCA)[1]	$746,400 (before GST)	BCA
HLS Infrastructure	Plot No. 8B BCA Tuas Aggregate Terminal, Tuas South Avenue 3, Singapore 630000[2]	Temporary storage of building materials	3,937 sq m	21 months commencing from 15 November 2009 to 14 August 2011 and may be renewed for a further period of 3 years (at the discretion of the BCA)	$366,178 (before GST)	BCA

Notes:

(1) We are currently serving a termination notice of three months to terminate the license and the last day of the license is 30 January 2010.

(2) It is intended for Plot No.8B BCA Tuas Aggregate Terminal to replace Plot No.5, BCA Tuas Aggregate Terminal for usage as temporary storage of building materials by the Group.

The Group has received a letter of award on 30 November 2009 from SCAL Resources Pte Ltd to build and operate a workers' dormitory. Upon completion, it is expected that the Group will own the workers' dormitory and will mainly use it to house its workers.

Our other fixed assets consist mainly of machinery and equipment, furniture and fittings, office equipment and computers, and motor vehicles. Our total fixed assets had a net book value of approximately $5.2 million as at 30 June 2009.

Save as disclosed above, as at the Latest Practicable Date, none of our property and fixed assets is subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowings.

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

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

INVESTMENT SECURITIES

As at the Latest Practicable Date, we, through our subsidiary, HLS Infrastructure, hold shares in certain public listed entities in Singapore as part of our investment portfolio. As at 30 June 2009, the value of our investment portfolio stood at $7.78 million. Please refer to "Note 13. Investment Securities" included in the Report on Audited Interim Combined Financial Statements for further details.

HLS Infrastructure is not a substantial shareholder in any of these public listed entities and none of the directors, key executive officers, substantial shareholders or any of their respective associates of our Company and HLS Infrastructure has a material interest (direct or indirect) in these public listed entities.

It is our intention to dispose of the above-mentioned investment securities and the Company has undertaken that it will procure that HLS Infrastructure shall, and HLS Infrastructure has undertaken, *inter alia*, that subject to having obtained all necessary consents, approvals and waivers from SGX-ST and any other regulatory authorities and having complied with the requirements under the listing rules of the SGX-ST and any other applicable legislation, HLS Infrastructure shall:

(a) dispose of the above-mentioned investment securities immediately in the event that the market value of the entire investment securities decline by more than 15% of their market value as at 30 June 2009; or

(b) dispose of its entire investment securities in such manner and at its absolute discretion within six months from the date of the our Company's admission to the Official List of the SGX-ST,

whichever is earlier.

Please refer to the section entitled "Review of Financial Position – Current assets" of this Prospectus, the Report on Audited Combined Financial Statements and the Report on Audited Interim Combined Financial Statements in the respective Appendices A and B of this Prospectus for further information.

INSURANCE

Typically, we take up workmen's compensation insurance (based on contract requirements) in respect of employees. We also take up group personal accident and group travel insurances for certain of our employees.

Depending on the tender requirements, the insurance arrangement in relation to the projects may be made and paid for by our clients. In other situations, we may take up such insurance and other insurances policies which we may require ourselves and these include insurance policies for equipment all risks, public liability, contractors' all risks, fire insurance for site offices and workmen's compensation.

To the best of our Directors' knowledge, the aggregate insurance claims by our Group for FY2006, FY2007, FY2008 and for the period from 1 January 2009 to the Latest Practicable Date did not exceed five per cent. of the NTA of our Group as at 31 December 2006, 31 December 2007, 31 December 2008 and the Latest Practicable Date respectively.

Our Directors believe that the insurance policies taken up by our Group are adequate for our business operations. We will review our insurance coverage annually to ensure that it is adequate and relevant. Please refer to the section entitled "Risk Factors" of this Prospectus for more details.

COMPETITION

Civil Engineering Segment

We generally consider our primary competitors in the Civil Engineering Segment to be those companies which are also registered by the BCA under the Civil Engineering (CW02) Grade A1 category. Our Directors believe that our main competitors in the Civil Engineering Segment include:

- Gammon Construction Ltd Singapore branch;
- Koh Brothers Group Limited;
- Lum Chang Holdings Limited;
- OKP Holdings Limited;
- Samsung Corporation;
- Sato Kogyo (S) Pte. Ltd.;
- Sembawang Engineers and Constructors Pte. Ltd.;
- Singapore Piling & Civil Engineering Pte Ltd;
- Ssangyong Engineering and Construction; and
- Taisei Corporation.

To the best of our Directors' knowledge, there are no published statistics or official sources of information with respect to industry statistics and the market share of our Group and our competitors.

Building Materials Segment

Our competitors in the Building Materials Segment can be sub-categorised into (i) the supply of concreting sand business; and (ii) the supply of aggregates business.

We consider our main competitors in the Building Materials Segment to include:

- Common Machinery Company Pte Ltd.;
- Hong Fa Sand & Granites Pte Ltd.;
- Lim Chye Heng Sand and Granite Pte Ltd; and
- Sing Lian Huat Sand Quarry Pte Ltd.

To the best of our Directors' knowledge, there are no published statistics that can be used to accurately measure our market share for the type of services that we provide.

As at the date of this Prospectus, none of our Directors or Substantial Shareholders has interest, direct or indirect, in five per cent. or more of the issued share capital in any of the above competitors.

COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:

- **Established track record of more than 40 years**

  We have an established track record in our industry and are recognised for quality, reliability and safety. We believe that this proven track record of more than 40 years, combined with our technical experience and competitive pricing, have been critical in enabling us to successfully compete against other firms in the same industry, including established international competitors.

Our wholly-owned subsidiary, HLS Infrastructure, is currently registered with the BCA as a **Grade A1** contractor (the highest grade) in the Civil Engineering (CW02) Category, which allows us to tender for Singapore public sector civil engineering projects of unlimited value. As at 9 November 2009, only 35 out of a total of 731 contractors in Singapore in the Civil Engineering (CW02) Category have an A1 grading[11].

As a proof of our commitment to deliver high quality work to our clients, we have received several awards and certifications, including ISO certifications, the CIDB's Construction Excellence Awards for the construction of the Loyang Flyover in 1990, the CIDB's Certificate of Merit for Construction Excellence for the construction of Kranji Expressway, the BCA's Construction Excellence Awards 2003 for the Telok Blangah Expressway Project and the BCA's Construction Excellence Awards 2006 (Merit) for the Jurong River Bridge Project. Please refer to the section entitled "Awards and Certificates" of this Prospectus for further information on our awards and certifications.

- **Capability to carry out a wide range of civil engineering works**

  Although we derive our revenue mainly from civil engineering works for roads, expressways and MRT, we have successfully performed a wide range of civil engineering works of differing scales and complexities. These works include civil engineering works for the construction of port facilities, water and sewage facilities, aircraft parking aprons and other infrastructure works.

  This diversity of experience and capabilities has enabled us to undertake new civil engineering projects. After having been awarded and successfully completed such projects, we are able to leverage on our experience and good track record to win further contracts of similar type. For example, after having secured and successfully completed initial contracts from the PSA and the CAAS, we were able to secure subsequent contracts from the PSA for the construction of port facilities in the 1990s and from the CAAS for the construction of airport facilities in the late 1990s and early 2000s. Please refer to the sections entitled "Our Corporate History" and "Our Projects" of this Prospectus for further details.

- **Strong financial position**

  One of the key considerations in the selection process for a tender of Singapore public sector civil engineering works is whether the selected contractor is in a strong financial position and whether it has the ability to fund the working capital requirements of the project. We believe that our strong financial position plays a critical role in enabling HLS Infrastructure to secure large scale projects in Singapore with contract values in excess of $200 million.

  As at 30 June 2009, our current ratio and cash balance were 1.2 times and $106.9 million respectively. Cash as a percentage of NTA was 322.0%.

- **Experienced and committed management team**

  Our founder, Executive Chairman and CEO, Chua Leong Hai, has more than 40 years of experience in the civil engineering industry.

  Our Executive Directors, Lim Peng Kiat and Chua Hua Hong, has each been with us for more than 25 years. In addition, our Executive Director, Cheang You Kong, and each of our Executive Officers, Pang Siew Pui, Fong Kam Wai, Kee Guan Chua, Daniel Tay Chin Kwang and Ang Kwee Hong, has more than 15 years of experience in the civil engineering industry. All of them are experienced in the civil engineering industry and are instrumental in maintaining good relationships with our customers, suppliers and sub-contractors.

  With the support of an experienced, competent and dedicated management team, we have achieved strong and stable growth over the years, and have successfully managed projects during periods of high growth and downturns in the industry.

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11 The statistics were extracted from the BCA's website (http://www.bca.gov.sg) on 9 November 2009 and which was accessed on 9 November 2009. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

Our Civil Engineering Segment

Our Civil Engineering Segment is focused mainly on civil engineering works in the public sector in Singapore. As such, we are dependent on the demand for such works, which is typically measured by the number of projects available for tender by the Singapore Government.

The public sector contracts awarded in 2008 amounted to $14.5 billion, of which the civil engineering contracts accounted for $7.2 billion[12]. For 2009, the BCA projected that total construction demand will moderate to a sustainable $22 billion to $28 billion in 2009. The public sector is expected to be a key driver in construction demand and is anticipated to award a historical high of between $17 billion and $19 billion worth of projects in 2009[12]. Out of these contracts, civil engineering works is expected to account for $10.0 billion to $10.7 billion and building construction works is expected to account for $7.1 billion to $8.3 billion[12].

In 2009, the Singapore Government announced a number of measures, including major investments in the infrastructure sector, in order to overcome the challenges posed by the global economic slowdown and to position the Singapore economy for the future[13]. Such increased government spending aims to give rise to higher infrastructure investments and to bring forward projects which had been deferred earlier. Of the approximate $5.4 billion allocated to the proposed infrastructure spending in 2009 to transport infrastructure, an approximate $3.1 billion is allocated to the expansion of the rail network across Singapore and an approximate $1.2 billion is allocated to the expansion of the road network[14].

The BCA projected that the value of construction contracts awarded in 2010 and 2011 will likely reach between $20 billion and $27 billion[15]. The public sector construction demand is likely to be around S$15 billion to S$17 billion per year in 2010 and 2011[16]. This is in addition to a $20.5 billion stimulus package announced in January 2009, which included about $4.4 billion for infrastructure spending[17].

Based on above, our Directors believe that, barring a global recession or other unforeseen circumstances, demand for civil engineering projects will continue to remain healthy and our Civil Engineering Segment can benefit from the following:

(a) Further development to Singapore's MRT system

In January 2008, plans were unveiled for the construction of the Downtown Line which is currently on-going, the Thomson Line and the Eastern Region Line and extensions to the existing North-South and East-West Lines. These new MRT lines will cost the Singapore Government $20 billion, in addition to the $20 billion which the Singapore Government has committed for the ongoing Boon Lay Extension, the Circle Line and the Downtown Line. These new MRT lines will double Singapore's MRT existing network from 138 km to 278 km in 2020[18].

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12 The information was extracted from the "Economic Survey of Singapore" published by the Ministry of Trade and Industry of Singapore ("MITI") in February 2009.

13 The information was extracted from the website (http://www.mof.gov.sg/budget_2009/expenditure_overview/economic_dev.html) which was accessed on 9 November 2009.

14 The information was extracted from the website (http://www.mof.gov.sg/budget_2009/expenditure_overview/mot.html) which was accessed on 9 November 2009.

15 The information was extracted from the speech by Mr Mah Bow Tan, Minister For National Development, at BCA-Redas Construction & Property Prospects 2009 Seminar, on 14 January 2009 and accessed from the Asiaone's website (http://www.asiaone.com/static/business/MBTSpeech140109.pdf) on 8 September 2009.

16 The information was extracted from the website (http://www.aseanaffairs.com/singapore_plans_public_sector_projects_to_boost_construction_business) which was accessed on 9 November 2009.

17 The information was extracted from the website (http://www.singaporebudget.gov.sg/resilience.html) which was accessed on 9 November 2009.

18 The information was extracted from the LTA's website (http://www.lta.gov.sg/projects/proj_rail.htm) which was accessed on 9 November 2009.

A brief description of the new or extended MRT lines that have been announced are as follows[19]:

	Brief Description
Downtown Line	The Downtown Line, with on-going construction works, will connect the northwestern and eastern areas of Singapore to the CBD and the Marina Bay area. The 40 km line will be largely underground, to be built in three stages with a target completion date of 2016. In February 2008, HLS Infrastructure was awarded a $348.4 million contract for the construction of the Marina Bay Station Stage 1 including its associated tunnels. In March 2009, GS HLS JV was awarded a $410.7 million contract for the construction of the Jalan Gali Batu Depot for the Downtown Line Stage 2. The Downtown Line Stage 1 is targeted to be completed by 2013 and the Downtown Line Stages 2 and 3 by 2015 and 2016 respectively.
Thomson Line	The Thomson Line is a new MRT line that will travel northwards from Marina Bay through the CBD to Ang Mo Kio and to Woodlands. At its preliminary planning stages, the Thomson Line will run for 27km with 18 stations with an indicative completion date in 2018. Upon completion, the Thomson Line will connect with the Eastern Region Line.
Eastern Region Line	The Eastern Region Line will serve estates like Marine Parade, Bedok South and Upper East Coast and link these estates to Changi in the east of Singapore. Subject to detailed engineering studies, the Eastern Region Line will run for 21 km with 12 stations and has an indicative completion date of 2020.
East-West Line extension	The East-West Line which currently stops at Joo Koon will have an extension to Tuas. In its operational stage, this extension will run for 14 km. The indicative completion date is in 2015.
North-South Line extension	The North-South Line, which currently terminates at Marina Bay, will be extended 1 km southwards into the heart of Marina Bay and will serve the upcoming developments in the area, including a new cruise terminal. The indicative completion date is in 2015.

The LTA is expected to invite tenders for various sections of the MRT construction which has not commenced as at the Latest Practicable Date. Our Group intends to submit tenders for certain projects as and when they are open for tender.

(b) Improvement to Singapore's road and public transport infrastructure

In January 2009, the Singapore Government announced that it has spent approximately $3.4 billion on road and public transport infrastructure, among other projects in FY2008 and is expected to spend approximately $4.2 billion in FY2009 on road and public transport infrastructure[20].

19 The information was extracted from the LTA's website (http://www.lta.gov.sg) which was accessed on 9 November 2009.

20 The information was extracted from the website (http://www.mof.gov.sg/budget_2009/expenditure_overview/mot.html) which was accessed on 9 November 2009.

A brief description of some of these new or extended expressways is as follows:

	Brief Description
North-South Highway	The North-South Expressway will be Singapore's 11th expressway and will span 21 km. It will link Woodlands and Yishun in the north to the East Coast Parkway in the south of Singapore. It will be built at an estimated total cost of $7 billion to $8 billion. This project is targeted for completion in 2020[21].
New Sentosa Gateway Tunnel	The new road tunnel from Sentosa Gateway to Keppel Road will meet demands from the expected growth in traffic as a result of the continued development in the Sentosa and Harbour Front area. Construction for the Sentosa Gateway Tunnel will take place in two phases. The first phase of advance road diversion works along the Sentosa Gateway will be completed by the end of 2009. The second phase for construction of the road tunnel will only commence upon completion of the advance road diversion works and the engineering study. Major construction works for the road tunnel is expected to begin by 2011 and to be completed by end of 2015[22].

The LTA is expected to invite tenders for various sections of roads construction. Our Group intends to submit tenders for certain projects as and when they are open for tender.

(c) Other public projects

Other infrastructure projects contributing to the civil engineering construction sector include drainage and sewerage networks and public housing estate rejuvenation.

Building Materials Segment

The construction industry in Singapore posted its highest growth in the last 10 years, generating $34.6 billion worth of contracts awarded in 2008. Despite the global economic downturn that affected the world's economy in the third quarter of 2008, developments such as the construction of two integrated resorts and the increased construction activities in the public sector transport infrastructure and the residential real estate sector, helped to strengthen the construction industry in Singapore.

The BCA released projections which stated that $22 billion to $28 billion worth of contracts in the construction industry is expected in 2009[23]. Although the projected construction demand in 2009 is approximately 30% lower than the construction demand in 2008, it is still considerably higher than the average annual demand of $13 billion from 1998 to 2006[23].

Based on the BCA Construction Demand Forecast Model, the average value of the annual construction demand is projected to be between $20 billion and $27 billion in 2010 and 2011. Public sector projects will be the key contributor to the construction demand[24].

In Singapore, most construction projects use concrete which is formed by mixing sand, aggregates, cement and water. The grade and design mix of the concrete will be determined by the different compositions of sand and aggregates in the concrete. Singapore imports all its sand and aggregates from its neighbouring Asian countries.

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21 The information was extracted from the speech by Mr Raymond Lim, Minister For Transport and Second Minister for Foreign Affairs, at the visit to Kallang Paya Lebar Expressway on 30 January 2008 and accessed on the LTA's website of http://www.lta.gov.sg/corp_info/doc/300108.pdf on 9 November 2009.

22 The information was extracted from an article titled "New Sentosa Gateway Tunnel in the Sentosa-Harbour Front Area" accessed from the website of one motoring (http://www.onemotoring.com.sg/publish/onemotoring/en/on_the_roads/road_projects/ new_sentosa_gateway.html) which was accessed on 9 November 2009.

23 The information was extracted from the speech by Mr Mah Bow Tan Minister for National Development of BCA-REDAS Construction and Property Prospects 2009 Seminar on 14 January 2009 and accessed on the website of http://www.asiaone.com/static/business/MBTSpeech 140109.pdf on 10 November 2009.

24 The information was extracted from an article titled "Demand Slows" dated 14 January 2009 and accessed on the website of http://www.straitstimes.com on 9 November 2009.

Since February 2007, following the export ban of sand imposed by Indonesia which had been our traditional and main source of sand, the importers turned to alternative sources in the PRC, Vietnam, Cambodia and Myanmar for the supply of sand.

The demand for sand and aggregates can be derived from the demand of ready-mixed concrete that uses sand and aggregates. The monthly demand for ready-mixed concrete after the global economic downturn has remained stable[25]. This is mainly because the major civil engineering and infrastructure projects awarded by the Singapore Government in 2008 and 2009 will take three to five years to complete[25].

Prices of concreting sand and aggregates have declined gradually in recent months, partly due to a slight softening of demand and partly arising from the cheaper freight charges which is translated from cheaper fuel due to the weakening of oil prices since the third quarter of 2008[26].

In assuring stable supply of sand and aggregates to the country, the BCA is introducing a new legislation in the near future to licence all importers[27].

With the forecast of construction demand for the next few years to remain on the higher end of the last 15 years, our Company believes that the outlook for sand and aggregates will remain positive.

TREND INFORMATION

Civil Engineering Segment

Based on the tender notifications issued for various construction projects by the LTA and the measures to increase infrastructure investments by the Singapore Government, our Directors believe that barring unforeseen circumstances, our Group's prospects for the Civil Engineering Segment can benefit from the demand for civil engineering works by the public sector in Singapore.

Our costs of sales for the Civil Engineering Segment depends mainly on the sub-contractor costs and costs of construction materials such as concrete, precast components, re-bars, timber, cement and asphalt. Since September 2008, our Company believes that construction costs have moderated and are likely to moderate further with decreased global demand and the easing of global freight and fuel costs amid the weak global economic outlook. Save for the demand for civil engineering works by the public sector, the overall outlook for the construction industry remains weak and as such, the prices of key construction materials are likely to remain stable as the demand for these materials is expected to be moderate. With the stabilisation of construction costs, our Group is unlikely to be adversely affected by fluctuations in the cost of materials and labour in the current and next financial year, thus easing the cost pressure.

In respect of labour costs, our Group does not expect the direct labour cost for the current and next financial year to comprise more than 10% of our annual cost of sales.

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25 Information derived from Construction Price Update – issued monthly by Building and Construction Authority up to 8 October 2009

26 This is based on the information extracted from the website of Bloomberg L.P. at http://www.bloomberg.com as accessed on 10 November 2009 and is included in its proper form and context in this Prospectus.

27 The Information was extracted from a Ministry of National Development Press Release dated 7 September 2009 on the website of http://www.mnd.gov.sg/newsroom/newsreleases/2009/news23032009.htm.

We have not sought the consent of the Ministry of Trade and Industry of Singapore, the Ministry of Finance, the Asean Affairs, the AsiaOne, the Straits Times, the BCA, the LTA, Singapore Press Holdings Limited, Bloomberg L.P., the Ministry of National Development and the Government of Singapore nor have the foregoing persons provided their consent to the inclusion of the relevant information extracted from the relevant website or publication and disclaim any responsibility in relation to reliance on these statistics and information. As they have not consented to the inclusion of the above information in this Prospectus for the purposes of section 249 of the SFA, they are therefore not liable for the relevant information under sections 253 and 254 of the SFA. While reasonable actions have been taken by our Directors to ensure that the relevant statements form the relevant information are reproduced in their proper form and context, and that the information is extracted accurately and fairly from the relevant website or publication, our Company or the Issue Manager, Underwriter and Placement Agent have not conducted an independent review of the information contained in the relevant website or publication and have not verified the accuracy of the contents of the relevant statements.

Building Materials Segment

Our Directors believe that, barring any unforeseen circumstances, our Group's prospects for the Building Materials Segment can benefit from the resumption of new building and estate re-development projects by the HDB, whereby the HDB invites tenders for the supply of building materials periodically.

The BCA will be implementing a new licence scheme for importers of building materials. In order to ensure that we will be ready to meet the requirements of our customers in the Building Materials Segment, we intend to procure building materials from our existing sources and to explore new sources of supply from different sources. We are also exploring the supply of new building materials for the construction industry.

Our cost of sales for the Building Materials Segment depends mainly on the freight charges. The prevailing freight rates in a given period of time are largely dependent on, *inter alia*, the supply of and the demand for vessels and fuel costs. For the past one year, fuel costs have not fluctuated significantly and this has benefited our on-going projects.

Where feasible and subject to market conditions, we endeavour to enter into arrangements with our key suppliers and/or freight forwarders to fix the freight charges and other logistics costs prior to the tendering of new projects, and "lock in" the prices upon the successful award of the contracts to our Group. If we are unable to pass on the higher freight charges to our customers, our project margin will be significantly reduced and our financial performance will be affected.

ORDER BOOKS

As at 30 June 2009, our order books, based on secured contracts, amounted to approximately $697.4 million, comprising approximately $688.3 million for the Civil Engineering Segment and approximately $9.1 million for the Building Materials Segment. As at the Latest Practicable Date, our order books, based on secured contracts, amounted to approximately $632.6 million, comprising approximately $629.4 million for the Civil Engineering Segment and approximately $3.2 million for the Building Materials Segment. As the revenue from our civil engineering projects is recognised based on the percentage of completion method, our order books exclude the contract value of all completed works as they have been recognised as revenue.

Save as disclosed in this Prospectus and barring any unforeseen circumstances, our Directors are not aware of any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Prospectus.

BUSINESS STRATEGIES AND FUTURE PLANS

We will continue to focus on our core businesses, namely, in the Civil Engineering Segment and the Building Materials Segment. To achieve this, we intend to adopt the following business strategies to drive our future growth:

- **Focus on larger-scale civil engineering projects in Singapore for our Civil Engineering Segment**

  We intend to focus on larger-scale civil engineering projects as we believe that such larger-scale projects will generate higher profitability and further raise our business profile in the industry. We plan to leverage on our established and proven track record, financial strength and the enhanced image from our listing on the Official List of the SGX-ST to secure such larger-scale civil engineering projects.

- **Acquisition of premises for central workshop**

  We intend to acquire premises in Singapore for central workshop and storage purposes with approximately $4.0 million from the net proceeds of the Invitation. The central workshop will be used for maintenance works on our construction machinery and will also be used to store construction materials, construction equipment and machinery under our Civil Engineering Segment and the building materials under our Building Materials Segment. This will not only reduce our costs of leasing storage space from third parties but will also increase our efficiency and enhance the security of our construction and buildings materials.

- **Acquisition of construction equipment and machinery to support our project requirements**

  With our focus on larger-scale civil engineering projects, we intend to acquire various equipment and machinery for our civil engineering projects[28] with approximately $8.0 million from the net proceeds of the Invitation.

  With the acquisition of such construction equipment and machinery, this will not only increase our efficiency and productivity but also reduce our costs of leasing construction equipment and machinery from third parties.

- **To explore acquisitions, joint ventures and/or strategic alliances to expand our businesses**

  We may also expand our businesses through acquisitions, joint ventures and/or strategic alliances which we believe will complement our current and future businesses. We believe that suitable acquisitions, joint ventures and strategic alliances will give us access to new markets and prospective clients as well as new businesses.

  For example, in the past, our joint ventures with other contractors such as Mitsui Engineering and Shipbuilding Co. Ltd and Sato-Kogyo Co., Ltd, Singapore Branch enabled us to secure projects in new areas of civil engineering works, thereby enabling us to build up new expertise in these new areas. Recently, in March 2009, GS HLS JV, our joint venture partnership with GS Engineering & Construction Corp., was awarded the Jalan Gali Batu Depot Project to design and build a depot that will provide state of the art maintenance facilities to a fleet of driverless train operations.

  Currently, we are not engaged in any discussion with any party for acquisitions, joint ventures or strategic alliances. Should we decide to enter into such an acquisition, joint venture or strategic alliance, we will seek approval, where necessary, from our Shareholders and the relevant authorities as required by the relevant laws and regulations.

28 These equipment and machinery include excavators, light-weight trucks or pick-up trucks, concrete pump trucks, crawler cranes, lorries, boom lifts, lorry mounted cranes, replacement and upgrade of generator sets, and site vehicles.

GOVERNMENT REGULATIONS

The following is a summary of the laws and regulations which would materially affect our current business operations in Singapore as at the Latest Practicable Date:

(a) Contractors Registry

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Currently, companies which carry on business activities in the construction industry are not required to register with the BCA. However, registration in the Contractors Registry maintained by the BCA is a pre-requisite to tendering for projects in the Singapore public sector. At present, there are six major categories of registration which are further sub-classified into six to seven grades, depending on the category of registration. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements such as personnel qualification and the value of previously completed projects. The grade assigned to each contractor is dependent on its minimum net worth and paid-up capital.

HLS Infrastructure is currently registered with the BCA as follows:

Issuing Body	Company Awarded	Name of Certification	Tendering Limit[1]	Expiry Date
BCA	HLS Infrastructure	Civil Engineering (CW02)	A1: Unlimited	1 July 2011
BCA	HLS Infrastructure	General Building (CW01)	B1: $50 million (from 1 July 2008 to 31 December 2009), $40 million from 1 January 2010 to 30 June 2010	1 July 2011
BCA	HLS Infrastructure	Piling Works (CR08)	L5: $15 million (from 1 July 2008 to 31 December 2009), $13 million (from 1 January 2010 to 30 June 2010)	1 July 2011
BCA	HLS Infrastructure	Basic Building Materials (SY01)	L6: Unlimited	1 July 2011

Note:

(1) These figures represent the maximum value of a Singapore public sector contract which a contractor can tender for. BCA may adjust the tendering limits once a year on 1 July.

The scope of work that HLS Infrastructure may carry out under each category is as follows:

- under the Civil Engineering (CW02) category, (i) works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open carparks and related works such as kerbs and footways; (ii) works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes reclamation works; and (iii) works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls. It does not cover the construction and fabrication of marine crafts, pontoons and oil rigs or any floating platform;

- under the General Building (CW01) Category, all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey carparks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. The scope of work under this category includes the addition and alteration works on buildings involving structural changes and installation of roofs;

- under the Piling Works (CR08) Category, the installation and testing of precast reinforced concrete or prestressed concrete piles, steel piles, bored cast-in-place piles, caissons and special types like micro-piles, barettes piles and composite piles, embedded retaining wall piles like diaphragm walls, contiguous bored piles or secant piles; and

- under the Basic Building Materials (SY01) Category, the supply of basic building materials such as granite, bricks, cement, sand, timber, ready-mixed concrete and reinforcement bars.

To maintain the existing grading of HLS Infrastructure, there are certain requirements to be complied with. For example, to maintain the existing A1 grading of HLS Infrastructure in the Civil Engineering (CW02) category, HLS Infrastructure is required to comply with certain requirements, including but not limited to the following:

- to secure, over a three-year period, projects with an aggregate contract value of at least $150 million, of which, *inter alia*, $75 million worth of the projects executed must be projects executed in Singapore;

- to have a minimum paid-up share capital and a minimum net worth of $15 million; and

- to employ at least 24 professional and technical personnel with approved qualifications. Such approved qualifications refer to (a) professional qualifications with a recognised degree in Architecture, Building, Civil/Structural Engineering or the equivalent and (b) technical qualifications in any of the following: (i) a recognised polytechnic diploma in Architecture, Building and Civil/Structural Engineering; (ii) a National Certificate in Construction Supervision (NCCS); (iii) a Certificate/Specialist Diploma in Mechanical and Electrical Coordination; or (iv) other equivalent qualifications approved by the BCA.

To the best of the knowledge of our Directors, our Directors confirm that as at the Latest Practicable Date, (i) HLS Infrastructure has complied with the relevant requirements and there are no offences committed by HLS Infrastructure which will disqualify HLS Infrastructure from its registration with the BCA; and (ii) nothing has come to their attention to cause them to believe that HLS Infrastructure may lose its existing A1 grading or any other relevant grading with the BCA.

(b) LTA regulations

Our projects with the LTA are guided by a set of safety regulations imposed by the LTA. For example, we are required to, throughout the progress of the projects, have full regard for the safety of all persons entitled to be on the site and shall keep the site in a safe state, to avoid danger to such persons and shall maintain at our own cost all ventilation, lights, security, personnel fences, warning signs and watching when and where necessary or required by the superintending officer or by any statutory bodies or other agencies for the safety and convenience of the public or others.

We are subject to, *inter alia*, demerit points if we breach or infringe any of the safety regulations. Under the relevant LTA regulations, the maximum number of demerit points which a contractor may accumulate in respect of a project in any given six-month period is in the range of 100 to 500 cumulative demerit points. If the cumulative demerit points given in any given six-month period of the contract exceed the relevant limits, we may be barred from tendering for LTA projects for a period of three months to two years commencing from the date of the notice of the suspension.

We have not been barred from tendering for any LTA projects in the past. However, HLS Infrastructure has been issued with five demerit points, 20 demerit points and 10 demerit points in FY2007, FY2008 and HY2009 respectively, for the breach or infringement of LTA's safety regulations. HLS Infrastructure did not have any demerit points in FY2006 and for the period from 1 July 2009 to the Latest Practicable Date. The cumulative demerit points given to HLS Infrastructure in any given 6-month period of the contract in FY2007, FY2008 and HY2009 were insignificant and did not exceed the relevant limits.

For our new civil engineering works, we are guided by the safety performance scheme which LTA has implemented to encourage and reward safety excellence by civil engineering contracts and to incentivise safety at worksites. Contractors with good safety performance will be rewarded an additional 0.5% of the contract sum, up to a maximum of $1.0 million. Contractors with poor safety performance may have a deduction of up to one-third of the 1.5% of the contract value set aside, also subject to a cap of $1.0 million. In addition, under the monthly environmental, safety and security assessment, if a contractor accumulates monthly scores of less than 50 for three consecutive months or caused utilities damages based on certain specified criteria, the contractor's top management will be requested to explain the cause of the utilities damages and to provide effective action plan to prevent recurrence of such damages. In the event that we are unable to meet the expected safety performance on the sites under the safety performance scheme or we do not accumulate the necessary monthly scores, our ability to tender for future LTA projects may be affected.

To the best of the knowledge and belief of our Directors and save as disclosed above, our Directors confirm that as at the Latest Practicable Date, we have complied with the relevant LTA regulations and there are no offences committed by our Group under these legislations.

(c) Employment of Foreign Workers in Singapore

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) (the "EFMA") and regulated by the Work Permit Department in the MOM. In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work permit, which allows the foreign worker to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

(a) be liable on conviction to a fine not exceeding $15,000 or to imprisonment for a term not exceeding 12 months or to both; and

(b) on a second or subsequent conviction:

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

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

Where a court has convicted a person for the contravention of Section 5(1) of the EFMA, the court shall, in addition to imposing on that person any other punishment, order the payment by him of a sum which is equal to the levy which would have been payable if any work pass had been issued for the period during which any foreign employee was employed by the person in contravention of Section 5(1) of the EFMA, and any such payment ordered shall be recoverable as a fine.

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

(a) approved source countries;

(b) issuance of work permits;

(c) the imposition of security bonds and levies;

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

(e) quotas based on Man-Year Entitlements ("MYE") in respect of workers from Non-Traditional Sources ("NTS") and the PRC.

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

Before we are allowed to employ construction workers from the approved source countries, In-Principle Approvals ("IPAs") have to be sought for each individual's work permit. The foreign construction worker is required to undergo a medical examination by a doctor registered in Singapore and must pass such medical examination before a work permit can be issued to him.

For each NAS, NTS or PRC construction worker for whom we have successfully obtained a work permit, a security bond of $5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Immigration. The employment of foreign workers is also subject to the payment of levies. The amount of foreign worker levy payable on each unskilled foreign worker is $470 per month and with effect from 1 January 2007, the amount of foreign worker levy payable on each skilled foreign worker is $150 per month and on each unskilled foreign worker is $470 per month.

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers.

The MYE allocation system is a work permit allocation system pertaining to the employment of construction workers from NTS and the PRC ("Restricted Foreign Workers"). MYEs represent the total number of Restricted Foreign Workers that each main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. At the time of the MYE application, the balance duration of the project must be at least one month and the total remaining contract value of the project must be at least $500,000. To employ Restricted Foreign Workers, the employer must make an application for MYE, "Prior Approval" and IPAs for individual work permits. The allocation of MYE is in the form of the number of "man-years" required to complete a project and only main contractors may apply for MYE. All levels of sub-contractors are required to obtain their MYE allocation from their main contractors. A main contractor's MYE will expire on the completion date of the relevant project.

Under the work permit conditions, employers are required to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set by various government agencies, including the National Environment Agency, the PUB, the Singapore Civil Defence Force and the BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely the Urban Redevelopment Authority, the Singapore Land Authority, the Jurong Town Corporation, the HDB and the Agri-Food and Veterinary Authority of Singapore.

Under the work permit conditions, employers of foreign construction workers are also required to comply with the following conditions, including:

- ensuring that the foreign worker performs only those construction activities specified in the conditions;
- ensuring that the foreign worker is not sent to work for any other person;
- providing a safe working environment and acceptable accommodation for their foreign workers;
- insuring and maintaining workmen's compensation insurance in respect of the foreign worker; and
- purchasing and maintaining medical insurance with coverage of at least $5,000 per twelve-month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than twelve months) for the foreign worker's inpatient care and day surgery except as the controller of work passes may otherwise provide by notification in writing.

An employer of foreign workers is also subject to, *inter alia*, the provisions set out in the Employment Act (Chapter 91) of Singapore, the EFMA, the Immigration Act (Chapter 133) of Singapore and the Immigration Regulations.

To the best of the knowledge and belief of our Directors and save as disclosed in the section entitled "General and Statutory Information" of this Prospectus, our Directors confirm that as at the Latest Practicable Date, we have complied with the Employment Act (Chapter 91) of Singapore, the EFMA, the Immigration Act (Chapter 133) of Singapore and the Immigration Regulations and there are no offences committed by our Group under these legislations.

(d) Approval and execution of plans of building works

Under the Building Control Act (Chapter 29), no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control ("CBC") and in the case of structural works, there is in force a permit granted by the CBC to carry out the structural works. Before an application to the CBC for the approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer ("Qualified Person") to prepare the said plans in accordance with the Building Control Regulations 2003, and to supervise the building works. The carrying out of structural elements and concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him. Under the Building Control Act, a builder undertaking any building works shall, *inter alia*, (i) ensure that the building works are carried out in accordance with the plans of the building works supplied to it by the Qualified Person and with any terms or conditions imposed by the CBC in accordance with the Building Control Act and the Building Control Regulations 2003, (ii) notify the CBC of any contravention of the provisions of the Building Control Act or the building regulations in connection with those building works and (iii) within seven days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

If the CBC is of the opinion that any building works, have been or are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property, (ii) will cause, or will be likely to cause, a total or partial collapse of any adjoining or other building or street or land; or (iii) will render, or will be likely to render, any adjoining or other building or street or land so dangerous that it will collapse or be likely to collapse either totally or partially, he may, by order, direct the person for whom those building works have been or are being carried out to immediately stop the building works and to take such remedial or other measures as he may specify to prevent the abovementioned situations from happening.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, *inter alia*, design and construction and the installation of exterior features. For example, no person shall, without the permission of the CBC, install any lift in any building; in installing an air-conditioning unit on the exterior of any building or which projects outwards from any building, a trained air-conditioning unit installer would have to be engaged to carry out the installation works relating to the air-conditioning unit, and whenever soil investigation and determination of the depth of the water table are to be carried out in respect of any building works, the Qualified Person shall submit the soil investigation reports to the CBC.

The Building Control Act, the Building Control (Amendment) Act 2007 and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for licensing of builders. If a builder does not hold a valid general or specialist builder's licence, he is unauthorised to carry out general building works or specialist building works, respectively. A builder will be committing a criminal offence and liable on conviction to an imposition of a fine or imprisonment or to both if he carries out such works without a valid licence.

The CBC may by order revoke the builder licence upon the occurrence of certain events as set out in the Building Control Act, including, *inter alia*, (i) the cessation of the business of the licensed builder as a general builder or specialist builder, as the case may be, in Singapore, (ii) the licensed builder has been declared bankrupt or has gone into compulsory or voluntary liquidation other than for the purpose of amalgamation or reconstruction, or (iii) the licensed builder has been convicted of an offence under the Building Control Act. In other cases whether the CBC is of the opinion that there is no cause of sufficient gravity for revocation of the builder licence, the CBC may by order suspend the licence, imposed a financial penalty on the licensed builder, censure the builder concerned or impose such other direction or restriction as the CBC considers appropriate on the builder's business as a general builder or specialist builder, as the case may be.

As a condition to be met for the builder licence, licensed Class 1 general builders are required, from 16 June 2009, to deploy a minimum number of Construction Registration of Tradesmen ("CoreTrade") personnel in their projects which have values of $20 million or more. The CoreTrade is a registration scheme administered by the BCA for skilled and experienced construction personnel in the various key construction trades. The objective of CoreTrade is to build up a core group of local and experienced foreign workers in key construction trades to anchor and lead the workforce. In civil engineering works, the deployment requirements for this class of projects only involve construction foremen in structural trades and tradesmen in construction plant operation.[29]

Under the Fire Safety Act (Chapter 109A), the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence ("CCD") for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate Qualified Person to prepare those plans. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works.

29 http://www.bca.gov.sg/CoreTrade/deployment_requirements.html. The information has not been verified by our Company or the Issue Manager, Underwriter and Placement Agent. The BCA has not consented to the inclusion of the information for the purposes of section 249 of the SFA, and is not liable under sections 253 and 254 of the SFA.

Where, in the opinion of the CCD, any fire safety works are carried out or have been carried out in contravention of the Fire Code, the Fire Safety Act or any regulations made thereunder, he may by order in writing require (i) the cessation of the unauthorised fire safety works until such order is withdrawn, (ii) such work or alteration to be carried out to the unauthorised fire safety works or the building or part thereof to which the unauthorised fire safety works relate as may be necessary to comply with the Fire Code, Fire Safety Act or any regulations made thereunder, or (iii) the demolition of the building or part thereof to which the unauthorised fire safety works relate.

Under the Fire Safety Act, no person shall store or keep, or cause to be stored or kept, any petroleum or flammable material except, *inter alia*, under the authority of and in accordance with the provisions of a licence from the CCD and every condition specified therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations 2005.

HLS Infrastructure is currently licensed with the BCA under the following categories:

Issuing Body	Company Awarded	Name of Certification	Expiry Date
BCA	HLS Infrastructure	General Builder (GB1)	15 June 2012
BCA	HLS Infrastructure	Specialist Builder for piling works SB(PW)	15 June 2012

The scope of work that HLS Infrastructure may carry out under each category is as follows:

Under the General Builder (GB1) category, general building works and minor specialist building works being (i) all specialist building works associated with minor building works, (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than three metres, a clear span of less than six metres and a plan area not exceeding 150 square metres and (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

Under the specialist builder category, piling works comprising installation and testing of pre-cast reinforced concrete or pre-stressed concrete piles, steel piles, bored cast-in-place reinforced concrete piles, caissons and special pile types like micro-piles, barrettes piles and composite piles, embedded retaining wall piles like diaphragm walls, contiguous bored piles or secant piles.

To the best of the knowledge and belief of our Directors, our Directors confirm that as at the Latest Practicable Date, we have complied with the Building Control Act (Chapter 29) of Singapore, the Building Control Regulations 2003, the Building Control (Amendment) Act 2007, the Building Control (Licensing of Builders) Regulations 2008 and the Fire Safety Act (Chapter 109A) of Singapore and there are no offences committed by our Group under these legislations.

(e) Environmental laws and regulations

The Environmental Public Health Act (Chapter 95) of Singapore ("EPHA") requires, *inter alia*, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, *inter alia*, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Ministry of Environment has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and/or its statutory board, the National Environmental Agency, summarily under the EPHA include any factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of

flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an Environmental Control Officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPHA.

The Environmental Protection and Management Act (Chapter 94A) of Singapore seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, *inter alia*, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management Act (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations.

The Control of Vectors & Pesticides Act (Chapter 59) of Singapore ("CVPA") consolidates and amends the law relating to the destruction of vectors and the control of vector-borne diseases. The CVPA provides for the control of the sale and use of pesticides and vector repellents, and also provides for the registration, licensing and certification of persons engaged in vector control work and related matters.

HLS Infrastructure was fined $45,000, $15,000 and $1,000 in FY2006, FY2007 and FY2008 respectively under the CVPA for mosquito breeding.

To the best of the knowledge and belief of our Directors and save as disclosed above, our Directors confirm that as at the Latest Practicable Date, we have complied with the EPHA, the CVPA, the Environmental Protection and Management Act (Chapter 94A) of Singapore and the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations and there are no offences committed by our Group under these legislations.

(f) Workmen's Compensation

The Work Injury Compensation Act (Chapter 354) ("WICA") of Singapore, which is regulated by the MOM, applies to workmen in all industries in respect of injury suffered by them in the course of their employment and sets out, *inter alia*, the amount of compensation 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 a workman, the employer shall be liable to pay compensation in accordance with the provisions of the WICA.

The WICA provides, *inter alia*, that, where any person (referred to as the principal) in the course of its business or for the purpose of his trade or business contracts with any other person (referred to as the contractor) for the execution by the contractor of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any workman employed in the execution of the work any compensation which he would have been liable to pay if that workman had been immediately employed by the principal.

The Workmen's Compensation (Amendment) Bill of 2008 amended the WICA and, *inter alia,* extended its coverage and revised compensation norms.

To the best of the knowledge and belief of our Directors and save as disclosed in the section entitled "General and Statutory Information" of this Prospectus, our Directors confirm that as at the Latest Practicable Date, we have complied with the WICA and there are no offences committed by our Group under the WICA.

(g) Building and Construction Industry Security of Payment Act

Prior to the introduction of the Building and Construction Industry Security of Payment Act (Chapter 30B) of Singapore ("BCISPA"), a construction contract between a main contractor and a sub-contractor would typically contain a "pay when paid" provision. Such provision would provide that the liability of the main contractor to pay money owing to the sub-contractor is contingent or conditional on payment to the main contractor by a third party of the whole or part of that money, or make the due date for payment of money owing by the main contractor to the sub-contractor contingent or conditional on the date on which payment of the whole or any part of that money is made to the main contractor by the third party. With the introduction of the BCISPA by the Ministry of National Development, such "pay when paid" provisions in construction or supply contracts are now rendered unenforceable and have no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISPA, regulated by the BCA, confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISPA also contains provisions relating to, *inter alia*, the amount of the progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date). In addition, the BCISPA, *inter alia*, endorses the following rights:

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

(ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication as if it were a judgment debt, if such claimant is not paid after it obtains judgment against the respondent pursuant to an adjudication; and

(iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

To the best of the knowledge and belief of our Directors, our Directors confirm that as at the Latest Practicable Date, we have complied with the BCISPA and there are no offences committed by our Group under the BCISPA.

(h) Workplace Safety and Health Safety Measures

Under the MOM's Workplace Safety and Health Act (Chapter 354A) ("WSHA") of Singapore, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising

out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

Our Directors confirm that as at the Latest Practicable Date, we have complied with WSHA and there are no offences committed by our Group under the WSHA.

Workplace Safety and Health (General Provisions) Regulations ("WSHR")

More specific duties imposed by the MOM on employers are laid out in the WSHR. Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

Pursuant to the WSHR, the following equipment, amongst others, are required to be tested and examined by an examiner ("Authorised Examiner"), who is authorised by the Commissioner for Workplace Safety and Health ("CWSH"), before they can be used in a factory and thereafter, at specified intervals:

- hoist or lift;
- lifting gears; and
- lifting appliances and lifting machines.

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment / occupier of the factory to ensure that the equipment complies with the provisions of the WSHR and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, *inter alia*, 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 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 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.

In 2000, the MOM introduced a debarment scheme for contractors with bad safety record. The purpose of the debarment scheme is to improve the safety situation in the construction industry. With effect from 1 April 2008, the scheme was revised to raise the workplace safety and health standards. The purpose of such scheme is to encourage construction contractors with poor safety and health records to improve their performance and to improve the safety and health situation in the construction industry. Under this scheme, contractors will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation. The number of demerit points awarded will depend on the severity of the infringement. A contractor that has received more than 18 demerit points within a 12-month period will receive a formal warning letter from the MOM, while the continued accumulation of demerit points will result in more stringent corrective actions. For example, if a worksite of a main contractor accumulates more than 18 demerit points, the worksite will have no access to work permit holders from the PRC and the NTS, who include those from Bangladesh, Pakistan and Thailand, for six months. If the main contractor does not make improvements and continues to commit workplace safety and health offences, applications from the company for new and renewal of all types of work passes for all foreign employees will be rejected by the MOM. The application of the demerit point scheme to main contractors is detailed as follows:

First Stage:	A warning letter will be issued to the main contractor if the total points accumulated by the company exceed 18 demerit points within a 12-month rolling period.
Second Stage:	The following will apply to an individual worksite if the total points accumulated by the worksite exceed 18 demerit points: – Six-month Man-Year Entitlement freeze for first occurrence; – 12-month Man-Year Entitlement freeze for second occurrence (within 12 months of the first occurrence); and – 24-month Man-Year Entitlement freeze for third or subsequent occurrences (within 12 months of the previous occurrence). A main contractor will have its records cleared when all its worksites do not accumulate any demerit points for a 12-month rolling period.
Post Second Stage:	A 24-month Man-Year Entitlement freeze will be extended to all worksites under the company if three of its worksites have each accumulated more than 18 demerit points within any 12-month period i.e. the company's Man-Year Entitlement has been frozen three times within a year. Applications from the company for new and renewal of all types of work passes for all foreign employees will also be rejected.

The MOM has on 18 February 2005 issued HLS Infrastructure with a total of six demerit points for the period from 29 January 2004 to 28 January 2005 due to some safety lapses and non-compliance with safe work practices at our Kim Chuan Depot Project. These demerit points have expired on 28 January 2006 and HLS Infrastructure has not received any further demerit points in this regard up to the Latest Practicable Date.

To the best of the knowledge and belief of our Directors and save as disclosed above, our Directors confirm that as at the Latest Practicable Date, we have complied with the WSHR and there are no offences committed by our Group under the WSHR.

Workplace Safety and Health (Construction) Regulations 2007 ("WSHCR")

We are also subject to the WSHCR. Under the WSHCR, every occupier of a worksite shall implement and maintain at all times a safety and health management system for the purpose of ensuring the safety and protecting the health of every person within the worksite, whether or not the person is at work or is an employee of the occupier. A workplace safety and health co-ordinator shall be appointed by the occupier in respect of every worksite where the contract sum of the building operation or works of engineering construction carried out therein is less than $10 million. Any occupier of a worksite who contravenes this shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $10,000 and, in the case of continuing offence, to a further fine not exceeding $1,000 for every day or part thereof during which the offence continues after conviction. The workplace safety and health co-ordinator's duty, in respect of a worksite, is to:

(a) assist the occupier of the worksite to identify any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite;

(b) recommend to the occupier of the worksite to implement such reasonably practicable measures to remedy the unsafe condition or unsafe work practice; and

(c) assist the occupier of the worksite to implement such reasonably practicable measures referred to in sub-paragraph (b) above.

Any workplace safety and health co-ordinator who, without reasonable excuse, contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding $1,000 and, in the case of a second and subsequent offence, to a further fine not exceeding $5,000.

Where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is $30 million or more, it shall be the duty of the occupier of the worksite to appoint a workplace safety and health auditor to audit the safety and health management system of the worksite at least once every six months. Where the contract sum of the building operation or works of engineering construction to be carried out in a worksite is less than $30 million, it shall be the duty of the occupier of the worksite to (a) conduct a review of the safety and health management system of the worksite at least once every six months; and (b) if directed by the CWSH, appoint a workplace safety and health auditor to audit the safety and health management system of the worksite.

To the best of the knowledge and belief of our Directors and save as disclosed in the section entitled "General and Statutory Information" of this Prospectus, our Directors confirm that as at the Latest Practicable Date, we have complied with the WSHCR and there are no offences committed by our Group under the WSHCR.

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

Any person who desires to occupy or use any premises as a factory which falls within the specified classes of factories as set out in the WSH Factories Regulations are required to register the premises (or worksite) as a "factory" with the CWSH pursuant to the WSH Factories Regulations. The application to register the premise as a factory must be made at least one month before the factory starts operation. A certificate of registration issued by the CWSH is valid for a period of one year and may be renewed subsequently upon the payment of a renewal fee. Any person who desires to occupy or use any premises as a factory which does not fall within the specified classes of factories described in the WSH Factories Regulations shall submit a notification to the CWSH prior to the commencement of operation of the factory.

To the best of the knowledge and belief of our Directors and save as disclosed in the section entitled "General and Statutory Information" of this Prospectus, our Directors confirm that as at the Latest Practicable Date, we have complied with the WSH Factories Regulations and there are no offences committed by our Group under the WSH Factories Regulations.

(i) Business under Surveillance Programme

The main purpose of the Business under Surveillance ("BUS") Programme is to engage companies through systemic interventions so as to prevent accidents, occupational diseases and improve the company's safety and health management and performance.

Under the BUS Programme, companies that triggered the following events will first be placed under assessment:

- fatal accidents;
- 19 demerit points or at the warning stage under the demerit point system; or
- demonstrated poor management of workplace safety and health, e.g. poor site conditions resulting in stop-work order

The assessment will review the implementation of the risk management as well as the strength of the management system. If the company failed the assessment, it will be placed into the BUS Programme and be subjected to close surveillance.

During the surveillance phase, the company will be held accountable to an action plan and be subjected to frequent inspections and engagements to ensure that the plan is implemented accordingly. The company will exit from BUS Programme upon fulfillment of action plan and having shown improvement in its safety and health performance and management.

Our Directors confirm that as at the Latest Practicable Date, none of the entities in our Group has not been placed under the BUS Programme.

Our Directors confirm that as at the Latest Practicable Date, we have obtained all necessary licences, permits and approvals for our business operations in Singapore, and have complied with all relevant laws and regulations, that would materially affect our business operations in Singapore.

EXCHANGE CONTROLS

As at the Latest Practicable Date, our Group operates solely in Singapore where there are no foreign exchange control restrictions.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, CEO or Controlling Shareholder of our Company or the Associates of such Directors, CEO or Controlling Shareholder) would constitute interested person transactions for the purpose of Chapter 9 of the Listing Manual. Details of interested person transactions for the last three financial years ended 31 December 2008 and up to the Latest Practicable Date (the "Relevant Period") are discussed below.

Save as disclosed below and in the sections entitled "Restructuring Exercise" and "Our Corporate History" of this Prospectus, our Group does not have any other material transactions with any of its interested persons during the Relevant Period.

PAST INTERESTED PERSON TRANSACTIONS

1. Advances from our Group to Interested Persons

Our Group has in the past granted advances to certain interested persons listed below for investment or working capital purposes. These advances were interest-free, unsecured and had no fixed terms of repayment and therefore would not ordinarily be considered as transactions that have been entered into on an arm's length basis. The amounts of advances owing by the relevant interested persons to our Group in the Relevant Period were as follows:

	← As at 31 December →			As at Latest
Amounts owing by interested persons to our Group ($'000)	**2006**	**2007**	**2008**	**Practicable Date**
HLS Investment[1]	777	–	–	–
HLS International	5,263	608	–	–

Note:

As at the Latest Practicable Date, Chua Leong Hai holds 4,531,675 ordinary shares representing 45.54% of the share capital in HLS Investment. As such, HLS Investment is an associate of Chua Leong Hai and is an interested person.

During the Relevant Period, based on month-end balances of such amounts owing by the respective interested persons to our Group, the largest amount outstanding by the respective interested persons, were as follows:

($'000)	**Largest Amount Outstanding**
HLS Investment	7,655
HLS International	5,870

As at the Latest Practicable Date, all advances from our Group have been fully repaid by HLS Investment and HLS International either by way of direct repayment or by way of set-offs against the amounts owed to HLS Investment and HLS International by our Group. We do not expect to enter into similar transactions with HLS Investment and HLS International in the future following our admission to the Official List of the SGX-ST.

2. Payments to suppliers made by Chua Leong Hai on our behalf

During the period from January 2007 to November 2007, our founder, Executive Chairman and CEO, Chua Leong Hai made payments in the aggregate sum of $347,983 for and on behalf of our Group to certain overseas suppliers for the purchase of concreting sand and aggregates as these overseas suppliers did not have US$ bank accounts to receive remittance from overseas customers. In order to expedite the payment process, our founder, Executive Chairman and CEO, Chua Leong Hai paid these suppliers for the purchase of concreting sand and aggregates.

On 4 December 2007, we reimbursed our founder, Executive Chairman and CEO, Chua Leong Hai for all such payments made. Mr Chua did not charge any fees, commissions or other benefits for rendering such services to our Group. Such transactions would not ordinarily be considered as transactions that have been entered into on an arm's length basis. We do not expect to enter into similar transactions in the future following our admission to the Official List of the SGX-ST.

3. Guarantees and performance bonds provided by Interested Persons

During the Relevant Period, the relevant interested persons listed below had provided guarantees and performance bonds as follows:

Bank/Financial Institutions	Facilities granted ($'000)	Facilities for use by	Interested person(s) who provided the guarantees/performance
UOB	General banking of $1,150	HLS Contractors	Chua Hua Hong
ECICS-COFACE Guarantee Company (Singapore) Ltd ("ECGC")	Guarantee facility up to a maximum of S$17,000	HLS Infrastructure	Chua Leong Hai HLS Investment
ECGC	Performance bond of S$2,608	HLS Infrastructure	Chua Leong Hai, Chua Hua Hong, Chua Siok Hong and Lim Peng Kiat HLS Investment
China Insurance Company Limited	Performance bond of $5,931	HLS Infrastructure	Chua Leong Hai, Chua Hua Hong, Chua Siok Hong and Lim Peng Kiat HLS Investment
UOB	General banking of $7,000[(1)]	HLS Infrastructure	Chua Leong Hai
Campagnie Francaise D'Assurance Pour Le Commerce Exterieur SA ("COFACE"), Singapore Branch	Uncommitted bond facility up to a maximum of S$7,500	HLS Infrastructure	HLS Investment
COFACE	Uncommitted bond facility up to a maximum of S$7,500	HLS Infrastructure	HLS Investment

Note:

(1) The general banking facility for S$7,000,000 is secured by the guarantee from Mr Chua Leong Hai for the amount of S$7,400,000.

The largest aggregate outstanding amount guaranteed by the interested persons during the Relevant Period, based on amounts as at the end of each calendar month, was approximately $63.8 million. As at the Latest Practicable Date, the above facilities had either been replaced with new banking facilities or the above guarantees have lapsed. Accordingly, there is no outstanding amount secured by the above interested persons. As the interested persons did not receive any consideration (monetary or otherwise) for the provision of the above guarantees, the above transactions were not carried out on an arm's length basis.

4. Acquisition of shares in HLS Contractors

By a sale and purchase agreement dated 31 December 2007 between HLS Infrastructure (as the purchaser) and HLS Investment (as the vendor), HLS Infrastructure acquired an aggregate of 17,000 ordinary shares in the capital of HLS Contractors representing the entire issued share capital of HLS Contactors, with all rights attaching thereto, at a cash consideration of approximately $2.3 million, with effect from 31 December 2007. The acquisition of shares in HLS Contractors has been completed.

The purchase consideration was determined on a willing buyer-willing seller basis and was based on the NTA of HLS Contractors as at 31 October 2007.

5. Acquisition of shares in Dwi Indonesia

HLS Infrastructure (as the grantor) entered into a deed of grant and transfer of shares on 16 November 2007 with HLS Investment (as the grantee) pursuant to which HLS Infrastructure granted its 9,500 shares of Rp217.600 each representing 95% of the equity interest in Dwi Indonesia, which has a nil carrying value, to HLS Investment at nil consideration. The acquisition of shares in Dwi Indonesia has been completed. The purchase consideration was determined on a willing buyer-willing seller basis.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

1. Lease of office premises from HLS Investment

Since 1999, our Group leased our office premises at 80 Marine Parade Road #21-07, #21-08 and #21-09 (partial), Parkway Parade, Singapore 449629 from HLS Investment. No formal lease agreement was entered into with HLS Investment during the period from 1999 to 2007.

On 1 January 2008, to formalise the lease arrangement, HLS Infrastructure (as tenant) entered into a tenancy agreement with HLS Investment (as landlord) pursuant to which HLS Infrastructure rented the premises located at 80 Marine Parade Road, #21-07, #21-08 and #21-09 (partial) Parkway Parade, Singapore 449629 with an aggregate floor area of 3,080 sq ft from HLS Investment for a period of 3 years commencing from 1 January 2008 at a monthly rent of $17,864 (inclusive of monthly maintenance contribution), which was arrived at based on a discount off the market price of approximately 8% on the basis that our Company has been a long-term tenant of the premises since 1999.

The aggregate rent and related charges paid by our Group during the Relevant Period are as follows:

($'000)	FY2006	FY2007	FY2008	From 1 January 2009 to the Latest Practicable Date
Aggregate rental and related charges	81.9	116.2	214.4	178.7

Our Directors believe that the aggregate monthly rental paid by our Group to HLS Investment is below market rate. Therefore, this transaction is not on an arms' length basis but to the benefit of our Group. Our Group will continue to lease these premises from HLS Investment for so long as it is in our interest to do so after taking into account prevailing market rates. Subsequent renewals of this lease after the listing of our Company on the Official List of the SGX-ST will be subject to the guidelines prescribed under the section entitled "Review Procedures for Future Interested Person Transactions" of this Prospectus and Chapter 9 of the Listing Manual.

2. Guarantees and performance bonds provided by our Interested Persons

The relevant interested persons listed below have provided guarantees and/or performance bonds as follows:

Bank/Financial Institutions	Facilities granted ('000)	Facilities for use by	Interested Person(s) who provided the Guarantees/Performance bonds
ECICS Limited	Performance bonds and guarantees totalling $21,000	HLS Infrastructure	Chua Leong Hai, HLS Investment, Chua Hua Hong, Chua Siok Hong and Lim Peng Kiat[1]
UOB	Overdraft, irrevocable letters of credit, trust receipts, performance guarantees and letters of credit totalling $51,921	HLS Infrastructure	Chua Leong Hai
China Insurance Company Limited	Performance bond of $10,268	GS HLS JV	Chua Leong Hai, Lim Peng Kiat and Chua Hua Hong HLS Investment
Lonpac Insurance Berhad	Mobilisation advance bond facility of $10,268	GS HLS JV	Chua Leong Hai, Lim Peng Kiat and Chua Hua Hong HLS Investment
COFACE	Uncommitted bond facility up to a maximum of $30,800	HLS Infrastructure	HLS Investment
Oversea-Chinese Banking Corporation	Overdraft, letter of credit, trust receipts, shipping guarantee/airway bills, standby letters of credit/ letter of guarantee and foreign exchange line totalling $6,800	HLS Infrastructure	HLS Investment

Note:

(1) This includes the joint and several guarantee for the amount of $8,896,500 by Chua Hua Hong, Chua Siok Hong, Lim Peng Kiat, in addition to Chua Leong Hai and HLS Investment, to secure the facilities of $21,000,000 and was provided for the award of the Kim Chuan Depot Project to HLS Infrastructure. As at the Latest Practicable Date, the Kim Chuan Depot Project has been completed and pending the finalisation of the accounts sometime in early 2010, the above guarantee provided by the interested persons will be discharged.

The largest aggregate outstanding amount guaranteed by the above interested persons during the Relevant Period, based on amounts as at the end of each calendar month, was approximately $106.5 million. As at the Latest Practicable Date, the aggregate outstanding amount guaranteed by the above interested persons was approximately $106.5 million.

As the interested persons did not receive any consideration (monetary or otherwise) for the provision of the above guarantees and performance bonds, the above transactions were not carried out on an arm's length basis.

Subsequent to the Invitation, save and except for the joint and several guarantee provided in relation to the Kim Chuan Depot Project, we intend to obtain a release and discharge of the above guarantees and performance bonds provided by the interested persons from the respective banks and financial institutions by substituting the same with other securities to be provided by our Group which may be acceptable to the banks and financial institutions (as the case may be), subject to their consent. We do not expect the revised terms and conditions of the banking facilities following the discharge of the guarantees of the guarantees and the replacement by corporate guarantees provided by the interested persons, to have any material adverse impact on our Group. In the event that the banks or financial institutions do not accept the substitution of the guarantees and performance bonds and we are unable to secure alternative credit facilities on similar terms, the above-named interested persons have agreed to continue providing such guarantees and performance bonds until such time we are able to secure alternative facilities from other financial institutions. The above interested persons have also confirmed that they will not receive any consideration (monetary or otherwise) for the provision of the above guarantees and performance bonds in the future.

3. Performance bonds provided by HLS Investment

HLS Investment has provided performance bonds in favour of the LTA on behalf of HLS Infrastructure to guarantee its contractual performance for the award of the Kim Chuan Depot Project, the award of the Marina Bay Project and the award of the Marina Coastal Expressway Project.

As HLS Investment did not receive any consideration (monetary or otherwise) for the provision of the above performance bonds, the above transactions were not carried out on an arm's length basis.

Subsequent to the Invitation, save and except for the corporate guarantee provided in relation to the Kim Chuan Depot Project, we intend to obtain a release and discharge of the performance bonds provided by HLS Investment from the LTA by substituting the same with other guarantees to be provided by our Group which may be acceptable to the LTA, subject to the consent of the LTA.

We do not expect the revised terms and conditions of the awards following the discharge of the performance bonds provided by HLS Investment, to have any material adverse impact on our Group. In the event that the LTA does not accept the substitution of the performance bonds and we are unable to secure alternative guarantees on similar terms, HLS Investment has agreed to continue providing such performance bonds until such time we are able to secure guarantees from other third parties. HLS Investment has also confirmed that it will not receive any consideration (monetary or otherwise) for the provision of the above performance bonds in the future.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future interested person transactions will be properly documented and submitted to our Audit Committee for periodic review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of our minority Shareholders. Our Audit Committee will adopt the following procedures when reviewing interested person transactions:

(a) where applicable, when purchasing items from or engaging the services of an interested person, at least two successful purchases or quotations for the purchase or provision of same or similar items or services from non-interested persons may be obtained for comparison to ensure that the interests of minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons (where applicable). In determining the most competitive price or fee, non-price factors, including but not limited to quality, delivery time and track record will be taken into consideration;

(b) where applicable, when selling items or supplying services to an interested person, the price or the fee, and the terms of, of at least two successful sales or suppliers of a similar nature to non-interested persons may be used as comparison to ensure that the interests of minority Shareholders are not disadvantaged. The sale price or fee for the supply of goods and services shall not be lower than the lowest sale price or fee of such other transaction(s) (of a similar nature) with non-interested persons; and

(c) when renting properties from an interested person, our Audit Committee shall take appropriate steps to ensure that such rental or sale price is equal or better than the prevailing market rates and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of enquiries.

In the event that it is not possible for appropriate information (for comparative purposes) to be obtained, our Audit Committee will determine whether the price, fees and/or the other terms offered by or to the interested persons are fair and reasonable, and approve such interested person transaction. In so determining, our Audit Committee will consider whether the price, fees and/or other terms is in accordance with usual business practices and pricing policies and consistent with the usual margins and/or terms to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length and on normal commercial terms.

Our Audit Committee will review all interested person transactions, if any, at least quarterly to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from reviewing and voting on that particular transaction. Furthermore, if during these periodic reviews, our Audit Committee believes that the guidelines and procedures as stated above are not sufficient to ensure that interests of minority Shareholders are not prejudiced, we will adopt new guidelines and procedures. The Audit Committee may request for an independent financial adviser's opinion as it deems fit.

In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of our internal controls. Our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with.

Designated persons of our Group are required to submit details of all interested person transactions entered into immediately to the CFO, including the value of the transactions. As a minimum, a report is to be submitted every quarterly. A "nil" return is expected if there is no interested person transaction for a previous quarter. For monitoring purposes, the CFO will maintain a register of interested person transactions (the "IPT Register"). This IPT Register will be updated quarterly based on submissions by the designated persons. It will record all interested person transactions which are entered into (including the basis on which they are entered into) and the approval or review by the Audit Committee.

Under Chapter 9 of the Listing Manual, a listed company may seek a Shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as supplies and materials, which may be carried out with the interested persons of our Group, but not for the purchase or sale of assets, undertakings or businesses.

There are currently no recurrent interested person transactions of a revenue or trading nature or those necessary for our day-to-day operations, hence we do not require a general mandate for this purpose. In the event that a general mandate is required in the future, we shall obtain it in accordance with the provisions of the Listing Manual.

POTENTIAL CONFLICTS OF INTERESTS

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Save as disclosed in the sections entitled "Restructuring Exercise" and "Interested Person Transactions" of this Prospectus, none of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has had any material interest, direct or indirect, in the following:

(a) any transactions to which our Company was or is to be a party;

(b) any company carrying on the same business or a similar trade as the existing business of our Group; and

(c) any company that is our customer or supplier of goods and services.

Non-Compete Undertaking

HLS Investment is an investment holding company incorporated under the laws of Singapore. Together with its group of companies, it holds investments in quoted securities and funds, owns several office units in Singapore and has interests in power plants in the PRC and lands in Malaysia and Indonesia.

With a view to mitigating any potential conflicts of interest between HLS Investment and our Group, HLS Investment has undertaken, *inter alia*, for so long as (where applicable):

(a) any of HLS Investment's directors, Controlling Shareholders or the Associates of HLS Investment's directors or Controlling Shareholders is a director of our Company, HLS Infrastructure or HLS Contractors; or

(b) any of HLS Investment's directors, Controlling Shareholders or the Associates of HLS Investment's directors or Controlling Shareholders has shareholding (direct or indirect) of 15% or more whether individually or collectively, in our Company and he or they (as the case may be) in fact exercises control over our Company; or

(c) the aggregate shareholding interest (direct or indirect) by the Chua Family Members, the companies controlled by them and/or any trustee of any trust of which any of the Chua Family Members is a beneficiary, and/or any trustee of any discretionary trust which has the discretionary object to hold on trust shareholding interest for any of the Chua Family Members (collectively the "Chua Related Parties") is 15% or more whether individually or collectively, in our Company and each of them or they in fact exercise control over our Company,

HLS Investment shall not:

(i) directly or indirectly, carry on or be engaged**,** be concerned and/or interested in, participate in or be involved in or have any shareholding interest (directly or indirectly) of 5% or more in any company with, business or activity in Singapore and all other territories in the world ("Territory") which is the same as or competing with the existing businesses of civil engineering works for bridges, expressways, tunnels, mass rapid transport, port facilities, water and sewage facilities and other infrastructure works and/or the supply of building materials and such other businesses or related businesses as may be carried on by any of the Group companies from time to time in the future (the "Listco Business");

(ii) directly or indirectly manage, join, control or participate or become interested in, whether as a director, employee, agent, partner, shareholder (with shareholding interest of 5% or more) in or otherwise, any firm, company, partnership, organisation or entity engaged in or to be engaged in the Listco Business in the Territory; and/or

(iii) either on its/his own account or jointly with or in conjunction with or on behalf of any person, firm, company, organisation, partnership or such person, firm, company, organisation or partnership on behalf of HLS Investment, solicit, interfere with or entice away or attempt to solicit, interfere with or entice away from any of the Group companies any person who is or was, an officer, director, manager, employee, customer or supplier of any of the Group companies (in relation to the Listco Business).

In addition, our founder, Executive Chairman and CEO, Chua Leong Hai has undertaken, *inter alia*, that for so long as:

(a) he is a Director of our Company; or

(b) he has shareholding interest (direct or indirect) of 15% or more in our Company and he in fact exercises control over our Company; or

(c) the aggregate shareholding interest (direct or indirect) of the Chua Related Parties is 15% or more whether individually or collectively, in our Company and each of them or they (as the case may be) in fact exercise control over our Company,

he shall not and shall procure that each of Chua Related Parties shall not:

(i) directly or indirectly, carry on or be engaged, be concerned and/or interested in, participate in or be involved in or, whether individually or collectively with HLS Investment, have any shareholding interest (directly or indirectly) of 5% or more in any company with business or activity in the Territory which is the same as or competing with the Listco Business;

(ii) directly or indirectly manage, join, control or participate or become interested in, whether as a director, employee, agent, partner, shareholder (with shareholding interest of 5% or more) in or otherwise, any firm, company, partnership, organisation or entity engaged in or to be engaged in the Listco Business in the Territory; and/or

(iii) either on his/its own account or jointly with or in conjunction with or on behalf of any person, firm, company, organisation, partnership or such person, firm, company, organisation or partnership on behalf of HLS Investment, solicit, interfere with or entice away or attempt to solicit, interfere with or entice away from any of the Group companies any person who is or was, an officer, director, manager, employee, customer or supplier of any of the Group companies (in relation to the Listco Business).

Nothing in each of the undertakings by HLS Investment and Chua Leong Hai shall preclude or restrict HLS Investment, Chua Leong Hai and/or the Chua Related Parties from becoming the registered or beneficial owner of any company where each of them individually or collectively, holds an aggregate shareholding (direct or indirect) of less than 5% in the relevant company with business in competition with the Listco Business provided that HLS Investment, Chua Leong Hai and/or the Chua Related Parties declare such investments in such company to the Audit Committee within five business days from the date of acquisition of such investments. Upon disclosure of such investments to our Audit Committee, our Audit Committee will review whether a conflict of interest exists based on the value of such investments, the business of the company which was invested in and other factors as deemed appropriate by the Audit Committee. In the event the Audit Committee decides that a conflict of interest exists in relation to such investments, HLS Investment, Chua Leong Hai and/or the Chua Related Parties shall dispose of such investments within a reasonable time to be agreed in consultation with the Audit Committee.

For this purpose, "**control**" and "**influence**" mean the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to our Group or are proposed to be acquired or disposed of by or leased to our Group.

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

Interests of Underwriters or Financial Advisers

In the reasonable opinion of our Directors, save as disclosed below, UOB, being the Issue Manager, Underwriter and Placement Agent, does not have a material relationship with our Group:

(a) UOB is the Issue Manager of the Invitation;

(b) UOB is the Underwriter and the Placement Agent of the Invitation;

(c) UOB is one of our Principal Bankers and has granted us banking facilities; and

(d) UOB is the Receiving Bank of the Invitation.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

The board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Principal Occupation	Country of Principal Residence
Chua Leong Hai	68	92 Paya Lebar Crescent, Singapore 536175	Executive Chairman and CEO	Singapore
Lim Peng Kiat	56	97 Marine Parade Road, #12-02 Marine View Mansions, Singapore 449273	Executive Director and Group General Manager	Singapore
Chua Hua Hong	57	Blk 627 Yishun Street 61, #11-69, Singapore 760627	Executive Director and Deputy General Manager (Logistics) of HLS Infrastructure	Singapore
Chua Aik Khoon	36	92 Paya Lebar Crescent, Singapore 536175	Executive Director	Singapore
Cheang You Kong	50	26 Kew Crescent, Singapore 466363	Executive Director and Deputy General Manager (Business Development) of HLS Infrastructure	Singapore
Koh Lian Huat	69	3 Pasir Ris Lane, Singapore 519171	Accountant	Singapore
Khor Poh Hwa	59	73 Holland Grove View, Singapore 276230	Consultant	Singapore
Lau Teik Soon	70	8 Jalan Telang, Singapore 576679	Advocate & Solicitor	Singapore

The working experience, business experience and areas of responsibility of our Directors are set out below:

Chua Leong Hai is our Executive Chairman and CEO. He is the founder of our Group. Mr Chua is also the founder and chief executive officer of HLS Infrastructure since 1969. He has more than 40 years of experience in civil engineering works. He is responsible for the overall management, formulation of business plans, strategic positioning and business expansion of our Group. Mr Chua obtained a Diploma in Management Studies from the National Taiwan University (Graduate Institute of Business Administration in association with The National Productivity Board Singapore) in 1983.

Lim Peng Kiat is our Executive Director and Group General Manager and was appointed to the Board on 15 September 2009. Mr Lim was also appointed as a director to HLS Infrastructure since 1983. He has been with our Group since 1982 and has over 30 years of experience in the business of civil engineering and building works. He is responsible for the business development of our Group as well as the overall management and day-to-day operations of our Group especially in the preparation of tenders, management of projects (including contractual, technical and project operation matters). He is the management representative of our Group's integrated ISO Management System. Prior to joining us, from 1976 to 1982, he was an executive engineer in the former Singapore Public Works Department (now CPG Corporation Pte. Ltd.). Mr Lim graduated with a Bachelor of Engineering (First Class Honours) from the University of Singapore in 1976 and a Master of Engineering Science from the University of New South Wales, Australia in 1980. He was a Commonwealth Plan Scholar and has been a registered professional engineer with the Singapore Professional Engineers Board since 1992.

Chua Hua Hong is our Executive Director and the Deputy General Manager (Logistics) of HLS Infrastructure. Mr Chua was appointed to the Board on 15 September 2009. He is primarily responsible for the management of our workers as well as the purchasing, deployment and maintenance of our plant and equipment. He has extensive experience in the field of civil engineering, especially in procurement of machinery, building materials and labour for construction works. He was with our Group from 1975 to 1980, and from 1985 to the present. From 1981 to 1985, he ran his own business as a turf supplier.

Chua Aik Khoon is our Executive Director and was appointed to the Board on 20 May 2009. He is primarily responsible for corporate services for the group which include overall administrative function and commercial management such as negotiation and budgeting. From June 2008 to May 2009, he was employed on a full time basis by HLS Investment to oversee the company's investments in the two power plants in the PRC. From January 2007 to May 2008, he worked as a manager in our Group. He joined HLS Investment in April 2003 as a Group assistant manager responsible for overseeing its investments overseas and was seconded to Hock Lian Seng (International) Pte Ltd from 2004 to December 2006 as a general manager. From October 2000 to April 2003, he was a safety executive with SIA Engineering Company Ltd. From 1999 to 2000, he was a partner cum general manager of @site.com Pte Ltd. He started out as a project engineer of our Group from 1998 to 1999. He obtained a Bachelor of Engineering (Nanyang Technological University) in 1998 and subsequently obtained a Master of Science (Safety, Health and Environmental Technology) from the National University of Singapore in 2001. He obtained a Graduate Diploma in Financial Management from the Singapore Institute of Management in 2003. Currently, Mr Chua is also a council member for Management Corporation Strata Title No. 1008 (Parkway Parade).

Cheang You Kong is our Executive Director and was appointed to the Board on 15 September 2009. He joined our Group in November 2006 and is responsible for the business development and management of our building materials business. He was appointed a Director of HLS Contractors on 11 April 2008. Mr Cheang has more than 25 years of experience in the construction industry. Prior to joining us, he was the Manager (Projects) of Sembawang Engineers and Constructors Pte Ltd (formerly known as SembCorp Engineers and Constructors Pte Ltd) from February 1997 to October 2006 and was responsible for project management and business development. From September 1990 to February 1997, he held the position of Manager (Projects) of ST Construction Pte Ltd. From 1984 to 1990, he was the Project Engineer with Penta-Ocean Construction Ltd. Mr Cheang graduated from the National University of Singapore with a Bachelor of Engineering (Civil Engineering) in 1984. Mr Cheang obtained a Graduate Diploma in Business Administration from the Singapore Institute of Management in 1999.

Koh Lian Huat is our Lead Independent Director and was appointed to the Board on 30 November 2009. He has been a partner in charge of statutory audit in Huat Associates since November 2007. From June 2004 to November 2007, he was a sole proprietor in Huat Associates. From January 2004 to December 2004, Mr Koh was a consultant in Ng, Lee & Associates-DFK, a leading accounting firm which was established in 1948 and a partner in charge of statutory audit in the same firm from January 2000 to December 2003. From September 1982 to December 1999, Mr Koh was a sole proprietor in Koh Lian Huat & Co.

He has extensive experience in the building industry and the real-estate development industry. From 1976 to 1998, Mr Koh was a director of Lian Seng Construction Pte. Ltd., a civil engineering company. From 1969 to 1984, he was a director of Lee Realty (Pte) Limited, a real-estate developer. From 1983 to 1984, Mr Koh was also a secretary in Lee Kim Tah Holdings Ltd., a company which was admitted to the Official List of the SGX-ST in 1984 and which is involved in property businesses, including property development and investments, construction and project management, as well as retail management. In addition, from 1972 to 1984, Mr Koh was a director and secretary of Lee Development (Private) Limited, a company which was engaged in property development and investment, construction and project management.

Mr Koh is a Justice of the Peace appointed by the President of Singapore. He was also conferred Singapore's National Day Awards: PBM, BBM and BBM (L) in 1985, 1993 and 2007 respectively. He is an appointed mediator assisting the Subordinate and Family Courts in dealing with cases of Magistrate's complaints and maintenance disputes. Mr Koh is presently a Non-Executive Director of Singapore Banking Corporation Limited and he also holds directorships in two family-owned companies. Mr Koh

graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University, Singapore in 1965. He is also a fellow member of the Association of Chartered Certified Accountants since 2006, a fellow member of CPA Australia since 2004, a fellow member of the Institute of Certified Public Accountants of Singapore since 2004, an honorary auditor of the Chartered Management Institute, UK (Singapore Branch) and an assistant honorary treasurer of the Nanyang Technological University Alumni Management Committee.

Khor Poh Hwa is our Independent Director and was appointed to the Board on 30 November 2009. He is currently a director of a Singapore listed company, namely, Keppel Land Limited. He has extensive experience in infrastructure development projects in transportation, civil engineering and buildings. He retired from CPG Corporation Pte Ltd in 2005 and served as its senior adviser until 2008. In 1999, Mr Khor led the corporatisation of Singapore Public Works Department and became the Chief Executive Officer of the new entity, CPG Corporation Pte. Ltd. From 1995 to 1997, he was seconded to the China-Singapore Suzhou Industrial Park Development Co. Ltd. as the Deputy Chief Executive Officer to take charge of the physical development of 70 square kilometres of the park, a flagship project between the governments of Singapore and China. Mr Khor joined the former Singapore Public Works Department (now CPG Corporation Pte. Ltd.) in 1975 after graduating from the National University of Singapore.

Mr Khor was previously a member of the Asia Pacific Economic Co-operation (APEC) Business Advisory Council, the Singapore-British Business Council, the Singapore-Shandong Business Council and the Network China Steering Committee. He was also the past President of the Society of Project Managers, Singapore and the Singapore-China Suzhou Club. Mr Khor graduated in 1975 from the then Singapore University with a Bachelor of Engineering (Civil) and subsequently obtained a Master of Science (Civil Engineering) and Professional Engineering (Civil) from the National University of Singapore in 1980.

Lau Teik Soon is our Independent Director and was appointed to the Board on 30 November 2009. He has been a sole proprietor of Lau TS & Associates, Advocates and Solicitors since April 2009. Dr Lau was a member of Parliament from 1976 to 1996. He was a partner of the law firms Ong & Lau (1998 to 2002), Lau Teik Soon & Partners (2002 to 2005) and Lau & Gur (2005 to 2009). He was a professor in the Faculty of Arts and Social Sciences of the National University of Singapore from 1972 to 1995. He qualified as a barrister-at-law at Lincoln's Inn, London in 1996. Dr Lau obtained a Ph.D. in International Relations from the Australian National University in 1972, a Bachelor of Laws (Honours) from the University of London in 1994, a Bachelor of Arts (First Class Honours) from the University of Singapore in 1966, a Postgraduate Diploma in Criminal Justice Studies from University of Leicester in 2001, and a Professional Certificate in Arbitration from the University of Adelaide in 2006. He is also a Member of the Chartered Institute of Arbitrators, London since 2004. He is an Independent Director of one other public listed company.

Save for our founder, Executive Chairman and CEO, Chua Leong Hai, who is the husband of Eng Ah Goh (a substantial shareholder), the father of Chua Aik Khoon (Executive Director) and the brother of Chua Hua Hong (Executive Director), none of our Directors, Executive Officers and Substantial Shareholders is related to one another by blood or marriage.

The list of present and past directorships of each Director over the last five years excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Chua Leong Hai	*Group corporations*	*Group corporations*
	HLS Infrastructure	
	Other corporations	*Other corporations*
	Asiapura Saujana Sdn Bhd Ban Leong Hin Pte. Ltd. Bijama Development Sdn Bhd P.T. Dwi Rejeki Jaya Indonesia HLS International HLS Investment P.T. Pembangunan Triusaha Indonesia Senview Properties Sdn Bhd Sin Chua Investments Pte Ltd 新泉水电(安溪)有限公司 (XinQuan Water & Electrical (Anxi) Co Ltd) 衡水新冀热电有限公司 (Hengshui Xin Ji Co-generation Power Company Limited)	–
Lim Peng Kiat	*Group corporations*	*Group corporations*
	HLS Infrastructure	–
	Other corporations	*Other corporations*
	Target Property (S) Pte Ltd (in the process of being struck off)	Grace Baptist Church Limited Ban Leong Hin Pte. Ltd. HLS Investment
Chua Hua Hong	*Group corporations*	*Group corporations*
	HLS Infrastructure HLS Contractors	–
	Other corporations	*Other corporations*
	Ban Leong Hin Pte. Ltd. Bijama Development Sdn Bhd P.T. Dwi Rejeki Jaya Indonesia P.T. Pembangunan Triusaha Indonesia Senview Properties Sdn Bhd Sin Chua Investments Pte Ltd	HLS International HLS Investment
Chua Aik Khoon	*Group corporations*	*Group corporations*
	HLS Infrastructure	–
	Other corporations	*Other corporations*
	P.T. Pembangunan Triusaha Indonesia P.T. Dwi Rejeki Jaya Indonesia	–
Cheang You Kong	*Group corporations*	*Group corporations*
	HLS Contractors	–
	Other corporations	*Other corporations*
	Char Yong (Dabu) Foundation Limited	–

Name	Present Directorships	Past Directorships
Koh Lian Huat	*Group corporations*	*Group corporations*
	–	HLS Infrastructure
	Other corporations	*Other corporations*
	Eastern Union (2002) Pte. Ltd. Winsing International Pte Ltd Singapore Banking Corporation Limited	Comhub Pte Ltd
Khor Poh Hwa	*Group corporations*	*Group corporations*
	–	–
	Other corporations	*Other corporations*
	Keppel Land Limited Evergro Properties Pte. Ltd. Singapore-Suzhou Township Development Pte Ltd CPG FM (Xiamen) Co., Ltd Suzhou Industrial Park CPG FM Co., Ltd Sino-Singapore Tianjin Eco-City Investment and Development Company Singapore Tianjin Eco-City Investment Holdings Pte. Ltd. Keppel Group Eco-City Investments Pte. Ltd. Substantial Enterprises Ltd Tianjin Pearl Beach International Country Club Co., Ltd Tianjin Fushi Property Development Co., Ltd Tianjin Fulong Property Development Co., Ltd SIP Jiacheng Property Development Co Ltd	PM Link Pte Ltd PM Link (Suzhou) Pte Ltd CPG FM (Suzhou) Pte Ltd China-Singapore Suzhou Industrial Park Development Co Ltd CPG Corporation Pte Ltd CPG Consultants Pte Ltd CPG Facilities Management Pte Ltd CA Facilities Pte. Ltd. CPG Investments Pte Ltd CPG Hubin (Suzhou) Pte Ltd
Lau Teik Soon	*Group corporations*	*Group corporations*
	–	HLS Infrastructure
	Other corporations	*Other corporations*
	TMC Education Corporation Ltd. Ryobi Kiso Holdings Ltd.	Loyal Oil Services Pte Ltd Eagle Brand Holdings Ltd

EXECUTIVE OFFICERS

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

Name	Age	Address	Principal Occupation
Chong Lee Yin	42	Blk 635 Yishun Street 61, #08-82, Singapore 760635	CFO (Company)
Pang Siew Pui	53	Blk 347 Hougang Avenue 7, #04-585, Singapore 530347	Head of Technical Department (HLS Infrastructure)
Fong Kam Wai	49	3 Jalan Ampas, #05-01, Birchwood Mansion, Singapore 329504	Head of Construction and Engineering Department, Project Manager (HLS Infrastructure)
Kee Guan Chua	58	22A Rambai Road, Singapore 424342	Head of Contracts and Tenders Department (HLS Infrastructure)
Daniel Tay Chin Kwang	43	67 Stratton Drive, Singapore 805665	Head of Construction and Engineering Department, Project Manager (HLS Infrastructure)
Ang Kwee Hong	47	27 Flora Road, #03-02, Singapore 507941	Contract Manager (HLS Infrastructure)

The working experience, business experience and areas of responsibility of our Executive Officers are set out below:

Chong Lee Yin is our CFO. She joined our Group in March 2008. She is responsible for the accounting, financial and tax related matters of our Group. Prior to joining us, she was the Chief Financial Officer of Friven & Co. Ltd. from 2007 to early 2008. She worked in a German chemical distribution and production company as Finance and Accounting Manager from 1996 to 2004 and as Planning and Controlling Manager from 2004 to 2006. From 1994 to 1996, she was an accountant with ST Construction Pte Ltd. From 1990 to 1994, she was an accountant with Nam Lee Industries Pte Ltd. She graduated from the National University of Singapore in 1989 with a Bachelor of Accountancy and is a Certified Public Accountant with the Institute of Certified Public Accountants of Singapore since 1993.

Pang Siew Pui heads our Technical Department. He joined our Group in 1985 as a senior project engineer. He was responsible for the supervision of viaduct construction works, liaising with consultants and sub-contractors on design matters and assisting the contract department in tender submissions. From 1996 to 1998, he was the project director of Kang Lian Contractors Pte Ltd. He has more than 26 years of experience in design engineering work and project management. Prior to joining our Group, from 1982 to 1984, he was an engineer with VSL Singapore Pte Ltd. From 1981 to 1982, he worked as a design engineer with Brown & Root (SEA) Pte Ltd. He was awarded a Bachelor of Engineering (Civil) (Honours) in 1981 and a Master of Science (Civil Engineering) in 1985, both from the National University of Singapore. He is a registered professional engineer with the Singapore Professional Engineers Board since 1991 and a qualified erosion control professional with the Institution of Engineers Singapore since 2006.

Fong Kam Wai is one of our Heads of our Construction and Engineering Department, and a Project Manager. He joined our Group in October 1985. He is responsible for the overall planning and coordination of projects, ensuring the projects completion within allocated budget and is in charge of schedule and quality standards. Since joining our Group, he has been involved in the Changi Airport Terminal 3 Project and Sungei Serangoon Bridge Project. He is also currently the project manager of the Marina Coastal Expressway Project. He has extensive experience in the field of engineering and construction works. Mr Fong holds a Bachelor of Engineering from the National University of Singapore in 1985.

Kee Guan Chua heads our Contracts and Tenders Department. He has been with our Group since 1983 and his current responsibilities include estimating project cost, project tenders, sourcing for building materials, evaluation and procurement of contracts for supply and sub-contracting works and variations. Prior to joining our Group, Mr Kee had worked as a technician with the Ministry of the Environment, Singapore (now known as Ministry of the Environment and Water Resources) and PSA and as an assistant quantity surveyor with QS Partnership for approximately 10 years. He has vast experience in site investigations and surveys, preparation of drawings and tender documents. He obtained a Technician Diploma in Building from the Singapore Polytechnic in 1978.

Daniel Tay Chin Kwang is one of our Heads of our Construction and Engineering Department, and a Project Manager. He joined our Group in April 2003. He is responsible for the tender, coordination, project and technical management of the infrastructure works undertaken by our Group. Since joining our Group, he was involved in the Kim Chuan Depot Project and is currently the project manager of the Marina Bay Project. He was a project manager with a local Grade A1 construction company from October 1996 to March 2003 and also worked as its quality manager cum management representative from 1995 to September 1996. In 1994, he worked as a project engineer in Torie Construction Pte Ltd. He started as a project engineer with a local Grade A1 construction company from 1992 to 1993. He has extensive experience in buildings works. Having been a quality manager cum management representative in his previous company, he has in-depth knowledge of ISO systems. He has also gained valuable experience in infrastructure works through his involvement in airport projects and the Kim Chuan Depot Project. Mr Tay was awarded a Bachelor of Engineering (Civil) from the National University of Singapore in 1992 and a Master of Science (International Construction Management) from Nanyang Technological University in 2000. He is a member of the Institution of Engineers Singapore since 2002.

Ang Kwee Hong is our Contract Manager. She joined our Group as a quantity surveyor from 1991 to 2005 and was primarily responsible for tender works, negotiating pre-contracts and post-contracts and the administration of HLS Infrastructure. She was appointed as the Contract Manager of our Group in 2006. Ms Ang obtained a Technician Diploma in Building from the Singapore Polytechnic in 1982.

The list of present and past directorships of each Executive Officers over the last five years excluding those held in our Group, is set out below:

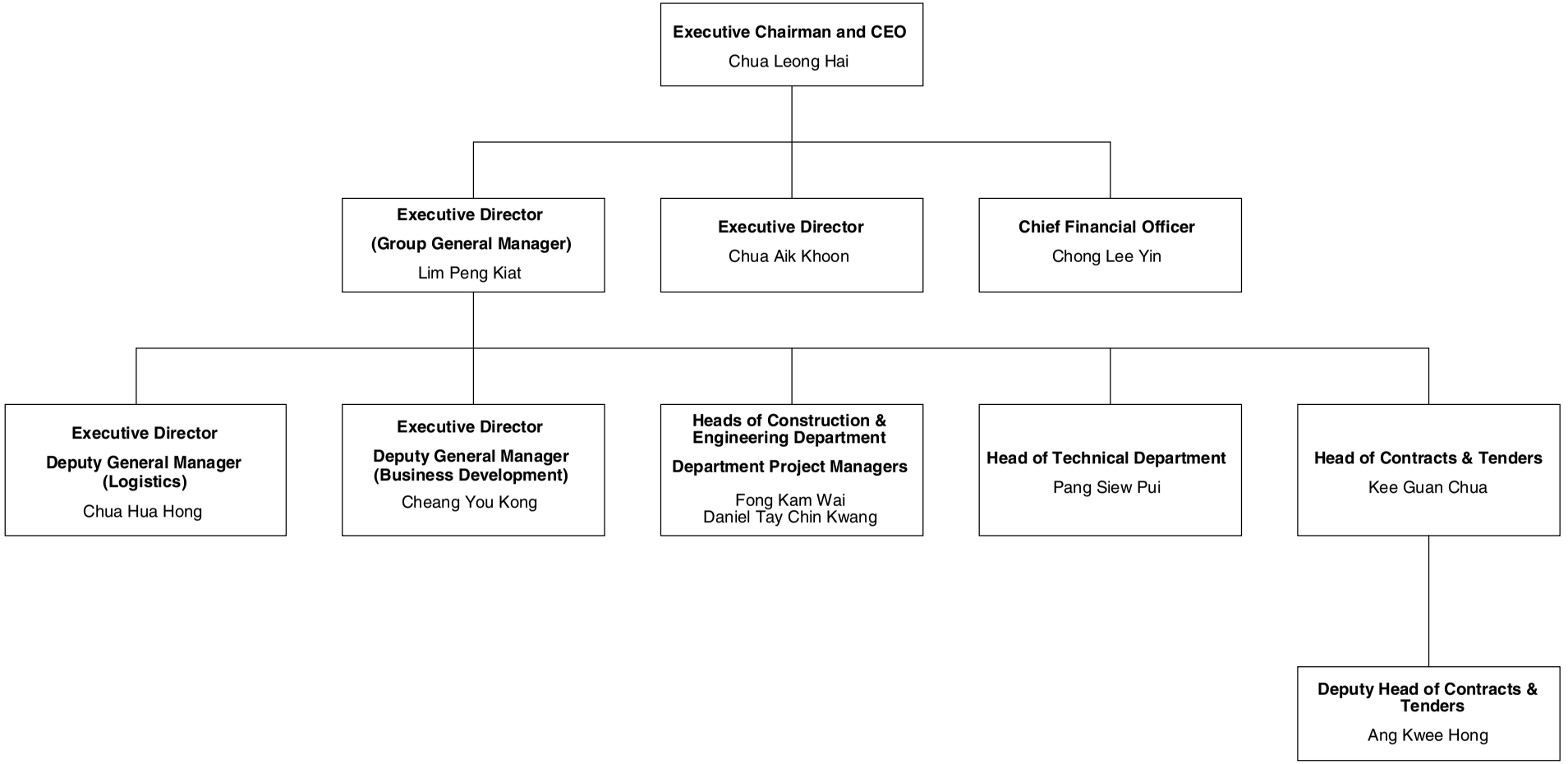
Name	**Present Directorships**	**Past Directorships**
Chong Lee Yin	*Group corporations*	*Group corporations*
	–	–
	Other corporations	*Other corporations*
	–	Eagleton Direct Export Ltd Friven (Malaysia) Sdn Bhd Mayfran Distribution (M) Sdn Bhd Friven & Co Lifestyle Sdn Bhd Vickmark Manufacturing Sdn Bhd
Pang Siew Pui	*Group corporations*	*Group corporations*
	–	–
	Other corporations	*Other corporations*
	–	–

Name	Present Directorships	Past Directorships
Daniel Tay Chin Kwang	*Group corporations* –	*Group corporations* –
	Other corporations –	*Other corporations* –
Kee Guan Chua	*Group corporations* HLS Infrastructure	*Group corporations* –
	Other corporations HLS International P.T. Dwi Rejeki Jaya Indonesia P.T. Pembangunan Triusaha Indonesia	*Other corporations* –
Fong Kam Wai	*Group corporations* –	*Group corporations* –
	Other corporations –	*Other corporations* –
Ang Kwee Hong	*Group corporations* –	*Group corporations* –
	Other corporations –	*Other corporations* –

There is no arrangement or understanding with a Substantial Shareholder, customer or supplier of our Company or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer of our Company.

MANAGEMENT REPORTING STRUCTURE

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



EMPLOYEES

A breakdown of our full-time staff by function is as follows:

Function	As at 31 December			As at Latest Practicable Date
	2006	2007	2008	
Management[1]	8	8	12	11
Construction – Operations	53	56	82	108
Construction workers	175	166	161	214
Finance and Administration	8	8	8	11
Total	**244**	**238**	**263**	**344**

Note:

(1) Executive Directors and Executive Officers are classified under "Management".

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

We do not employ a significant number of temporary employees.

None of our employees is unionised. The relationship and co-operation between our management and staff is good and this is expected to remain so in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

The remuneration (including salary, bonus, contributions to CPF, directors' fees and benefits-in-kind) paid or payable to our Directors and Executive Officers on a pro forma basis and in remuneration bands[1] for FY2007 and FY2008, and the estimated remuneration payable to them on a pro forma basis and in remuneration bands for FY2009 are as follows:

	FY2007	FY2008	Estimated for FY2009
Directors			
Chua Leong Hai[2]	Band B	Band C	Band A
Lim Peng Kiat[2]	Band B	Band C	Band A
Chua Hua Hong	Band A	Band A	Band A
Chua Aik Khoon	Band A	Band A	Band A
Cheang You Kong	Band A	Band A	Band A
Koh Lian Huat	–	–	Band A
Khor Poh Hwa	–	–	Band A
Lau Teik Soon	–	–	Band A
Executive Officers			
Chong Lee Yin	–	Band A	Band A
Pang Siew Pui	Band A	Band A	Band A
Daniel Tay Chin Kwang	Band A	Band A	Band A
Kee Guan Chua	Band A	Band A	Band A
Fong Kam Wai	Band A	Band A	Band A
Ang Kwee Hong	Band A	Band A	Band A

Notes:

(1) Remuneration bands:

"Band A" refers to remuneration of up to $250,000 per annum.
"Band B" refers to remuneration from $250,001 to $500,000 per annum.
"Band C" refers to remuneration from $500,001 to $700,000 per annum.

(2) The estimated remuneration for FY2009 does not include any bonuses and performance bonuses payable under each of the Service Agreements of our founder, Executive Chairman and CEO, Chua Leong Hai and of Lim Peng Kiat, who is our Executive Director and Group General Manager.

We have not set aside or accrued any amounts for our Directors, Executive Officers and our employees to provide for pension, retirement or similar benefits.

RELATED EMPLOYEES

As at the date of this Prospectus, other than our Directors and Executive Officers whose relationship with one another and their remuneration are disclosed in the sections entitled "Directors, Management and Staff - Directors", "Directors, Management and Staff - Executive Officers" and "Remuneration of Directors, Executive Officers and Related Employees" of this Prospectus, there are other employees who are related to our Directors and their particulars are set out below:

Name	Position Held	Relationship with our Directors
Chua Hua Leong	Foreman	Brother of Chua Leong Hai
Chua See	Foreman	Brother of Chua Leong Hai
Chua Eng Lye	Assistant Foreman	Nephew of Chua Leong Hai

In FY2008, the total remuneration paid to six related employees, including one employee who left the Group in 2008 and two other employees who left the Group in 2009 (comprising salary, bonus, CPF contribution and benefits-in-kind), amounts to approximately $591,177. The basis for determining their remuneration is the same as the basis for determining the remuneration of other unrelated employees.

The remuneration of employees who are related to our Directors will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee and disclosed in our annual report in accordance with the Code of Corporate Governance. 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.

SERVICE AGREEMENTS

On 7 December 2009, our Company entered into separate service agreements ("Service Agreements") with Chua Leong Hai and Lim Peng Kiat (each, the "Appointee") under which Chua Leong Hai was appointed as the Executive Chairman and CEO and Lim Peng Kiat was appointed as the Executive Director and the Group General Manager.

The Service Agreements shall take effect from the date of admission of our Company to the Official List of the SGX-ST and shall, continue for an initial period of three years thereafter ("Initial Term"). The Initial Term and renewal under the Service Agreement for Chua Leong Hai is subject to the approval of our Shareholders at each annual general meeting commencing next after he attains the age of 70 years. After the Initial Term, the Appointee's employment shall be reviewed by our Board and renewed annually on such terms and conditions as the parties may agree mutually and in accordance with any statutory or regulatory requirements, unless terminated by either party giving the other party not less than 6 months prior written notice of such termination.

The Service Agreements provided for, *inter alia*, the salary payable to the Appointees, annual leave, medical benefits, grounds for termination and certain restrictive covenants. Under the terms of the respective Service Agreements, Chua Leong Hai's basic monthly salary is $20,000 and Lim Peng Kiat's basic monthly salary is $17,000. Each of the Appointees will also be entitled to an annual variable bonus which will be determined by our Remuneration Committee taking into account the performance of the Group and the Appointee, in addition to the annual performance bonus described below.

Each Appointee will also be paid a performance bonus for each financial year based on a percentage of our PBT, provided that our PBT is not less than $5 million for that financial year and that each Appointee is under the employment of our Company as the Executive Chairman and CEO or as the Executive Director and the Group General Manager, as the case may be, on the last day of that financial year. The performance bonus that each Appointee will receive for each financial year will be calculated as follows:

Chua Leong Hai

PBT[1]	**Fixed Amount**	**Percentage in Excess of Amount (%)**
Up to and including $5.0 million	–	–
More than $5.0 million but up to and including $10.0 million	–	3.0
More than $10.0 million but up to and including $15.0 million	150,000	3.5
More than $15.0 million but up to and including $20.0 million	325,000	4.0
More than $20.0 million but up to and including $25.0 million	525,000	4.5
More than $25.0 million but up to and including $30.0 million	750,000	5.0
More than $30.0 million	1,000,000	5.5

Lim Peng Kiat

PBT[1]	**Fixed Amount**	**Percentage in Excess of Amount (%)**
Up to and including $5.0 million	–	–
More than $5.0 million but up to and including $10.0 million	–	2.0
More than $10.0 million but up to and including $15.0 million	100,000	2.5
More than $15.0 million but up to and including $20.0 million	225,000	3.0
More than $20.0 million but up to and including $25.0 million	375,000	3.5
More than $25.0 million but up to and including $30.0 million	550,000	4.0
More than $30.0 million	750,000	4.5

Notes:

(1) "PBT" shall, in relation to each financial year, mean the audited consolidated profit before taxation (after deducting profit before taxation attributable to minority interests) and before the abovementioned performance bonus.

(2) The performance bonus shall be inclusive of any CPF contributions required to be made by our Company in respect thereof.

Under the Service Agreements, the remuneration of the Appointees (including the performance bonus) and the terms contained in the Service Agreements are subject to annual review by the Remuneration Committee and the Board on the day falling within one month from our Board's approval of the audited consolidated accounts of our Group for the immediate preceding financial year and shall take effect from the date as determined by the Remuneration Committee. Each Appointee shall abstain from voting in respect of any resolution or decision to be made by our Board in relation to the terms and the renewal of his Service Agreement.

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

Under the Service Agreements, each Appointee has covenanted not to during his employment with our Company and for a period of 12 months after cessation of his employment with our Company be directly or indirectly engaged or concerned or interested in any other business competing with our Group. Each Appointee has also covenanted not to solicit or entice away or attempt to solicit or entice away from our Group any customer or employee of our Group during his employment with our Company and for a period of 12 months after cessation of his employment with our Company.

In addition, Chua Leong Hai shall be entitled to the use of a car and a chauffeur provided by our Company.

Each Appointee shall be entitled to be reimbursed by our Company (or such other company within our Group, where appropriate) all travelling, hotel, entertainment and such other out-of-pocket expenses subject to limits from time to time approved by the Board in line with the Company's policy reasonably incurred by him in the discharge of his duties based on our Company's policies from time to time.

Save for the Scheme and the Plan and subject to the approvals of our Shareholders, the SGX-ST and any other regulatory authorities, where necessary, Chua Leong Hai shall be eligible to participate in other employee share option scheme(s), performance share plan or employee share scheme implemented by our Company (if any) on such terms as may be determined by our Remuneration Committee at its sole and absolute discretion.

Subject to the approvals of our Shareholders, the SGX-ST and other regulatory authorities, where necessary, Lim Peng Kiat shall be eligible to participate in the employee share option scheme(s), performance share plan or other employee share scheme implemented by the Company (if any) on such terms as may be determined by the Remuneration Committee at its sole and absolute discretion.

Had the Service Agreements mentioned above been in place for FY2008, the aggregate remuneration (including contributions to the CPF and other benefits, if any) paid or provided to the Appointees would have been $1.5 million instead of $1.2 million and the combined profit before income tax and minority interest would be $18.6 million instead of $18.9 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.

BOARD PRACTICES

Our Articles of Association provides that our Board will consist of not less than two directors. 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.

The age limit for directors is set out in Section 153 of the Companies Act which provides that no person of or over the age of 70 years shall be appointed or act as director of a public company or of a subsidiary of a public company. Notwithstanding the above, a person of or over the age of 70 years may, by an ordinary resolution passed at an annual general meeting of the company:

(a) be appointed or re-appointed as a director of the company to hold office; or

(b) be authorised to continue in office as a director of the company,

until the next annual general meeting of the company.

Further details on the appointment and retirement of Directors can be found in Appendix E of this Prospectus.

CORPORATE GOVERNANCE

Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed in order to enhance long-term shareholder value through enhancing corporate performance and accountability.

Our Directors recognise the importance of corporate governance and in the offering of high standards of accountability to our Shareholders. Accordingly, our Directors have established an Audit Committee, a Remuneration Committee and a Nominating Committee. In addition, in view of our founder, Executive Chairman and CEO, Chua Leong Hai's concurrent appointment as our Executive Chairman and CEO, we have appointed Koh Lian Huat as our Lead Independent Director. The Lead Independent Director will be available to Shareholders who have concerns which contact through the normal channels of our Executive Chairman and CEO, administration and finance director, and/or financial controller has failed to resolve or for which such contact is inappropriate.

Nominating Committee

Our Nominating Committee comprises Koh Lian Huat, Chua Leong Hai, Khor Poh Hwa and Lau Teik Soon. The Chairman of the Nominating Committee is Lau Teik Soon.

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;

(d) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards; and

(e) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The 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 address how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the 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 the Nominating Committee shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises Koh Lian Huat, Khor Poh Hwa and Lau Teik Soon. The Chairman of the Remuneration Committee is Khor Poh Hwa.

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 and 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 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 the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Audit Committee

Our Audit Committee comprises Koh Lian Huat, Khor Poh Hwa and Lau Teik Soon. The Chairman of the Audit Committee is Koh Lian Huat.

Our independent Directors 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 independent internal auditors (to be appointed within 12 months from the date of admission of our Company to the Official List of the SGX-ST), 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 financial statements 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 the Listing Manual and any other relevant statutory/regulatory requirements;

(d) review the internal control and procedures and ensure co-ordination 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 the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(f) consider and recommend the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(g) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);

(h) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(i) 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;

(j) 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;

(k) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(l) conduct periodic review of foreign exchange transactions and hedging policies (if any) undertaken by our Group.

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 infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results and/or financial position.

Our Company will put in place a whistle-blowing framework endorsed by the Audit Committee where employees of our Company may, without fear of reprisals or victimisation, and in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters. The details of the whistle-blowing policies and arrangements will be made available to all employees. The Audit Committee is obliged to review all reports received and take or approve the appropriate actions. The objective for such arrangement is to ensure independent investigation of such matters and appropriate follow-up action.

In the event that a member of our Audit Committee has an interest in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular transaction.

Our Audit Committee notes that Chong Lee Yin's recent experience includes being the chief financial officer of Friven & Co. Ltd. from March 2007 to January 2008. Friven & Co. Ltd. is a company incorporated in 1982 and listed on the Catalist Board of the SGX-ST in 1995.

Furthermore, she has had about eight years of experience in BASF South East Asia Pte Ltd as a Finance and Accounting Manager and was responsible for the reporting and accounting functions for its Singapore operations. Subsequently, she worked as a Planning and Controlling Manager for two years in BASF East Asia Regional Headquarter Ltd. where she was responsible for preparing the budget and consolidated financial accounts for the Asia-Pacific operations of a business unit within the group. The Audit Committee further notes that Chong Lee Yin has former accounting experience in two construction companies in Singapore for a total of approximately six years.

In the preparation of the listing of the Company on the Official List of the SGX-ST, the Audit Committee has observed and noted Chong Lee Yin's contributions on several occasions, including her responses to questions posed at various discussions and meetings by the professionals working on the proposed listing of the Company's shares on the Official List of the SGX-ST. Based on the responses provided by Chong Lee Yin to such questions, the Audit Committee has formed the view that she has demonstrated her understanding of the business of and familiarity with the finance and accounting functions of our Group. Chong Lee Yin has also been able to answer questions raised regarding the business transactions entered into by our Group. Coupled with her past working experience and qualifications, the Audit Committee is of the view that she is suitable for the position of CFO of our Group.

HLS SHARE-BASED INCENTIVES

In conjunction with our listing on the Official List of the SGX-ST, we have adopted a share option scheme known as the "HLS Employee Share Option Scheme" ("Scheme") and a performance share plan known as the "HLS Performance Share Plan" ("Plan"), both of which were approved at an Extraordinary General Meeting of our Shareholders held on 1 December 2009. The rules of our Scheme and our Plan are set out in Appendix F and Appendix G of this Prospectus, respectively. These rules comply with the requirements set out in the Listing Manual and the Companies Act.

Both the Scheme and the Plan will provide eligible participants ("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 Scheme and the Plan 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.

Both the Scheme and the Plan are proposed on the basis that it is important to recognise the fact that the services of our employees are important to the success and continued well-being of our Group. Our Company, by implementing the Scheme and the Plan, will enable our Company to give our employees 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 as well as the strengthening of working relationships with our Group's close business associates;

(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.

The Plan and the 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 Plan is principally to target selected management in key positions who are able to drive the growth of the Company through creativity, firm leadership and excellent performance. The number of Shares to be granted under the Plan will be determined based on performance targets to be achieved by such selected management employees which will be set by our Board and approved by the Remuneration Committee at the beginning of every financial year. The Company believes that it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals. The Awards given to a particular Participant under the Plan and the number of Plan Shares will be determined at the discretion of the Remuneration Committee, who will take into account factors such as the Participant's capability, scope of responsibility and skill. In deciding on an Award to be granted to a Participant, the Remuneration Committee will also consider the compensation and/or benefits to be given to the Participant under the Scheme and other share-based incentive schemes of the Company, if any. The Remuneration Committee may also set specific criteria and Performance Conditions for each different department, taking into account factors such as (i) the Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and duties; and (iii) the prevailing economic conditions.

In contrast, the Scheme is meant to be more of a "loyalty" driven time-based incentive program. The Scheme will be available to Directors and the employees and will function as a generic share-based incentive scheme. In any event, the aggregate number of Plan Shares and the Scheme Shares will be subject to the maximum limit of 15% of the Company's total issued share capital. As the Scheme and the Plan are valid for a period of 10 years, this maximum limit of 15% of the Company's total issued share capital allows for a potential increase in the number of employees as our Company expands in the future.

Administration of the Scheme and the Plan

Our Remuneration Committee will be designated as the committee responsible for the administration of the Scheme and the Plan. Our Remuneration Committee will determine, *inter alia*, the following:

(i) the persons to be granted Options and/or Awards;

(ii) the number of Shares which are the subject of the Awards and/or Options to be granted; and

(iii) recommendations for modifications to the Scheme or the Plan.

In compliance with the requirements of the Listing Manual, a Participant of the Scheme and/or the Plan who is a member of the Remuneration Committee shall not be involved in its deliberations in respect of Options and/or Awards to be granted or held by that member of the Remuneration Committee.

Size of the Scheme and the Plan

The aggregate number of Shares which may be issued pursuant to Options and/or Awards granted under the Scheme and/or the Plan, when added to the number of Shares issued and/or issuable in respect of all Awards granted under the Plan and all Options granted under the Scheme, shall not exceed 15% of the total issued share capital of our Company on the day immediately preceding the date of the relevant grant.

This 15% size 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 Scheme and Plan, our employees and Executive 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 Scheme and Plan is reasonable, taking into account the share capital base of our Company, the contributions by our employees and Executive Directors and the potential number of employees as our business expands. Implementing our Scheme and our Plan with the maximum amount of shares not exceeding 15% of the total issued share capital of our Company will enable us to maintain flexibility and remain competitive in the industry.

Each of the Scheme and the Plan shall continue in force at the discretion of the Remuneration Committee subject to a maximum period of 10 years commencing on the date it is adopted by the Company in general meeting, provided always that it may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Maximum entitlements of the Scheme and the Plan

Subject to the size of our Scheme and our Plan as described above and any requirements of the SGX-ST, the aggregate number of Shares in respect of which Awards and/or Options may be offered 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.

Summary of the Rules of the Scheme

Capitalised terms used herein bear the same meanings as defined in Appendix F of this Prospectus.

The following is a summary of the Rules of our Scheme:

Eligibility

Employees of our Group who are not on probation and Executive Directors are eligible to participate in our Scheme. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Controlling Shareholders and their associates who are employees, Non-Executive Directors and Independent Directors are not eligible to participate in the Scheme.

Grant of Options

The Remuneration Committee may grant Options at any time during the period when our 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 are personal to the Participant to whom they are granted and 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 Scheme. All offers made to Participants, 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

An Option can be exercised, 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) during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date or such earlier date as may be determined by the Remuneration Committee.

Exercise Price

Under our Scheme, the exercise price of the Options granted will be determined by our Remuneration Committee, in their absolute discretion. Our Remuneration Committee may grant Options to the Participants at up to 20% discount to the Market Price of the Scheme 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 par value of the Share, the par value will be taken to be the exercise price.

In determining which Participant should be granted 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, (ii) the performance of the individual Participant, (iii) the contribution of the Participant to the success and development of our Company and/or our Group, and (iv) the prevailing market conditions.

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 the Scheme Share.

Lapse of Options

(i) Unless the Executive Director ceases to be an employee of our Group due to a change in control of the Board of Directors, an Option shall, to the extent that it is unexercised, lapse immediately and become null and void and a Participant shall have no claim against our Company and/or our Group:

(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 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 Scheme Shares

Scheme 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 Scheme

Our Scheme shall continue in operation for a maximum duration of 10 years commencing from the date on which our Scheme was adopted by our Company in general meeting. However, our Scheme may continue beyond the period stipulated above with the approval of the Shareholders in general meeting by way of ordinary resolution and the relevant authorities.

Our 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 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 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) shall take place:

(a) the Exercise Price in respect of the Scheme Shares comprised in the Option to the extent unexercised; and/or

(b) the class and/or number of Scheme Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or

(c) the class and/or number of Scheme 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 Scheme 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 Scheme

The 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 the aggregate number of Shares which would be issued upon exercise in full of all outstanding Options.

No alteration shall be made to the particular rules of the Scheme to the advantage of the holders of the Options, except with the prior approval of Shareholders in a general meeting.

Summary of the Rules of the Plan

Capitalised terms used herein bear the same meanings as defined in Appendix G of this Prospectus.

The following is a summary of the Rules of our Plan:

Eligibility

The Employees of our Group, and Group Executive Directors hold such rank as may be designated by the Remuneration Committee from time to time and who have, on or before the Offering Date, been in full-time employment of the Group for at least 12 months, shall be eligible to participate in the Plan, at the absolute discretion of the Remuneration Committee. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Controlling Shareholders and their associates who are employees, Group Non-Executive Directors and Independent Directors are not eligible to participate in the Plan.

Grant of Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant satisfying the eligibility criteria as set out in the rules of the Plan. These Shares may be new Shares or Shares held in treasury by the Company. 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 Plan shall be determined at the absolute discretion of the Remuneration Committee.

Awards are typically vested and the Shares comprised in the Awards are issued at the end of the Performance Period once the Remuneration Committee is, at its sole discretion, satisfied that the prescribed Performance Condition has been achieved. However, the rules of the Plan permit the Remuneration Committee to prescribe for a lengthier vesting period and in accordance with a schedule if the Remuneration Committee so decides. The Remuneration Committee may also grant an Award where in its opinion a Participant's performance and/or contribution to the Company warrants it.

Awards are personal to the Participant to whom they are given and shall not be transferred (other than to a Participant's personal representative on the death of the former), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Remuneration Committee.

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.

Operation of the Plan

Subject to prevailing legislation and SGX-ST guidelines, the Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment, the market purchase of existing Shares or the payment of its equivalent in cash.

New Shares allotted and issued on the release of an Award shall rank *pari passu* in all respects with the then existing issued Shares in the capital of our Company including any dividends or other distributions, the record date of which is on or after the relevant prior to the date of which such an Award is granted. 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.

Alteration of Capital

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, subdivision, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) 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 in respect of which future Awards 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 provided that written confirmation is given by the auditors that such adjustment is fair and reasonable.

Modifications or alterations to the Plan

The Plan 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 Awards granted except with the written consent of such number of Participants who, if their Awards are released to them, would thereby become entitled to not less than three-quarters of all our Shares which would be issued in full of all outstanding Awards under the Plan.

No alteration shall be made to the particular rules of the Plan to the advantage of the holders of the Awards, except with the prior approval of Shareholders in a general meeting.

Participation of Executive Directors and employees of our Group

The extension of the Scheme and the 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 will continue to make significant contributions to the long-term growth of our Group.

We believe that the Scheme and the Plan will also enable us to attract, retain and provide incentives to its Participants to produce higher 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 to contribute towards the long-term growth of our Group.

Cost of the Plan and the Scheme

FRS 102 Share-based Payment is effective for the financial statements of the Company for the financial year beginning 1 January 2005. Participants will receive Shares in settlement of the Options and Awards, and the Awards would be accounted for as equity-settled Share-based Payment transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards and Options would be recognised as a charge to the income statement over the vesting period of an Award or Option and a corresponding credit to reserve account. For Options granted, the total amount of the charge over the vesting period is generally measured based on the fair value of each Option granted. This is normally estimated by applying the option pricing model at the date of grant. As for Awards, the total amount of charge over the vesting period is based on the market price at the date of grant adjusted to take into the account the terms and conditions (see the following paragraph where there are non-market conditions attached) upon which the Awards were granted. Before the end of the vesting period, at each accounting year end, the estimate of the number of Options and Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made. The number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest but no adjustment is made to changes in the fair value of the Shares since the date of grant.

The amount charged to the income statement would be the same whether the Company settles the Awards or Options using New Shares or existing Shares ("equity settlement"). In the case of Awards, the amount of the charge to the income statement also depends on whether or not the performance target attached to an Award is "market condition", that is a condition which is related to the market price of the Shares. If the performance target is not a market condition, the fair value of the Shares granted at the date of grant is used to compute the amount to be charged to the income statement 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, if the Awards do not ultimately vest, the amount charged to the income statement would be reversed at the end of the vesting period.

Details of the number of Awards granted pursuant to the Plan, the number of Options granted pursuant to the Scheme, the number of Options exercised and the exercise price (as well as any applicable discounts) will be disclosed in our annual report.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the Official List of the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended 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 the Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of $10.00 for each withdrawal of 1,000 Shares or less and a fee of $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 $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 $10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or $0.20 per $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 SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of $10.00 is payable upon the deposit of each instrument of transfer with CDP. A fee of $10.00 is chargeable as stamp duty on such instrument of transfer. 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 stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value subject to a maximum of $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%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 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 10 years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) has ever been disqualified from acting as a director or 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

(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.

A. Disclosures relating to our Group

(i) Fines imposed by regulatory authorities such as the MOM, MEWR and PUB

Our Group has, from time to time in the ordinary course of its civil engineering business, incurred fines imposed by regulatory authorities such as the MOM, MEWR and PUB in relation to breaches of certain environmental and other regulations. The aggregate of such fines imposed by these regulatory authorities and paid by our Group for FY2006, FY2007, FY2008 and for the period from 1 January 2009 to the Latest Practicable Date were approximately $70,800, $17,560, $4,337 and $21,657 respectively.

These fines were due mainly to instances at the construction sites such as mosquito breeding found at the construction sites, accidental damage to underground cables, non-conformance to certain safety requirements (for example, failure to ensure that the passageways, platforms and other places of work are kept free from accumulation of dirt and debris and from other obstruction), discharge of muddy water and parking offence and overload of site vehicles.

The aggregate fines paid by our Company in FY2006 comprised approximately $45,000 for mosquito breeding, $18,000 for accidentally damaging cables during construction activities, $4,000 for safety violations, $1,500 for discharging muddy water and $1,300 for transport and site vehicles offences.

To minimise such breaches, our Group has since (i) implemented more stringent earth control measures at the construction worksites for our civil engineering projects; (ii) engaged external environmental health safety officers to manage the environmental aspects of our civil engineering projects; (iii) instructed our project and site managers to conduct more frequent checks on our construction sites in respect of any such potential breaches; (iv) conducted more in-house training to increase the level of awareness in environmental, safety, traffic and other regulatory matters amongst our employees and workers; and (v) enhanced our supervision on sub-contractors to ensure that they follow our standard operational and safety procedures to prevent any accidental damage to property belonging to third parties at our worksites.

During the period between June 2008 and March 2009, three foreign workers from our Group who held construction work passes worked in a canteen without the appropriate valid work passes. On 13 March 2009, the MOM issued a notification to HLS Infrastructure on the commencement of investigation on HLS Infrastructure for infringement of the EFMA at the construction site at Marina Boulevard. The MOM imposed an employment ban against HLS Infrastructure for foreign workers. On 4 May 2009, HLS Infrastructure wrote to the MOM to lift the employment ban against HLS Infrastructure and assured the MOM that there would not be future breaches of the EFMA. On 12 June 2009, the MOM lifted the ban and allowed HLS Infrastructure to employ foreign workers.

In addition, HLS Infrastructure was charged in court under the EFMA for allowing these three foreign workers who were employed by HLS Infrastructure to work at the canteen without the appropriate valid work passes. HLS Infrastructure was fined S$10,000 in respect of the appropriate charges.

To ensure that there would not be future breaches of the EFMA, our Group has since given our relevant employees periodic reminders to only carry out works within the scope as set out in their respective valid work passes. We have also reminded our project managers to ensure adherence to the EFMA.

(ii) Discrepancy in GST payment

Our Group had followed the industry practice of using the proforma invoice value to declare import value. In June 2009, our Group was notified by way of a letter from the SC dated 16 June 2009 that they would be conducting a routine inspection at our office and as a result of that inspection, we were informed by the SC that there was a discrepancy in the method of calculating the import value for the custom permits and that a different approach should be adopted. As a result, the amount of our GST relating to our Group's imports should be reviewed. The discrepancy arises from the difference in the amount as reflected in the proforma invoice and the transaction value and cost of the goods, including the cost and expenses incurred in the process of procurement. Instead of using the pro forma value, the full transaction value which includes the cost and expenses incurred in the process of procurement should also be included in the import value. Accordingly, we have reviewed our GST declarations from 1 January 2007 to 31 May 2009 and had on 20 July 2009, submitted our self declaration to the SC for the differential amount of GST for approximately $200,000. As at the Latest Practicable Date, the SC had informed us that they are currently reviewing the documentations submitted by us and as such, the Company is unable to ascertain the extent of penalty, if any.

Our Group has since made all our declarations based on the transaction value and cost of the goods, including the cost and expenses incurred in its procurement.

(iii) Claims by sub-contractors

From time to time in the ordinary course of our business in the Civil Engineering Segment, our Group has faced and will face claims from our sub-contractors arising from disputes between our Group and such sub-contractors in connection with our civil engineering projects. Disputes between us and our sub-contractors may arise for various reasons including defective works, delays in the completion of a project and disputes over contract specifications and the final amount payable for work done on the project. Some of these disputes and claims have resulted or may result in litigation or arbitration proceedings. The aggregate amount of claims which resulted in the commencement of legal proceedings or arbitration proceedings against the Group by our customers and sub-contractors for FY2006 was approximately $1,050,922 and there were no claims which resulted in the commencement of legal or arbitration proceedings against the Group by our customers and sub-contractors for FY2007, FY2008 and for the period from 1 January 2009 up to the Latest Practicable Date.

(iv) Claims arising from accidents at our project sites

From time to time in the ordinary course of our business, our Group has faced and may continue to face claims for damages from our workers, the workers of our sub-contractors as well as other persons arising from accidents or mishaps at our construction sites for our projects or at our Group's vicinities. Some of these claims have resulted or may result in legal proceedings being instituted against our Group. As at the Latest Practicable Date, there are no outstanding claims against us which are not covered under the workmen's compensation and public liability insurance policies taken up by our Group.

B. Disclosures relating to Chua Leong Hai

Our founder, Executive Chairman and CEO, Chua Leong Hai was convicted and sentenced to 6 months imprisonment for participating in an illegal gathering in or about 1967 in respect of a political gathering organised by a worker's union in Changi. He was young and inexperienced then and was unaware that it was an illegal gathering at that time.

In the 1970s, our founder, Executive Chairman and CEO, Chua Leong Hai assisted the CPIB in their investigations relating to a project awarded via the PWD's invitation for tender. Neither our founder, Executive Chairman and CEO, Chua Leong Hai nor our Group participated in this project. Our founder, Executive Chairman and CEO, Chua Leong Hai was not aware of the purpose of such investigations. Our founder, Executive Chairman and CEO, Chua Leong Hai was not the subject of the investigations and he has not thereafter been contacted by CPIB to assist in any further investigations on this matter.

In 1983, our founder, Executive Chairman and CEO, Chua Leong Hai assisted the CPIB in their investigations relating to MEWR's Marina Centre Drainage Scheme - Contract III undertaken by HLS Infrastructure. HLS Infrastructure was investigated as one of the foremen of HLS Infrastructure, on his own accord and without authorisation from his superiors and/or HLS Infrastructure, transported the excavated surplus earth away from the project site without the approval of the MEWR. The said foreman was subsequently charged in court for the unauthorised transport of excavated surplus earth. HLS Infrastructure was not charged. Our founder, Executive Chairman and CEO, Chua Leong Hai was not the subject of the investigations and has not thereafter been contacted by the CPIB to assist in any further investigations on this matter.

Our founder, Executive Chairman and CEO, Chua Leong Hai was a former director of Group Industries Pte Ltd ("Group Industries"), where he represented the interests of HLS Investment (then a shareholder of Group Industries). In or around 1999, HLS Investment filed an application in the High Court of Singapore under section 216 of the Companies Act (in relation to personal remedies in cases of oppression or injustice), in respect of the affairs of Group Industries. The matter was subsequently settled out of court and consequently, HLS Investment disposed of its entire shareholding in Group Industries to others.

C. Disclosures relating to Chua Leong Hai and Lim Peng Kiat

In the 1990s, our founder, Executive Chairman and CEO, Chua Leong Hai and our Executive Director, Lim Peng Kiat assisted the Commercial Affairs Department ("CAD") in connection with their investigations. The CAD's investigations commenced after the conclusion of the legal proceedings between Hytech Builders Pte Ltd and Evergreat Construction Co Pte Ltd in relation to a construction project in Taiwan in which our Group had previously provided technical services to a Taiwanese main contractor, Kong Sing Engineering Corporation. Both our founder, Executive Chairman and CEO, Chua Leong Hai and Lim Peng Kiat were not the subject of the CAD investigations and were not aware of the purpose of investigations. They have not been contacted thereafter by the CAD to assist in any further investigations on this matter.

D. Disclosures relating to Lim Peng Kiat

In or about 1998, Lim Peng Kiat assisted the CPIB in their investigations relating to an approved dump site used by our Group for the disposal of the surplus excavated earth from a project undertaken by our Group. No proceedings followed after this investigation. Lim Peng Kiat was not the subject of such investigations and has not been contacted thereafter by the CPIB to assist in any further investigations on this matter.

E. Disclosures relating to Chua Hua Hong

In 1999, Chua Hua Hong (Executive Director) was interviewed by the CPIB. At the relevant time, Chua Hua Hong was employed by HLS Contractors, and he was interviewed by the CPIB in connection with the CPIB's investigations relating to a sub-contractor of HLS Contractors. HLS Contractors had undertaken a contract relating to earthworks and the management of a dump site. The subject of the CPIB's investigation was the sub-contractor engaged by HLS Contractors. HLS Contractors was not the subject of the CPIB's investigations.

In February 2009, Chua Hua Hong was interviewed again by the CPIB in connection with the CPIB's investigations relating to two employees of our Group, who were suspected of having accepted bribes from a sub-contractor. The subjects of the CPIB's investigations were the two employees, one employee left our Group in 2007 and the other employee left our Group in 2009.

Chua Hua Hong was not the subject of the above CPIB investigations and has not been contacted thereafter by the CPIB to assist in any further investigations on these matters.

On 16 July 2009, Chua Hua Hong was charged in court under the EFMA for allowing three foreign workers who were employed by HLS Infrastructure to work at the canteen without the appropriate work passes. Chua Hua Hong was fined S$10,000 in respect of the charges. Chua Hua Hong has settled the fine.

F. Disclosure relating to Koh Lian Huat

Koh Lian Huat (Independent Director) was a director of CA Special Steel Pte Ltd which was voluntarily struck off on 9 April 2004. Mr Koh was also a director of Comhub Pte. Ltd. which was voluntarily struck off on 17 March 2005.

G. Disclosures relating to Pang Siew Pui

Pang Siew Pui (Executive Officer) was interviewed by the CPIB in connection with their investigations relating to a student from Nanyang Technological University during his industrial attachment with the Company some time in 1992 or 1993. Pang Siew Pui was not aware of the purpose of the investigation. He was asked by the CPIB on whether it was a common practice for the site staff including students on attachment to mingle with the clients' clerks. Pang Siew Pui was not the subject of such investigations and he has not been contacted thereafter by the CPIB to assist in any further investigations on this matter.

H. Disclosures relating to Kee Guan Chua

In 1999, Kee Guan Chua (Executive Officer) was interviewed by the CPIB. At the relevant time, Kee Guan Chua was employed by HLS Contractors, and he was interviewed by the CPIB in connection with the CPIB's investigations relating to a sub-contractor of HLS Contractors. HLS Contractors had undertaken a contract relating to earthworks and the management of a dump site. The subject of the CPIB's investigation was the sub-contractor engaged by HLS Contractors. HLS Contractors was not the subject of the CPIB's investigations.

Kee Guan Chua was not the subject of the CPIB investigations and has not been contacted thereafter by the CPIB to assist in any further investigations on this matter.

2. There is no shareholding qualification for Directors under the Articles of Association of our Company.

3. No option to subscribe for shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the last financial year.

SHARE CAPITAL

4. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in the Articles of Association.

5. Save as disclosed below and in the sections entitled "Share Capital" and "Restructuring Exercise" of this Prospectus, 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 / par value	Purpose of issue	Resultant issued share capital
Our Company				
20 May 2009	10	$0.10 per share	Incorporation	$1

6. Save as disclosed above and under the section entitled "Restructuring Exercise" of this Prospectus, no shares in, or debentures of, our Company or 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 Latest Practicable Date.

7. Except pursuant to the Scheme, as at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or our subsidiaries.

MATERIAL CONTRACTS

8. 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 Prospectus and are or may be material:

   (a) sale and purchase agreement dated 31 December 2007 between HLS Investment (as vendor) and HLS Infrastructure (as purchaser) pursuant to which HLS Infrastructure acquired an aggregate of 17,000 ordinary shares representing the entire issued share capital of HLS Contractors for an aggregate consideration of $2,308,314.23, being a sum equal to the value of the NTA of HLS Contractors as at 31 October 2007, which was satisfied in full by offsetting the amount of monies due and owing by HLS Investment to HLS Infrastructure;

   (b) deed of grant and transfer of shares dated 16 November 2007 between HLS Infrastructure (as grantor) and HLS Investment (as grantee) pursuant to which HLS Infrastructure granted 9,500 shares of nominal value Rp217,600 each (including all rights and interests attaching thereto) representing 95% of the equity interest in Dwi Indonesia to HLS Investment at nil consideration;

   (c) tenancy agreement dated 1 January 2008 between HLS Investment (as landlord) and HLS Infrastructure (as tenant) pursuant to which HLS Infrastructure rented the premises located at 80 Marine Parade Road, #21-07, #21-08 and #21-09 (partial), Parkway Parade, Singapore 449269, with an aggregate floor area of 3,080 sq ft, from HLS Investment for a period of 3 years commencing from 1 January 2008 at a monthly rent of $17,864 (inclusive of monthly maintenance contribution);

(d) share sale agreement dated 20 November 2009 between HLS Investment (as vendor) and our Company (as purchaser) pursuant to which our Company acquired the entire issued and fully paid-up share capital of HLS Infrastructure, comprising 252,000,000 ordinary shares, for an aggregate consideration of approximately S$32,430,728, being a sum equal to the value of the audited NTA of HLS Infrastructure as at 30 June 2009, which was satisfied by the allotment and issue of 324,307,280 Shares (before the Share Consolidation and Share Split) credited as fully paid, by our Company to HLS Investment; and

(e) share sale agreement dated 23 November 2009 between HLS Infrastructure (as vendor) and our Company (as purchaser) pursuant to which our Company acquired the entire issued and fully paid-up share capital of HLS Contractors, comprising 17,000 ordinary shares, for a cash consideration of approximately S$2,383,375, being the sum equal to the value of the audited NTA of HLS Contractors as at 30 June 2009.

LITIGATION

9. As at the Latest Practicable Date, neither our Company nor 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 Prospectus, a material effect on the financial position or the profitability of our Company or subsidiaries.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

10. Pursuant to the Management and Underwriting Agreement dated 10 December 2009 (the "Management and Underwriting Agreement") between our Company and UOB as the Issue Manager and the Underwriter, our Company appointed UOB to manage the Invitation and to underwrite the Offer Shares. UOB will receive a management fee from our Company for its services rendered in connection with the Invitation.

    UOB has agreed to underwrite the Offer Shares for an underwriting commission of between 2.50 per cent. and 2.75 per cent. of the Issue Price for each Offer Share payable by our Company pursuant to the Invitation. UOB may, at its absolute discretion, sub-write its underwriting obligations under the Management and Underwriting Agreement.

11. Pursuant to the Placement Agreement dated 10 December 2009 (the "Placement Agreement") between our Company and UOB as the Placement Agent, UOB agreed to subscribe for and/or procure subscribers for the Placement Shares for a placement commission of 2.00 per cent. of the issue price for each Placement Share (the "Placement Price"), to be paid by our Company. UOB may, at its absolute discretion, make sub-placement arrangements in respect of its placement obligations under the Placement Agreement.

12. Brokerage will be paid by our Company at the rate of 0.25 per cent. of the Issue Price and in the case of DBS, 0.50 per cent. of the Issue Price for each Offer Share and 1.00 per cent. of the Placement Price for each Placement Share. In addition, DBS levies a minimum brokerage fee of $10,000. In respect of the Offer Shares, the brokerage will be paid to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs at the aforementioned brokerage rate. In respect of the Placement Shares, the brokerage will be paid to the Placement Agent in accordance with the Placement Agreement.

13. The Management and Underwriting Agreement may be terminated by UOB at any time on or before the close of the Application List, on the occurrence of certain events including, *inter alia*:

(a) there shall come to the knowledge of the Issue Manager or the Underwriter any breach of the representations, warranties or undertakings in the Management and Underwriting Agreement or that any of the representations, warranties and undertakings in the Management and Underwriting Agreement is untrue or incorrect;

(b) any event occurring on or after the date of the Management and Underwriting Agreement and prior to 12.00 noon on the date of the close of the Application List which, if it had occurred before the date of the Management and Underwriting Agreement, would have rendered any of the representations, warranties and undertakings in the Management and Underwriting Agreement untrue or incorrect in any material respect;

(c) if there shall develop or come into force, from the date of the Management and Underwriting Agreement:

(i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise), performance or general affairs of our Company and/or its subsidiaries; or

(ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) in Singapore or elsewhere or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority;

(iii) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including, without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise);

(iv) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict (whether or not involving financial markets);

(v) any other occurrence of any nature whatsoever, which event or events shall in the reasonable opinion of UOB (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or overseas; or (2) be likely to materially prejudice the success of the subscription or offer of the New Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or (4) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or (5) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or (6) result or be likely to result in the issue of a stop order by the Authority pursuant to the SFA; or (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for UOB to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement; or

(d) without limiting the generality of the foregoing, if there comes to the notice of UOB (1) any statement contained in this Prospectus or Application Forms relating hereto which in the sole and absolute opinion of UOB has become untrue, incorrect or misleading in any material respect or (2) circumstances or matters have arisen or have been discovered, which would, if this Prospectus was to be issued at that time, constitute in the sole and absolute opinion of UOB, a material omission of such information, and our Company fails to lodge a supplementary or replacement prospectus or document (as the case may be) within a reasonable time after being notified of such a misrepresentation or omission or fails to promptly take such steps as UOB may reasonably require to inform investors of the lodgement of such supplementary prospectus or replacement prospectus or document. In such an event, UOB reserves the right, at its absolute discretion, to cancel the Invitation and any application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the New Shares by ordinary post at the applicant's own risk within 14 days of the termination of the Invitation.

14. The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

MISCELLANEOUS

15. The nature of the business of our Company has been stated earlier in this Prospectus. 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 "Group Structure" of this Prospectus.

16. Save as disclosed in the section entitled "Restructuring Exercise" of this Prospectus and in particular the sub-section entitled "Transfer of Shares from HLS Investment to Selected Employees" thereunder there has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Prospectus.

17. There has not been any 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 2009 and the Latest Practicable Date.

18. Save as disclosed in the sub-section entitled "Management, Underwriting and Placement Arrangements" of this section, 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 our subsidiaries.

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 Bank"). In the ordinary course of business, the Receiving Bank will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

20. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.

21. Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:

    (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

22. Save as disclosed in this Prospectus, our Directors are not aware of any event which has occurred since the end of FY2008 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Prospectus.

CONSENTS

23. The Reporting Accountants and Auditors, Ernst & Young LLP, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Report on Audited Combined Financial Statements and the Report on Audited Interim Combined Financial Statements in Appendices A and B of this Prospectus respectively in the form and context in which they are included and references to their name in the form and context in which they appear in this Prospectus and to act in such capacity in relation to this Prospectus.

24. The Issue Manager, Underwriter and Placement Agent, the Solicitors to the Invitation, the Solicitors to the Issue Manager, Underwriter and Placement Agent, the Share Registrar, the Principal Bankers and the Receiving Banker, have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.

25. Each of the Placement Agent, the Solicitors to the Invitation, the Solicitors to the Issue Manager, Underwriter and Placement Agent, the Share Registrar, the Principal Bankers and the Receiving Banker, do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus 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 Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

26. This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

DOCUMENTS AVAILABLE FOR INSPECTION

27. The following documents or copies thereof may be inspected at our registered office at 80 Marine Parade Road, #21-08 Parkway Parade, Singapore 449269 during normal business hours for a period of six months from the date of registration by the Authority of this Prospectus:

    (a) the Memorandum and Articles of Association of our Company;

    (b) the Report on Audited Combined Financial Statements;

    (c) the Report on Audited Interim Combined Financial Statements;

    (d) the Audited Financial Statements of Hock Lian Seng Infrastructure Pte. Ltd. for each of the financial years ended 31 December 2006, 2007 and 2008;

    (e) the Audited Financial Statements of Hock Lian Seng Contractors Pte Ltd for each of the financial years ended 31 December 2006, 2007 and 2008;

    (f) the Audited Financial Statements of Hock Lian Seng Infrastructure Pte Limited, Taiwan branch for financial years ended 31 December 2006 and 2007;

    (h) the material contracts referred to in this Prospectus;

    (i) the letters of consent referred to in this Prospectus; and

    (j) the Service Agreements referred to in this Prospectus.

REPORT ON AUDITED COMBINED FINANCIAL STATEMENTS OF HOCK LIAN SENG HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES FOR FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

Hock Lian Seng Holdings Limited
And its Subsidiary Companies

Report on Audited Combined Financial Statements
For the financial years ended
31 December 2006, 2007 and 2008

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Audited Combined Financial Statements of Hock Lian Seng Holdings Limited and its Subsidiary Companies for the financial years ended 31 December 2006, 2007 and 2008

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Hock Lian Seng Holdings Limited and its Subsidiary Companies

Statement by Directors

We, Chua Leong Hai @ Chua Leang Hai and Chua Aik Khoon, being two of the Directors of Hock Lian Seng Holdings Limited (the "Company"), do hereby state that, in the opinion of the Directors,

(a) the accompanying combined financial statements together with notes thereto, are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and of the results, changes in equity and cash flows of the Group for the financial years ended on those dates; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors :

Chua Leong Hai @ Chua Leang Hai
Director

Chua Aik Khoon
Director

Singapore
10 December 2009

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Independent Report from the Auditors in Relation to the Audited Combined Financial Statements of Hock Lian Seng Holdings Limited and its Subsidiary Companies for the financial years ended 31 December 2006, 2007 and 2008

Date: 10 December 2009

The Board of Directors
Hock Lian Seng Holdings Limited
80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269

Dear Sirs,

We have audited the accompanying combined financial statements of Hock Lian Seng Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") which comprise the combined balance sheets of the Group as at 31 December 2006, 2007 and 2008, the combined profit and loss accounts, combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements of the Group for each of the financial years ended 31 December 2006, 2007 and 2008, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts, statements of comprehensive income and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and the results, changes in equity and cash flows of the Group for the years ended on those dates.

This report has been prepared solely in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited for inclusion in the Prospectus. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

Partner-in-Charge: Tan Chian Khong

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Combined Profit and Loss Accounts for the financial years ended 31 December 2006, 2007 and 2008

(Amounts in Singapore dollars)

	Note	2008 S$'000	2007 S$'000	2006 S$'000
Revenue	4	194,523	86,167	48,480
Cost of sales		(171,872)	(71,938)	(46,957)
Gross profit		22,651	14,229	1,523
Other income	5	1,620	1,707	1,637
Administrative costs		(4,294)	(2,705)	(1,487)
Other operating costs		(1,079)	(541)	(580)
Profit before taxation	6	18,898	12,690	1,093
Tax expense	7	(3,354)	(2,321)	(95)
Profit for the year		15,544	10,369	998
Attributable to:				
Equity holders of the Company		15,544	10,369	998
Earnings per share				
Basic and diluted (cents)	8	3.9	2.6	0.2

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Combined Statements of Comprehensive Income for the financial years ended 31 December 2006, 2007 and 2008

(Amounts in Singapore dollars)

	Note	2008 S$'000	2007 S$'000	2006 S$'000
Profit for the year		15,544	10,369	998
Other comprehensive income:				
Net (loss)/gain on available-for-sale financial assets				
- Net (loss)/gain on fair value changes during the year	20	(86)	116	29
- Recognised in the combined profit and loss account (transferred from equity on disposal of investment securities)	20	–	–	115
Foreign currency translation				
- Net effect of exchange differences arising from translation of financial statements of foreign operations	21	(8)	34	145
- Realisation of reserve on disposal of a subsidiary company	21	–	118	–
Other comprehensive income		(94)	268	289
Total comprehensive income		15,450	10,637	1,287
Attributable to:				
Equity holders of the Company		15,450	10,637	1,287

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Combined Balance Sheets as at 31 December 2006, 2007 and 2008

(Amounts in Singapore dollars)

	Note	2008 S$'000	2007 S$'000	2006 S$'000
Non-current assets				
Property, plant and equipment	9	4,241	2,995	1,933
Investment properties	10	800	1,000	602
Investment securities	12	74	160	44
Deferred tax assets	18	474	–	–
		5,589	4,155	2,579
Current assets				
Inventories		77	–	–
Contract work-in-progress	13	6,000	2,196	34
Trade receivables	14	21,456	9,656	5,823
Other receivables	15	2,242	4,127	10,314
Prepayments		2,776	200	182
Cash at banks and on hand	16	16,765	52	433
Fixed deposits	16	46,191	31,978	27,638
		95,507	48,209	44,424
Current liabilities				
Trade and other payables	17	36,588	20,027	11,416
Progress billings in excess of work-in-progress	13	16,272	11,471	8,795
Advance payment received from customer		9,678	–	942
Provision for taxation		4,967	2,375	346
		67,505	33,873	21,499
Net current assets		28,002	14,336	22,925
Non-current liabilities				
Deferred tax liabilities	18	(37)	(387)	(309)
Net assets		33,554	18,104	25,195
Equity attributable to equity holders of the Company				
Share capital	19	16,800	16,800	16,800
Accumulated profits		17,597	2,053	7,087
Fair value adjustment reserve	20	(46)	40	(76)
Foreign currency translation reserve	21	(189)	(181)	(333)
Merger (deficit)/reserve	22	(608)	(608)	1,700
		33,554	18,104	25,178
Minority interest		–	–	17
Total equity		33,554	18,104	25,195

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Combined Statements of Changes in Equity for the financial years ended 31 December 2006, 2007 and 2008

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company							
	Share capital (Note 19) S$'000	**Accumulated profits** S$'000	**Fair value adjustment reserve (Note 20)** S$'000	**Foreign currency translation reserve (Note 21)** S$'000	**Merger (deficit)/ reserve (Note 22)** S$'000	**Total reserves** S$'000	**Minority interest** S$'000	**Total equity** S$'000
Balance at 1 January 2006	16,800	6,089	(220)	(478)	1,700	7,091	17	23,908
Total comprehensive income for the year	–	998	144	145	–	1,287	–	1,287
Balance at 31 December 2006 and 1 January 2007	16,800	7,087	(76)	(333)	1,700	8,378	17	25,195
Total comprehensive income for the year	–	10,369	116	152	–	10,637	–	10,637
Acquisition of a subsidiary company	–	–	–	–	(2,308)	(2,308)	–	(2,308)
Disposal of a subsidiary company (Note 11)	–	–	–	–	–	–	(17)	(17)
Dividends on ordinary shares (Note 24)	–	(15,403)	–	–	–	(15,403)	–	(15,403)
Balance at 31 December 2007 and 1 January 2008	16,800	2,053	40	(181)	(608)	1,304	–	18,104
Total comprehensive income for the year	–	15,544	(86)	(8)	–	15,450	–	15,450
Balance at 31 December 2008	16,800	17,597	(46)	(189)	(608)	16,754	–	33,554

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Combined Cash Flow Statements for the financial years ended 31 December 2006, 2007 and 2008

(Amounts in Singapore dollars)

	2008 S$'000	2007 S$'000	2006 S$'000
Cash flows from operating activities			
Profit before taxation	18,898	12,690	1,093
Adjustments:			
Depreciation of property, plant and equipment	598	619	864
Allowance for doubtful receivables	30	108	12
Write-back of allowance for doubtful receivables	–	(730)	–
Loss/(gain) on disposal of property, plant and equipment	19	(17)	(81)
Loss on disposal of quoted investments	–	–	115
Loss on disposal of a subsidiary company	–	50	–
Fair value changes on investment property	200	(398)	(56)
Dividend income	(5)	(4)	(3)
Exchange translation difference	–	–	145
Interest income	(500)	(562)	(747)
Transaction costs of listing shares	–	246	–
Operating profit before working capital changes	19,240	12,002	1,342
Increase in inventories	(77)	–	–
Increase in contract work-in-progress	(3,804)	(2,162)	(34)
(Increase)/decrease in trade receivables	(11,830)	(3,211)	214
Decrease in other receivables	1,856	6,187	1,248
Increase in prepayments	(2,473)	(18)	(102)
Increase/(decrease) in trade and other payables	21,561	3,508	(5,804)
Increase in progress billings in excess of work-in-progress	4,801	2,676	758
Increase/(decrease) in advance payment received from customer	9,678	(942)	942
Cash flows generated from/(used in) operations	38,952	18,040	(1,436)
Interest received	529	612	717
Income tax paid	(1,586)	(213)	(1,091)
Net cash flows generated from/(used in) operating activities	37,895	18,439	(1,810)

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Combined Cash Flow Statements for the financial years ended 31 December 2006, 2007 and 2008 (cont'd)

(Amounts in Singapore dollars)

	2008 S$'000	2007 S$'000	2006 S$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,872)	(1,737)	(220)
Acquisition of a subsidiary company	–	(2,308)	–
Proceeds from sale of property, plant and equipment	9	73	1,013
Proceeds from disposal of investment securities	–	–	685
Dividend income received from investment securities	5	4	3
Net cash flows (used in)/generated from investing activities	(1,858)	(3,968)	1,481
Cash flows from financing activities			
Dividends paid	(5,000)	(10,403)	–
(Increase)/decrease in fixed deposits, pledged	(11,515)	420	37
Payment of transaction costs of listing shares	(103)	(143)	–
Net cash flows (used in)/generated from financing activities	(16,618)	(10,126)	37
Net increase/(decrease) in cash and cash equivalents	19,419	4,345	(292)
Cash and cash equivalents at the beginning of year	31,712	27,333	27,625
Effects of exchange rate changes, net	(8)	34	–
Cash and cash equivalents at the end of year (Note 16)	51,123	31,712	27,333

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

1. Corporate information

The Company was incorporated in the Republic of Singapore on 20 May 2009 as a private limited company under the name of Hock Lian Seng Holdings Pte. Ltd. with an issued and paid up share capital of S$1 comprising of 10 ordinary shares. These 10 shares were held by Hock Lian Seng Investment Pte Ltd as at 31 October 2009, being the latest practicable date prior to the lodgement of the Prospectus with the Monetary Authority of Singapore. On 3 December 2009, the Company was converted into a public company and changed its name to Hock Lian Seng Holdings Limited.

The registered office and the principal place of business of the Company is located at 80 Marine Parade Road, #21-08 Parkway Parade, Singapore 449269.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are those of civil engineering and infrastructure works, sourcing and selling building materials, namely, sand and aggregates, for building construction purposes and hiring of machinery. One of the subsidiary companies has a branch in Taiwan, Republic of China. The branch was established to construct the Taipei Metropolitan Area Rapid Transit Systems NanKang Line and to provide services relating to this contract. On 23 March 2009, the Taiwan branch was liquidated.

The principal activities of the subsidiary companies are set out in Note 11.

2. The Restructuring Exercise

The Group was formed through the Restructuring Exercise in preparation for the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Pursuant to the Group Restructuring Exercise, the Company became the investment holding company of the Group.

The Restructuring Exercise involved the following steps:

(a) Conversion and change of name of Hock Lian Seng Infrastructure Limited ("HLS Infrastructure")

On 16 November 2009, HLS Infrastructure converted into a private limited company and changed its name from "Hock Lian Seng Infrastructure Limited" to "Hock Lian Seng Infrastructure Pte. Ltd.".

(b) Acquisition of HLS Infrastructure

Pursuant to a share sale agreement dated 20 November 2009 between the Company and HLS Investment Pte Ltd ("HLS Investment"), the Company acquired the entire issued and fully paid-up share capital of HLS Infrastructure, comprising 252,000,000 ordinary shares, for an aggregate consideration of approximately S$32,430,728, being the sum equal to the value of the audited NTA of HLS Infrastructure as at 30 June 2009, which was satisfied by the allotment and issue of 324,307,280 Shares (before the Share Consolidation and Share Split) credited as fully paid, by the Company to HLS Investment.

(c) Acquisition of Hock Lian Seng Contractors Pte Ltd ("HLS Contractors")

Pursuant to a share sale agreement dated 23 November 2009 between the Company and HLS Infrastructure, the Company acquired the entire issued and fully paid-up share capital of HLS Contractors, comprising 17,000 ordinary shares, for a cash consideration of approximately S$2,383,375, being the sum equal to the value of the audited NTA of HLS Contractors as at 30 June 2009.

2. The Restructuring Exercise (cont'd)

(d) Share Consolidation and Share Split

On 1 December 2009, the Shareholders passed a resolution approving, inter alia, the consolidation of every 30 ordinary shares into 1 ordinary share and the sub-division of every 1 share in the issued and paid-up share capital of the Company into 37 ordinary Shares.

(e) Transfer of Shares from HLS Investment to the Selected Employees

On 4 December 2009, HLS Investment transferred in aggregate 4,000,000 Shares it held in the Company representing 1.0% of the Pre-Invitation share capital to the Selected Employees. Each Selected Employee paid a nominal consideration of $1.00 for all the Selected Employee Shares allocated to him or her. The Selected Employees include the Directors and Associates of Executive Chairman and CEO, Chua Leong Hai, namely Lim Peng Kiat, Chua Hua Hong, Chua Hua Leong, Cheang You Kong, Chua See and Chua Eng Lye. The allocation of the Selected Employee Shares to the Selected Employees was based on the number of years of service of the respective employee, their past contributions to the Group and their current designations with the Group.

(f) Declaration of dividend by way of distribution in specie by HLS Investment of its shareholding interest in the Company

Pursuant to the articles of association of HLS Investment, HLS Investment may from time to time declare a dividend to be paid out of its profits. Immediately prior to the distribution in specie, HLS Investment held in aggregate 395,978,991 Shares representing 99.0% of the Pre-Invitation share capital (the "Distributed Shares").

By way of a distribution in specie, all the Distributed Shares were distributed to the individual shareholders of HLS Investment on 5 December 2009, in proportion to their existing shareholdings in HLS Investment. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the distribution in specie, the shareholders of HLS Investment became the direct Shareholders of the Company and their respective shareholdings are in proportion to their existing shareholdings in HLS Investment.

2. The Restructuring Exercise (cont'd)

At the date of this report, the Group structure is as shown below:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group %
Held by the Company			
Hock Lian Seng Infrastructure Pte. Ltd.*	Provision of civil engineering works and the supply of building materials	Singapore	100
Hock Lian Seng Contractors Pte Ltd*	Rental of property, leasing of machinery and the supply of building materials	Singapore	100

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore.

3. Summary of significant accounting policies

3.1 Basis of preparation

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The combined financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale quoted investments that have been measured at their fair values.

The combined financial statements are presented in Singapore Dollars (SGD or S$) and all values are rounded to the nearest thousand (S$'000) except when otherwise stated.

3.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group during the financial years ended 31 December 2006, 2007 and 2008, except for the changes in accounting policies discussed below.

(i) Adoption of new FRS and revised FRS

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group has applied FRS 107 and the amendment to FRS 1 from annual period beginning 1 January 2007.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(ii) Early adoption of new and revised FRS

FRS 1, Presentation of Financial Statements – Revised presentation

On 1 January 2008, the Group early adopted FRS 1, Presentation of Financial Statements – Revised presentation, in advance of its effective date of 1 January 2009.

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has adopted the two linked statements format.

FRS 40, Investment Properties

On 1 January 2006, the Group early adopted FRS 40, Investment Properties, in advance of its effective date of 1 January 2007.

As a result of adopting FRS 40, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the combined profit and loss account in the year in which they arise. This change in accounting policy has no significant impact on the financial statements as at 1 January 2006.

FRS 108, Operating Segments

On 1 January 2008, the Group early adopted FRS 108, Operating Segments, in advance of its effective date of 1 January 2009.

FRS 108 requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group. The Group determines that the reportable operating segments are the same as the business segments previously identified under FRS 14, Segment Reporting. Additional disclosures about each of these segments are shown in Note 29.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(*iii*) *FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective*

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
		Amendments to FRS 27 – Consolidated and Separate Financial Statements	1 July 2009
FRS 32	:	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
		Amendment to Financial Instruments: Presentation – Amendment relating to Classification of Rights Issues	1 February 2010
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009
FRS 101	:	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
		Restructuring of FRS 101 – First-time Adoption of Financial Reporting Standards	1 July 2009
FRS 102	:	Share-based Payments – Amendments relating to Vesting Conditions and Cancellations	1 January 2009
		Share-based Payments – Group Cash-settled Share-based Payment Transactions	1 January 2010

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(*iii*) *FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective (cont'd)*

			Effective date (Annual periods beginning on or after)
FRS 103	:	Revision to FRS 103 – Business Combinations	1 July 2009
FRS 107	:	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2009
NT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	:	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118	:	Transfers of Assets from Customers	1 July 2009
			Effective date (Annual periods ending on or after)
FRS 39 and INT FRS 109	:	Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives	30 June 2009

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

3.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(i) Key sources of estimation uncertainty (cont'd)

- ***Depreciation of property, plant and equipment***

  The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. The carrying amount of the Group's property, plant and equipment at 31 December 2008 was S$4,241,000 (2007: S$2,995,000, 2006: S$1,933,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

- ***Contract revenue***

  The Group recognises contract revenue based on the stage of completion method. The stage of completion is determined based on surveys of work performed.

  Significant judgement is required in determining the stage of completion, the estimated total revenues and costs, as well as the recoverability of the construction contract. In making the judgement, the Group evaluates the stage of completion by relying on past experience and the work of specialists.

  Contract revenue for the year ended 31 December 2008 was S$192,926,000 (2007: S$85,783,000, 2006: S$48,444,000).

- ***Impairment of loans and receivables***

  The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

  Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables at the balance sheet date is disclosed in Note 27 to the financial statements.

(ii) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies.

- ***Impairment of available-for-sale financial assets***

  The Group classifies certain assets as available-for-sale financial assets and recognises changes in their fair value in equity. When the fair value declines, management exercise judgement based on the observable data relating to possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in the combined profit and loss account. There is no impairment loss recognised for available-for-sale financial assets at 31 December 2008, 31 December 2007 and 31 December 2006.

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(ii) Critical judgements made in applying accounting policies (cont'd)

- ***Income taxes***

  The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable, deferred tax liability and deferred tax asset at 31 December 2008 were S$4,967,000 (2007: S$2,375,000, 2006: S$346,000), S$37,000 (2007: S$387,000, 2006: S$309,000) and S$474,000 (2007: S$Nil, 2006: S$Nil) respectively.

3.4 Functional and foreign currency

(i) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily in SGD.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the combined profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the combined balance sheet and recognised in the combined profit and loss account on disposal of the subsidiary company.

3. Summary of significant accounting policies (cont'd)

3.4 Functional and foreign currency (cont'd)

(iii) Foreign currency translations

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate ruling at that balance sheet date; and

- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the combined profit and loss account as a component of the gain or loss on disposal.

3.5 Subsidiary companies and combined financial statements

(i) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

(ii) Combined financial statements

The combined financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts in the combined financial statements. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The combined profit and loss account reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

3. Summary of significant accounting policies (cont'd)

3.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	-	10 years
Motor vehicles	-	5 years
Air-conditioners	-	6 years
Office equipment	-	3 - 10 years
Furniture and fittings	-	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the combined profit and loss account in the year the asset is derecognised.

3.7 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the combined profit and loss account in the year in which they arise.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the combined profit and loss account in the year of retirement or disposal.

3.8 Inventories

Inventories consist of finished goods and are valued at the lower of cost and net realisable value.

The purchase costs incurred in bringing the inventories to their present location are accounted for on a first-in, first-out basis.

3. Summary of significant accounting policies (cont'd)

3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the combined profit and loss account.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Reversal of an impairment loss is recognised in the combined profit and loss account. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.10 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the combined profit and loss account.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

3. Summary of significant accounting policies (cont'd)

3.10 Financial assets (cont'd)

- Loans and receivables

  Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the combined profit and loss account when the loans and receivables are derecognised or impaired, and through the amortisation process.

- Available-for-sale financial assets

  Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the combined profit and loss account. The cumulative gain or loss previously recognised in equity is recognised in the combined profit and loss account when the financial asset is derecognised.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.12 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the combined profit and loss account.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

3. Summary of significant accounting policies (cont'd)

3.12 Impairment of financial assets (cont'd)

(i) Assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the combined profit and loss account.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the combined profit and loss account, is transferred from equity to the combined profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the combined profit and loss account. Reversals of impairment losses on debt instruments are recognised in the combined profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the combined profit and loss account.

3.13 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when is it probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the event that it is probable that they will result in revenue and they are capable of being reliably measured.

Revenue arising from fixed price civil engineering contracts and building materials construction contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

3. Summary of significant accounting policies (cont'd)

3.14 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms, other amounts payable and payables to related companies. Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the combined profit and loss account when the liabilities are derecognised, and through the amortisation process.

3.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliabily.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.16 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the combined profit and loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the combined profit and loss account.

3.17 Borrowing costs

Borrowing costs are recognised in the combined profit and loss account as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

3. Summary of significant accounting policies (cont'd)

3.18 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

3.19 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the combined profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the combined profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Contract revenue

Revenue from contract services is recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on surveys of work performed.

Where the outcome cannot be measure reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

3. Summary of significant accounting policies (cont'd)

3.20 Revenue (cont'd)

(ii) Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

(iii) Rental income

Rental income arising from the investment property is recognised on a straight-line basis over the period of the lease.

(iv) Hiring income

Hiring income from cranes and motor vehicles are recognised on a straight-line basis over the period of the lease.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.21 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

3. Summary of significant accounting policies (cont'd)

3.21 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.22 Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

4. Revenue

	2008 S$'000	2007 S$'000	2006 S$'000
Contract revenue	192,926	85,783	48,444
Sale of goods	1,527	337	–
Rental income from investment properties	70	47	36
	194,523	86,167	48,480

5. Other income

	2008 S$'000	2007 S$'000	2006 S$'000
Gross dividend income from investment securities	5	4	3
Interest income from fixed deposits	500	562	747
Equipment hire charges	–	–	316
Fair value changes on investment properties	–	398	56
Rental of workers' quarters	1,094	667	434
Gain on disposal of property, plant andequipment	–	17	81
Sundry income	21	59	–
	1,620	1,707	1,637

6. Profit before taxation

This is determined after charging/(crediting) the following:

	2008 S$'000	2007 S$'000	2006 S$'000
Depreciation of property, plant and equipment	598	619	864
Fair value changes on investment properties	200	(398)	(56)
Exchange loss	622	32	163
Loss/(gain) on disposal of property, plant and equipment	19	(17)	(81)
Loss on disposal of quoted investments	–	–	115
Loss on disposal of a subsidiary company (Note 11)	–	50	–
Allowance for doubtful receivables	30	108	12
Write back of allowance for doubtful receivables	–	(730)	–
Rental expenses	214	110	78
Inventories recognised as an expense in cost of sales	1,858	–	–
Staff costs:			
- Salaries, bonus and other benefits	9,898	7,884	6,003
- Defined contribution plans	872	699	641

7. Tax expense

	2008 S$'000	2007 S$'000	2006 $'000
Current taxation			
- current year	4,178	2,226	345
- under provision in respect of prior year	–	17	–
Deferred taxation			
- origination and reversal of temporary differences	(824)	78	(243)
- over provision in respect of prior year	–	–	(7)
Tax expense	3,354	2,321	95

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	2008 S$'000	2007 S$'000	2006 $'000
Accounting profit before income tax	18,898	12,690	1,093
Tax at Singapore statutory tax rate of 18% (2007: 18%, 2006: 20%)	3,402	2,284	219
Adjustments:			
Expenses not deductible for tax purposes	9	28	35
Income not subject to taxation		–	(11)
Effect of partial tax exemption	(55)	(50)	(21)
Benefits from previously unrecognised tax losses	–	–	(279)
Tax effect of change in tax rates		(31)	–
Under/(over) provision in respect of previous years	–	17	(7)
Others	(2)	73	159
	3,354	2,321	95

8. Earnings per share

Basic earnings per share is calculated by dividing profit for the year that is attributable to ordinary equity holders of the Company by the average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no potential dilutive ordinary shares existing during the respective financial years.

The following tables reflect the combined profit and loss account and share data used in the computation of basic and diluted earnings per share for the years ended 31 December 2008, 2007 and 2006:

	2008	2007	2006
Profit for the year attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share (S$'000)	15,544	10,369	998
Average number of ordinary shares ('000) [(1)]	399,979	399,979	399,979

8. Earnings per share (cont'd)

(1) For comparative purposes, earnings per share for the years reported on have been computed based on the profit after taxation attributable to ordinary equity holders of the Company divided by the pre-invitation share capital of 399,978,991 shares.

9. Property, plant and equipment

	Machinery and equipment S$'000	Motor vehicles S$'000	Air-conditioners S$'000	Office equipment S$'000	Furniture and fittings S$'000	Total S$'000
Cost						
At 1 January 2006	12,050	3,608	34	530	318	16,540
Additions	204	–	–	16	–	220
Disposals	(1,929)	(168)	–	(15)	–	(2,112)
At 31 December 2006 and 1 January 2007	10,325	3,440	34	531	318	14,648
Additions	1,672	18	–	47	–	1,737
Disposals	(464)	(368)	–	(24)	–	(856)
At 31 December 2007 and 1 January 2008	11,533	3,090	34	554	318	15,529
Additions	1,376	148	–	182	166	1,872
Disposals	(145)	–	(34)	(157)	(248)	(584)
At 31 December 2008	12,764	3,238	–	579	236	16,817
Accumulated depreciation						
At 1 January 2006	9,152	3,176	34	418	251	13,031
Charge for the year	590	214	–	31	29	864
Disposals	(1,012)	(156)	–	(12)	–	(1,180)
At 31 December 2006 and 1 January 2007	8,730	3,234	34	437	280	12,715
Charge for the year	407	167	–	24	21	619
Disposals	(416)	(368)	–	(16)	–	(800)
At 31 December 2007 and 1 January 2008	8,721	3,033	34	445	301	12,534
Charge for the year	469	51	–	70	8	598
Disposals	(122)	–	(34)	(156)	(244)	(556)
At 31 December 2008	9,068	3,084	–	359	65	12,576
Net carrying amount						
At 31 December 2008	3,696	154	–	220	171	4,241
At 31 December 2007	2,812	57	–	109	17	2,995
At 31 December 2006	1,595	206	–	94	38	1,933

10. Investment properties

	2008 S$'000	2007 S$'000	2006 $'000
At beginning of the year	1,000	602	546
(Loss)/gain from fair value adjustments recognised in the combined profit and loss account	(200)	398	56
At end of the year	800	1,000	602

Investment properties comprise leasehold office premise located at 80 Marine Parade, #09-07 Parkway Parade, Singapore 449269 and a leasehold land in Batam, Indonesia.

The lease of the office premises is for a period of 99 years from 17 August 1979 and the property is mortgaged to a bank to secure banking facilities extended to a subsidiary company.

The leasehold office premises in Singapore is stated at fair value, which has been determined based on valuation as at 30 March 2009, performed by accredited independent appraisers with recent experience in the location and category of the properties being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The leasehold land in Batam, Indonesia was disposed of during the year ended 31 December 2007. The Directors are in the opinion that the leasehold land in Batam, Indonesia has no commercial value and determined its fair value at both 31 December 2007 and 31 December 2006 to be S$Nil.

11. Subsidiary companies

Details of subsidiary companies as at 31 December 2008, 2007 and 2006 are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		
			2008 %	2007 %	2006 %
Held by the Company					
Hock Lian Seng Infrastructure Pte. Ltd.*	Provision of civil engineering works and the supply of building materials	Singapore	–	–	–
Hock Lian Seng Contractors Pte Ltd*	Rental of property, leasing of machinery and the supply of building materials	Singapore	–	–	–
Held by a subsidiary company					
PT Dwi Rejeki Jaya Indonesia**	Dormant	Indonesia	–	–	95

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore
** Audited by Drs. Sayati Gazali in Indonesia

On 16 November 2007, the Group disposed of a subsidiary company, PT Dwi Rejeki Jaya Indonesia, for a cash consideration of S$Nil. The subsidiary company's contribution to the Group's profit for the year ended 31 December 2007 is not significant.

11. Subsidiary companies (cont'd)

The effect on the Group's cash flows arising from the disposal of the subsidiary company, PT Dwi Rejeki Jaya Indonesia is shown in the combined statement of cash flows as a single item. The net identifiable assets disposed of are set out below:

	Disposal 2007 S$'000
Amount due to shareholder - Hock Lian Seng Infrastructure Pte. Ltd.	(50)
Accrued expenses	(1)
Total liabilities	(51)
Net identifiable liabilities	(51)
Less: Minority interest	(17)
Net identifiable liabilities disposed	(68)
Transfer from shareholders' equity currency translation differences (Note 21)	– 118
	50
Loss on disposal of a subsidiary company (Note 6)	(50)
Net cash outflow on disposal of a subsidiary company	–

12. Investment securities

	2008 S$'000	2007 S$'000	2006 S$'000
Available-for-sale financial assets			
Non-current			
Quoted shares	74	160	44

13. Contract work-in-progress/(progress billings in excess of work-in-progress)

	2008 S$'000	2007 S$'000	2006 S$'000
Contract work-in-progress			
Costs incurred	6,000	2,196	34
Progress billings in excess of work-in-progress			
Progress payments received and receivable	(218,445)	(320,193)	(585,270)
Less: Attributable profits recognised progressively	23,640	2,183	7,933
Costs incurred	178,533	306,539	568,542
	(16,272)	(11,471)	(8,795)

14. Trade receivables

	2008 S$'000	2007 S$'000	2006 S$'000
Trade receivables	21,718	9,915	6,716
Less: Allowance for doubtful receivables	(262)	(259)	(893)
	21,456	9,656	5,823

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$418,000 (2007: S$44,000, 2006: S$20,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	2008 S$'000	2007 S$'000	2006 S$'000
Trade receivables past due:			
Lesser than 30 days	–	6	–
30 to 60 days	347	8	7
60 to 90 days	6	–	–
More than 90 days	65	30	13
	418	44	20

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

	2008 S$'000	2007 S$'000	2006 S$'000
Trade receivables – nominal amounts	324	269	896
Less: Allowance for doubtful receivables	(262)	(259)	(893)
	62	10	3

Movements in allowance account:

	2008 S$'000	2007 S$'000	2006 S$'000
At beginning of the year	259	893	881
Charge for the year	30	108	12
Write-back to combined profit and loss account	–	(730)	–
Write-off	(27)	(12)	–
At end of the year	262	259	893

14. Trade receivables (cont'd)

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. Other receivables

	2008 S$'000	2007 S$'000	2006 S$'000
Deposits	2,186	3,991	4,170
Interest receivable	–	29	79
Sundry receivables	56	107	25
Amounts due from related companies	–	–	6,040
	2,242	4,127	10,314

Included in deposits is an amount of S$1,779,000 (2007: S$3,779,000, 2006: S$3,779,000) given to a financial institution as cash collateral for a performance bond issued for a construction project.

Amounts due from related companies are non-trade in nature, unsecured, interest-free, repayable on demand and are to be settled in cash.

16. Cash and cash equivalents

	2008 S$'000	2007 S$'000	2006 S$'000
Cash at banks and on hand	16,765	52	433
Fixed deposits	46,191	31,978	27,638
	62,956	32,030	28,071
Less: Fixed deposits, pledged	(11,833)	(318)	(738)
Cash and cash equivalents	51,123	31,712	27,333

Fixed deposits of S$11,833,000 (2007: S$318,000, 2006: S$302,000) is pledged to a bank in Singapore for performance guarantees issued for construction projects.

In 2006, fixed deposits of S$436,000, which represents 20% of total contract billings prepaid by the Department of Rapid Transit Systems of Taipei Municipal Government, is pledged to a bank in Taipei, Republic of China, for performance guarantee issued on behalf of the Group's branch in Taiwan, Republic of China.

Cash at banks earns interest at floating rates based on daily deposit rates. Fixed deposits with financial institutions mature between 1 week to 3 months (2007: 1 week to 3 months, 2006: 1 week to 1 month) from the financial year-end. The effective interest rates of fixed deposits range from 0.0875% to 1.80% (2007: 1% to 3.2625%, 2006: 2.35% to 3.41%) per annum.

17. Trade and other payables

	2008 S$'000	2007 S$'000	2006 S$'000
Trade payables	7,744	3,121	2,047
GST payable	1,390	781	57
Accrued operating expenses	27,021	10,719	8,968
Withholding tax payable	226	231	222
Deposits received	207	175	122
Dividend payable	–	5,000	–
	36,588	20,027	11,416

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

18. Deferred taxation

	2008 S$'000	2007 S$'000	2006 S$'000
Balance at beginning of the year	(387)	(309)	(559)
Differences in depreciation for tax purposes	788	(6)	254
Revaluations of investment properties to fair value	36	(72)	(11)
Over provision in respect of prior year	–	–	7
Balance at end of the year	437	(387)	(309)

This is analysed as follows :

Deferred tax assets			
Excess of tax written down value of property, plant and equipment over net carrying value	474	–	–
Deferred tax liabilities			
Revaluations of investment properties to fair value	(37)	(73)	(1)
Excess of net carrying value of property, plant and equipment over tax written down value	–	(314)	(308)
	437	(387)	(309)

19. Share capital

	2008 No. of shares ('000)	2008 S$'000	2007 and 2006 No. of shares ('000)	2007 and 2006 S$'000
Issued and fully paid:				
At beginning of the period/year	16,800	16,800	16,800	16,800
Share split	235,200	–	–	–
At end of year	252,000	16,800	16,800	16,800

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 30 July 2008, the shareholders of a subsidiary company approved the share split of each ordinary shares in the subsidiary company's issued share capital into 15 ordinary shares.

The Company was incorporated on 20 May 2009 with an issued share capital of S$1. For the purpose of the combined financial statements, share capital and number of shares represents the aggregate paid-up capital and number of shares of its subsidiary company.

20. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	2008 S$'000	2007 S$'000	2006 S$'000
Balance at beginning of the year	40	(76)	(220)
Net (loss)/gain on available-for-sale financial assets:			
- Net (loss)/gain on fair value changes during the year	(86)	116	29
- Recognised in the combined profit and loss account on disposal of investment securities	–	–	115
Balance at end of the year	(46)	40	(76)

21. Foreign currency translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	2008 S$'000	2007 S$'000	2006 S$'000
Balance at beginning of year	(181)	(333)	(478)
Net effect of exchange differences arising from translation of financial statements of foreign operations	(8)	34	145
Realisation of reserve on disposal of a subsidiary company (Note 11)	–	118	–
Balance at end of year	(189)	(181)	(333)

22. Merger (deficit)/reserve

The merger (deficit)/reserve records the difference between the purchase consideration and the net assets of a subsidiary company acquired from an entity under common control.

	2008 S$'000	2007 S$'000	2006 S$'000
Balance at beginning of year	(608)	1,700	1,700
Acquisition of a subsidiary company	–	(2,308)	–
Balance at end of year	(608)	(608)	1,700

23. Operating lease commitments

As lessee

The Group has entered into commercial property leases for its office premises. Future minimum rentals payables under non-cancellable operating leases as at 31 December 2006, 2007 and 2008 are as follows:

	2008 S$'000	2007 S$'000	2006 S$'000
Not later than one year	214	214	–
Later than one year but not later than five years	215	429	–
	429	643	–

As lessor

The Group leases out its investment property (Note 10). Future minimum rentals receivable under non-cancellable operating lease as at 31 December 2006, 2007 and 2008 are as follows:

	2008 S$'000	2007 S$'000	2006 S$'000
Not later than one year	70	70	40
Later than one year but not later than five years	–	70	27
	70	140	67

24. Dividends

	2008 S$'000	2007 S$'000	2006 S$'000
Declared during the year:			
Dividends on ordinary shares:			
Interim tax-exempt (one tier) dividend declared in respect of the previous financial year of S$Nil (2007: S$0.6192, 2006: S$Nil) per ordinary share to then existing shareholder prior to Restructuring Exercise	–	10,403	–
Second interim tax-exempt (one tier) dividend declared in respect of the previous financial year of S$Nil (2007: S$0.29762, 2006: S$Nil) per ordinary share to then existing shareholder prior to Restructuring Exercise	–	5,000	–
	–	15,403	–

25. Significant related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Sales and purchase of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year on terms agreed between the parties:

	2008 S$'000	2007 S$'000	2006 S$'000
Holding company			
Equipment hire charges paid	–	204	54
Rental paid	214	110	78

25. Significant related party transactions (cont'd)

(b) Compensation of key management personnel

	2008 S$'000	2007 S$'000	2006 S$'000
Salaries and other remuneration	1,857	1,371	674
Defined contribution plans	85	76	37
Directors' fees	1,000	500	–
Total compensation paid to key management personnel	2,942	1,947	711
Comprise amounts paid to:			
- Directors of the Company	2,124	1,385	683
- Other key management personnel	818	562	28
	2,942	1,947	711

The remuneration of key management personnel is determined by the Directors having regards to the performance of individuals and market trends.

26. Financial risk management objectives and policies

Financial risk management of the Group is governed by policies approved by management.

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no derivatives shall be undertaken. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rates relates primarily to the Group's cash and bank balances and fixed deposits as disclosed in Note 16.

The Group does not have any bank borrowing. Surplus funds are placed with reputable financial institutions.

Sensitivity analysis for interest risk

At the balance sheet date, if SGD interest rates had been 100 (2007: 75, 2006: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$369,000 (2007: S$241,000, 2006: S$207,000) lower/higher, arising mainly as a result of lower/higher interest income.

26. Financial risk management objectives and policies (cont'd)

(b) Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than SGD. None of the Group's sales are denominated in foreign currencies whilst 95% (2007: 69%, 2006: 90%) of purchases and operating costs are denominated in SGD.

The Group has cash and cash equivalents in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in Australia dollars) amount to S$2,323,000 (2007: S$112,000, 2006: S$2,000).

Foreign exchange risk is deemed not significant by management as the Group's transactions are mainly in SGD.

(c) Credit risk

The Group trades only with recognised and creditworthy third parties or government authorities. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables and investment securities, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties or government authorities, there is no requirement for collateral.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2008		2007		2006	
	S$'000	% of total	S$'000	% of total	S$'000	% of total
By country						
Singapore	21,718	100	9,915	100	6,716	100

26. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

	2008		2007		2006	
	S$'000	% of total	S$'000	% of total	S$'000	% of total
By industry sectors						
Civil engineering and infrastructure works	19,405	89	5,520	56	6,716	100
Building and construction materials	2,313	11	4,395	44	–	–
	21,718	100	9,915	100	6,716	100

At the balance sheet date, approximately:

– 92% (2007: 95%, 2006: 91%) of the Group's trade receivables were due from the government authorities or government linked entities who are located in Singapore.

– None of the Group's trade receivables were due from related parties.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

Liquidity risk is deemed not significant by management as the Group is in a net cash position. Other than trade and other payables that are payable with one year, the Group has no other financial obligations.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the balance sheet date, if the STI had been 2% (2007: 2%, 2006: 2%) higher/lower with all other variables held constant, the Group's fair value adjustment reserve would have been S$2,000 (2007: S$3,000, 2006: S$1,000) higher/lower, arising as a result of an increase/decrease in the fair value of investment securities instruments classified as available-for-sale.

27. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Financial instruments whose carrying amount approximate fair value

- Cash and bank balances, fixed deposits, trade and other receivables, trade and other payables

  The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value due to their short-term nature.

- Investment securities

  Fair value is determined directly by reference to their published market price at the balance sheet date.

Set out below is a comparison by category of carrying amounts of the Company's financial instruments that are carried in the financial statements:

	Note	Loans and receivables S$'000	Available-for-sale S$'000	Liabilities at amortised cost S$'000
At 31 December 2008				
Assets				
Investment securities	12	–	74	–
Trade receivables	14	21,456	–	–
Other receivables	15	2,242	–	–
Cash and bank balances	16	16,765	–	–
Fixed deposits	16	46,191	–	–
Liabilities				
Trade and other payables	17	–	–	36,588
		86,654	74	36,588
At 31 December 2007				
Assets				
Investment securities	12	–	160	–
Trade receivables	14	9,656	–	–
Other receivables	15	4,127	–	–
Cash and bank balances	16	52	–	–
Fixed deposits	16	31,978	–	–
Liabilities				
Trade and other payables	17	–	–	20,027
		45,813	160	20,027

27. Fair values of financial instruments (cont'd)

	Note	Loans and receivables S$'000	Available-for-sale S$'000	Liabilities at amortised cost S$'000
At 31 December 2006				
Assets				
Investment securities	12	–	44	–
Trade receivables	14	5,823	–	–
Other receivables	15	10,314	–	–
Cash and bank balances	16	433	–	–
Fixed deposits	16	27,638	–	–
Liabilities				
Trade and other payables	17	–	–	11,416
		44,208	44	11,416

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008, 31 December 2007 and 31 December 2006.

The Group regards total debt to include trade and other payables.

	Note	2008 S$'000	2007 S$'000	2006 S$'000
Total debt - Trade and other payables	17	36,588	20,027	11,416
Equity attributable to equity holders of the Company		33,554	18,104	25,178
Less: Fair value adjustment reserve	20	46	(40)	76
		33,600	18,064	25,254
Total debt and capital		70,188	38,091	36,670
Cash and cash equivalent	16	51,123	31,712	27,333
Less: Total debt				
- Trade and other payables	17	(36,588)	(20,027)	(11,416)
Net cash position		14,535	11,685	15,917

The Group is currently in net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

29. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- Civil engineering and infrastructure works: Infrastructure construction and civil engineering works for bridges, expressways, tunnels and other related infrastructure works.
- Building and construction materials: Supply and maintenance of aggregate and concreting sand at the designated stockpile site.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit margins of the products and services.

The following expenses are not allocated to the operating segments as these expenses are not included in the measure of the operating segments' performance by the chief operating decision maker.

	Note	2008 S$'000	2007 S$'000	2006 S$'000
Other income	5	1,620	1,707	1,637
Administrative costs		(4,294)	(2,705)	(1,487)
Other operating costs		(1,079)	(541)	(580)
		(3,753)	(1,539)	(430)

The following assets and liabilities are managed on a group basis and are not allocated to the operating segments.

	Note	2008 S$'000	2007 S$'000	2006 S$'000
Investment securities	12	74	160	44
Deferred tax assets	18	474	–	–
Prepayments relating to transaction cost of listing shares		–	103	–
		548	263	44
Provision for taxation		4,967	2,375	346
Deferred tax liabilities	18	37	387	309
		5,004	2,762	655

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29. Segment information (cont'd)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2006, 2007 and 2008.

	Civil engineering			Building materials			Total		
	2008 S$'000	**2007** S$'000	**2006** S$'000	**2008** S$'000	**2007** S$'000	**2006** S$'000	**2008** S$'000	**2007** S$'000	**2006** S$'000
Sales to external customers, representing total revenue	160,025	44,413	48,480	34,498	41,754	–	194,523	86,167	48,480
Results:									
Segment results	13,918	7,829	1,523	8,733	6,400	–	22,651	14,229	1,523
Unallocated expenses							(3,753)	(1,539)	(430)
Profit before taxation							18,898	12,690	1,093
Taxation							(3,354)	(2,321)	(95)
Profit for the year							15,544	10,369	998

29. Segment information (cont'd)

(a) Business segments (cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 December 2006, 2007 and 2008.

	Civil engineering			Building materials			Total		
	2008 S$'000	**2007** S$'000	**2006** S$'000	**2008** S$'000	**2007** S$'000	**2006** S$'000	**2008** S$'000	**2007** S$'000	**2006** S$'000
Assets and liabilities:									
Segment assets	98,179	46,039	46,959	2,369	6,062	–	100,548	52,101	46,959
Unallocated assets							548	263	44
Total assets							101,096	52,364	47,003
Segment liabilities	59,256	30,467	21,153	3,282	1,031	–	62,538	31,498	21,153
Unallocated liabilities							5,004	2,762	655
Total liabilities							67,542	34,260	21,808
Other segment information:									
Capital expenditure									
• Property, plant and equipment	1,540	892	220	332	845	–	1,872	1,737	220
Depreciation expense	492	318	864	106	301	–	598	619	864

29. Segment information (cont'd)

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets are not presented, as the Group's revenue and non-current assets in geographical segments other than Singapore are not material (less than 1% of the aggregate amount of all segments for the years ended 31 December 2006, 2007 and 2008).

(c) Information about major customers

Revenue from one major customer amount to S$159,748,000 (2007: S$42,769,000, 2006: S$45,177,000) for various civil engineering projects.

Revenue from another major customer amount to S$32,971,000 (2007: S$41,417,000, 2006: S$Nil) for various building materials projects.

30. Events after balance sheet date

(a) On 22 January 2009, the Singapore Finance Minister announced the revision in the Singapore corporate tax rate from 18% to 17% with effect from year of assessment 2010. In accordance with FRS 12, Income Taxes and FRS 10, Events After the Balance Sheet Date, this is a non-adjusting subsequent event and the financial effect of the reduced tax rate will be reflected in the financial year ending 31 December 2009.

(b) On 22 January 2009, the Singapore Finance Minister also announced the introduction of a Jobs Credit scheme. Under this scheme, employers will receive a 12% cash grant on the first S$2,500 of each month's wages for each employee on their Central Provident Fund ("CPF") payroll. The Jobs Credit is for one year, and employers will receive the Jobs Credit in 4 payments: March, June, September and December 2009. For each payment, employers will receive Jobs Credits on the employees that are on their CPF payrolls at the start of the quarter in which the payment is made. The wages paid to these employees in the previous quarter will be the qualifying wages used to calculate the 12% cash credit that employers will receive.

According to FRS 10, this is a non-adjusting subsequent event and the financial effect of the Jobs Credit scheme will be reflected in the financial year ending 31 December 2009. Applying the Jobs Credit cash grant of 12% would result in a cash grants income of approximately S$320,000.

(c) During the course of a routine inspection by Singapore Customs ("SC") in June 2009, the Group was informed that there was a discrepancy in the method of calculating the import value for the custom permits. Hence, the amount of input Goods and Services Tax ("GST") relating to the Group's import should be reviewed.

The discrepancy arises from the difference in the amount reflected in the proforma invoice and the transaction value and costs of the goods, including the cost and expenses incurred in the process of procurement. The Group reviewed its GST declarations from 1 January 2007 to 31 May 2009 and had made a self declared input GST short payment of approximately $200,000. SC is currently reviewing the documentation submitted by the Group.

As the discrepancy was not intentional, Management is of the opinion that it is possible, but not probable, that penalties will be imposed on the Group and accordingly no provision for any liability has been made in the financial statements.

30. Events after balance sheet date (cont'd)

(d) The Group has been licensed to rent Plot No. 8B BCA Tuas Aggregate Terminal for the temporary storage of building materials commencing from 15 November 2009 to 14 August 2011.

(e) The Group has received a letter of award on 30 November 2009 from SCAL Resources Pte Ltd to build and operate a workers' dormitory. Upon completion, it is expected that the Group will own the workers' dormitory and will mainly use it to house its workers.

(f) Save as those events disclosed elsewhere in Note 2 and other notes to the combined financial statements, no other item, transaction or event of a material or unusual nature has arisen subsequent to 31 December 2008.

31. Authorisation of financial statements

The financial statements for the year ended 31 December 2006, 2007 and 2008 were authorised for issue in accordance with a resolution of the Directors on 10 December 2009.

REPORT ON AUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF HOCK LIAN SENG HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2009 TO 30 JUNE 2009

Hock Lian Seng Holdings Limited
And its Subsidiary Companies

Report on Audited Interim Combined Financial Statements
For the financial period from 1 January 2009 to 30 June 2009

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Audited Interim Combined Financial Statements of Hock Lian Seng Holdings Limited and its Subsidiary Companies for financial period from 1 January 2009 to 30 June 2009

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Hock Lian Seng Holdings Limited and its Subsidiary Companies

Statement by Directors

We, Chua Leong Hai @ Chua Leang Hai and Chua Aik Khoon, being two of the Directors of Hock Lian Seng Holdings Limited (the "Company"), do hereby state that, in the opinion of the Directors,

(a) the accompanying interim combined financial statements together with notes thereto, are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2009 and of the results, changes in equity and cash flows of the Group for the financial period from 1 January 2009 to 30 June 2009; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors :

Chua Leong Hai @ Chua Leang Hai
Director

Chua Aik Khoon
Director

Singapore
10 December 2009

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Independent Report from the Auditors in Relation to the Audited Interim Combined Financial Statements of Hock Lian Seng Holdings Limited and its Subsidiary Companies for the financial period from 1 January 2009 to 30 June 2009

Date: 10 December 2009

The Board of Directors
Hock Lian Seng Holdings Limited
80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269

Dear Sirs,

We have audited the accompanying interim combined financial statements of Hock Lian Seng Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") which comprise the interim combined balance sheet of the Group as at 30 June 2009, the interim combined profit and loss account, the interim combined statement of comprehensive income, interim combined statement of changes in equity and interim combined cash flow statement of the Group for the financial period from 1 January 2009 to 30 June 2009, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and 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, statement of comprehensive income 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the interim combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2009 and the results, changes in equity and cash flows of the Group for the financial period from 1 January 2009 to 30 June 2009.

This report has been prepared solely in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited for inclusion in the Prospectus. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

Partner-in-Charge: Tan Chian Khong

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Interim Combined Profit and Loss Account for the financial period from 1 January 2009 to 30 June 2009

(Amounts in Singapore dollars)

	Note	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Revenue	4	109,032	72,137
Cost of sales		(97,104)	(64,228)
Gross profit		11,928	7,909
Other income	5	1,511	940
Administrative costs		(1,679)	(1,742)
Other operating costs		(448)	(105)
Profit before taxation	6	11,312	7,002
Tax expense	7	(1,920)	(1,346)
Profit for the period		9,392	5,656
Attributable to:			
Equity holders of the Company		9,392	5,656
Earnings per share			
Basic and diluted (cents)	8	2.3	1.4

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Interim Combined Statement of Comprehensive Income for the financial period from 1 January 2009 to 30 June 2009

(Amounts in Singapore dollars)

	Note	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Profit for the period		9,392	5,656
Other comprehensive income:			
Net gain/(loss) on available-for-sale financial assets			
- Net gain/(loss) on fair value changes during the period	21	2,652	(23)
Foreign currency translation			
- Realisation of reserve on liquidation of a branch	22	189	–
Other comprehensive income		2,841	(23)
Total comprehensive income		12,233	5,633
Attributable to:			
Equity holders of the Company		12,233	5,633

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Interim Combined Balance Sheet as at 30 June 2009

(Amounts in Singapore dollars)

	Note	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Non-current assets			
Property, plant and equipment	9	5,176	4,241
Investment property	10	930	800
Investment securities (non-current)	13	2,010	74
Deferred tax assets	19	274	474
		8,390	5,589
Current assets			
Inventories		501	77
Contract work-in-progress	14	6,572	6,000
Trade receivables	15	19,948	21,456
Other receivables	16	2,719	2,242
Prepayments		23	2,776
Investment securities (current)	13	7,783	–
Cash at banks and on hand	17	9,856	16,765
Fixed deposits	17	96,994	46,191
		144,396	95,507
Current liabilities			
Trade and other payables	18	40,257	36,588
Progress billings in excess of work-in-progress	14	47,262	16,272
Advance payment received from customer		27,971	9,678
Provision for taxation		4,050	4,967
		119,540	67,505
Net current assets		24,856	28,002
Non-current liabilities			
Deferred tax liabilities	19	(59)	(37)
Net assets		33,187	33,554
Equity attributable to equity holders of the Company			
Share capital	20	–	16,800
Accumulated profits		14,389	17,597
Fair value adjustment reserve	21	2,606	(46)
Foreign currency translation reserve	22	–	(189)
Merger reserve/(deficit)	23	16,192	(608)
Total equity		33,187	33,554

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Interim Combined Statement of Changes in Equity for the financial period from 1 January 2009 to 30 June 2009

(Amounts in Singapore dollars)

	Attributable to equity holders of the Company						
	Share capital (Note 20) S$'000	**Accumulated profits** S$'000	**Fair value adjustment reserve (Note 21)** S$'000	**Foreign currency translation reserve (Note 22)** S$'000	**Merger (deficit)/ reserve (Note 23)** S$'000	**Total reserves** S$'000	**Total equity** S$'000
Audited financial period ended 30 June 2009							
Balance at 1 January 2009	16,800	17,597	(46)	(189)	(608)	16,754	33,554
Total comprehensive income for the financial period	–	9,392	2,652	189	–	12,233	12,233
Dividends (Note 26)		(12,600)				(12,600)	(12,600)
Adjustment arising from Restructuring Exercise	(16,800)	–	–	–	16,800	16,800	–
Balance at 30 June 2009	–	14,389	2,606	–	16,192	33,187	33,187
Unaudited financial period ended 30 June 2008							
Balance at 1 January 2008	16,800	2,053	(40)	(181)	(608)	1,224	18,024
Total comprehensive income for the financial period	–	5,656	(23)	–	–	5,633	5,633
Balance at 30 June 2008	16,800	7,709	(63)	(181)	(608)	6,857	23,657

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Interim Combined Cash Flow Statement for the financial period from 1 January 2009 to 30 June 2009

(Amounts in Singapore dollars)

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Cash flows from operating activities		
Profit before taxation	11,312	7,002
Adjustments:		
Depreciation of property, plant and equipment	385	260
Write back of allowance for doubtful receivables	–	(1)
Loss on disposal of property, plant and equipment	13	16
Impairment loss on fair value of available-for-sale financial asset	35	–
Loss on liquidation of a branch	294	–
Fair value changes on investment property	(130)	–
Dividend income	(195)	(4)
Interest income	(193)	(245)
Transaction costs of listing shares	–	2
Operating profit before working capital changes	11,521	7,030
Increase in inventories	(424)	–
Decrease in contract work-in-progress	2,806	2,127
Decrease/(increase) in trade receivables	1,508	(25,799)
Increase in other receivables	(317)	(663)
Decrease in prepayments	2,714	142
Increase in amount due from a joint venture	(160)	–
(Decrease)/increase in trade and other payables	(8,929)	6,513
Increase in progress billings in excess of work-in-progress	27,612	1,919
Increase in advance payment received from customer	18,293	16,453
Cash flows generated from operations	54,624	7,722
Interest received	193	245
Income tax paid	(2,617)	(1,045)
Net cash flows generated from operating activities	52,200	6,922

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

Hock Lian Seng Holdings Limited and its Subsidiary Companies

Interim Combined Cash Flow Statement for the financial period from 1 January 2009 to 30 June 2009 (cont'd)

(Amounts in Singapore dollars)

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,333)	(574)
Purchase of investment securities	(7,102)	–
Proceeds from disposal of property, plant and equipment	–	9
Net cash outflow on liquidation of a branch	(66)	–
Dividend income received from investment securities	195	4
Net cash flows used in investing activities	(8,306)	(561)
Cash flows from financing activities		
Decrease/(increase) in fixed deposits, pledged	6,773	(17,319)
Payment of transaction costs of listing shares	–	(231)
Net cash flows generated from/(used in) financing activities	6,773	(17,550)
Net increase/(decrease) in cash and cash equivalents	50,667	(11,189)
Cash and cash equivalents at the beginning of period (Note 17)	51,123	31,712
Effects of exchange rate changes, net	–	–
Cash and cash equivalents at the end of period (Note 17)	101,790	20,523

The accompanying accounting policies and explanatory notes form an integral part of the audited combined financial statements.

1. Corporate information

The Company was incorporated in the Republic of Singapore on 20 May 2009 as a private limited company under the name of Hock Lian Seng Holdings Pte. Ltd. with an issued and paid up share capital of S$1 comprising 10 ordinary shares. These 10 shares were held by Hock Lian Seng Investment Pte Ltd as at 31 October 2009 , being the latest practicable date prior to the lodgement of the Prospectus with the Monetary Authority of Singapore. On 3 December 2009, the Company was converted into a public company and changed its name to Hock Lian Seng Holdings Limited.

The registered office and the principal place of business of the Company is located at 80 Marine Parade Road, #21-08 Parkway Parade, Singapore 449269.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are those of civil engineering and infrastructure works, sourcing and selling building materials, namely, sand and aggregates, for building construction purposes and hiring of machinery. One of the subsidiary company has a branch in Taiwan, Republic of China. The branch was established to construct the Taipei Metropolitan Area Rapid Transit Systems NanKang Line and to provide services relating to this contract. On 23 March 2009, the Taiwan branch was liquidated.

The principal activities of the subsidiary companies are set out in Note 11.

2. The Restructuring Exercise

The Group was formed through the Restructuring Exercise in preparation for the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Pursuant to the Group Restructuring Exercise, the Company became the investment holding company of the Group.

The Restructuring Exercise involved the following steps:

(a) Conversion and change of name of Hock Lian Seng Infrastructure Limited ("HLS Infrastructure")

On 16 November 2009, HLS Infrastructure converted into a private limited company and changed its name from "Hock Lian Seng Infrastructure Limited" to "Hock Lian Seng Infrastructure Pte. Ltd.".

(b) Acquisition of shares in Hock Lian Seng Infrastructure

Pursuant to a share sale agreement dated 20 November 2009 between the Company and HLS Investment Pte Ltd ("HLS Investment"), the Company acquired the entire issued and fully paid-up share capital of HLS Infrastructure, comprising 252,000,000 ordinary shares, for an aggregate consideration of approximately S$32,430,728, being the sum equal to the value of the audited NTA of HLS Infrastructure as at 30 June 2009, which was satisfied by the allotment and issue of 324,307,280 Shares (before the Share Consolidation and Share Split) credited as fully paid, by the Company to HLS Investment.

(c) Acquisition of Hock Lian Seng Contractors Pte Ltd ("HLS Contractors")

Pursuant to a share sale agreement dated 23 November 2009 between the Company and HLS Infrastructure, the Company acquired the entire issued and fully paid-up share capital of HLS Contractors, comprising 17,000 ordinary shares, for a cash consideration of approximately S$2,383,375, being the sum equal to the value of the audited NTA of HLS Contractors as at 30 June 2009.

2. The Restructuring Exercise (cont'd)

(d) Share Consolidation and Share Split

On 1 December 2009, the Shareholders passed a resolution approving, inter alia, the consolidation of every 30 ordinary shares into 1 ordinary share and the sub-division of every 1 share in the issued and paid-up share capital of the Company into 37 ordinary Shares.

(e) Transfer of Shares from HLS Investment to the Selected Employees

On 4 December 2009, HLS Investment transferred in aggregate 4,000,000 Shares it held in the Company representing 1.0% of the Pre-Invitation share capital to the Selected Employees. Each Selected Employee paid a nominal consideration of $1.00 for all the Selected Employee Shares allocated to him or her. The Selected Employees include the Directors and Associates of Executive Chairman and CEO, Chua Leong Hai, namely Lim Peng Kiat, Chua Hua Hong, Chua Hua Leong, Cheang You Kong, Chua See and Chua Eng Lye. The allocation of the Selected Employee Shares to the Selected Employees was based on the number of years of service of the respective employee, their past contributions to the Group and their current designations with the Group.

(f) Declaration of dividend by way of distribution in specie by HLS Investment of its shareholding interest in the Company

Pursuant to the articles of association of HLS Investment, HLS Investment may from time to time declare a dividend to be paid out of its profits. Immediately prior to the distribution in specie, HLS Investment held in aggregate 395,978,991 Shares representing 99.0% of the Pre-Invitation share capital (the "Distributed Shares").

By way of a distribution in specie, all the Distributed Shares were distributed to the individual shareholders of HLS Investment on 5 December 2009, in proportion to their existing shareholdings in HLS Investment. The Distributed Shares were distributed free of encumbrances, together with all rights attached thereto on and from the date on which the distribution is effected.

Following the completion of the distribution in specie, the shareholders of HLS Investment became the direct Shareholders of the Company and their respective shareholdings are in proportion to their existing shareholdings in HLS Investment.

2. The Restructuring Exercise (cont'd)

At the date of this report, the Group structure is as shown below:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group %
Held by the Company			
Hock Lian Seng Infrastructure Pte. Ltd.*	Provision of civil engineering works and the supply of building materials	Singapore	100
Hock Lian Seng Contractors Pte Ltd*	Rental of property, leasing of machinery and the supply of building materials	Singapore	100

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore.

3. Summary of significant accounting policies

3.1 Basis of preparation

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The combined financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale quoted investments that have been measured at their fair values.

The combined financial statements are presented in Singapore Dollars (SGD or S$) and all values are rounded to the nearest thousand (S$'000) except when otherwise stated.

3.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group during the financial periods, except for the changes in accounting policies discussed below.

(i) Adoption of new and revised FRS and Interpretation of Financial Reporting Standard ("INT FRS")

On 1 January 2009, the Group and the Company has adopted all the new and revised FRS and INT FRS that are mandatory for annual financial periods beginning on or after 1 January 2009. The adoption of these FRS and INT FRS has no significant impact to the Group and the Company.

3. Summary of significant accounting policies (cont'd)

3.2 Changes in accounting policies (cont'd)

(ii) FRS and INT FRS not yet effective

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 27	:	Amendments to FRS 27 – Consolidated and Separate Financial Statements	1 July 2009
FRS 32	:	Amendment to Financial Instruments: Presentation – Amendment relating to Classification of Rights Issues	1 February 2010
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009
FRS 101	:	Restructuring of FRS 101 – First-time Adoption of Financial Reporting Standards	1 July 2009
FRS 102	:	Share-based Payments – Group Cash-settled Share-based Payment Transactions	1 January 2010
FRS 103	:	Revision to FRS 103 – Business Combinations	1 July 2009
INT FRS 117	:	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118	:	Transfers of Assets from Customers	1 July 2009

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

3.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(i) Key sources of estimation uncertainty (cont'd)

- ***Depreciation of property, plant and equipment***

  The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. The carrying amount of the Group's property, plant and equipment at 30 June 2009 was S$5,176,000 (31 December 2008: S$4,241,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

- ***Contract revenue***

  The Group recognises contract revenue based on the stage of completion method. The stage of completion is determined based on surveys of work performed.

  Significant judgement is required in determining the stage of completion, the estimated total revenues and costs, as well as the recoverability of the construction contract. In making the judgement, the Group evaluates the stage of completion by relying on past experience and the work of specialists.

  Contract revenue for the financial period from 1 January 2009 to 30 June 2009 was S$104,190,000 (1 January 2008 to 30 June 2008: S$71,934,000).

- ***Impairment of loans and receivables***

  The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

  Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivable and held-to-maturity investment at the balance sheet date is disclosed in Note 29 to the financial statements.

(ii) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies.

- ***Impairment of available-for-sale financial assets***

  The Group classifies certain assets as available-for-sale financial assets and recognises changes in their fair value in equity. When the fair value declines, management exercise judgement based on the observable data relating to possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in the combined profit and loss account. The impairment loss for the financial period from 1 January 2009 to 30 June 2009 was S$35,000 (1 January 2008 to 30 June 2008: S$Nil).

3. Summary of significant accounting policies (cont'd)

3.3 Significant accounting estimates and judgements (cont'd)

(ii) Critical judgements made in applying accounting policies (cont'd)

- ***Income taxes***

  The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable, deferred tax liability and deferred tax asset at 30 June 2009 were S$4,050,000 (31 December 2008: S$4,967,000), S$59,000 (31 December 2008: S$37,000) and S$274,000 (31 December 2008: S$474,000) respectively.

- ***Classification of financial assets***

  The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity. Management exercises judgement based on the Group's treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

3.4 Functional and foreign currency

(i) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily in SGD.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3. Summary of significant accounting policies (cont'd)

3.4 Functional and foreign currency (cont'd)

(ii) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the combined profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the combined balance sheet and recognised in the combined profit and loss account on disposal of the subsidiary company.

(iii) Foreign currency translations

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing exchange rate ruling at that balance sheet date; and

- Income and expenses for each combined profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the combined profit and loss account as a component of the gain or loss on disposal.

3.5 Subsidiary companies and combined financial statements

(i) Subsidiary companies

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

(ii) Interim combined financial statements

The interim combined financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

3. Summary of significant accounting policies (cont'd)

3.5 Subsidiary companies and combined financial statements (cont'd)

(ii) Interim combined financial statements (cont'd)

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts in the combined financial statements. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The combined profit and loss account reflects the results of the combining entities for the full financial period, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

3.6 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its combined financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared for the same reporting year as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

3.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	-	10 years
Motor vehicles	-	5 years
Air-conditioners	-	6 years
Office equipment	-	3 - 10 years
Furniture and fittings	-	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3. Summary of significant accounting policies (cont'd)

3.7 Property, plant and equipment (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in combined profit and loss account in the year the asset is derecognised.

3.8 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the combined profit and loss account in the year in which they arise.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the combined profit and loss account in the year of retirement or disposal.

3.9 Inventories

Inventories consist of finished goods and are valued at the lower of cost and net realisable value.

The purchase costs incurred in bringing the inventories to their present location are accounted for on a first-in, first-out basis.

3.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the combined profit and loss account.

3. Summary of significant accounting policies (cont'd)

3.10 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Reversal of an impairment loss is recognised in the combined profit and loss account. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.11 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the combined profit and loss account.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

- Loans and receivables

  Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the combined profit and loss account when the loans and receivables are derecognised or impaired, and through the amortisation process.

3. Summary of significant accounting policies (cont'd)

3.11 Financial assets (cont'd)

- Available-for-sale financial assets

  Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the combined profit and loss account. The cumulative gain or loss previously recognised in equity is recognised in the combined profit and loss account when the financial asset is derecognised.

- Held-to-maturity investments

  Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in combined profit and loss account when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the combined profit and loss account.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

3. Summary of significant accounting policies (cont'd)

3.13 Impairment of financial assets (cont'd)

(i) Assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the combined profit and loss account.

(ii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the combined profit and loss account, is transferred from equity to the combined profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the combined profit and loss account. Reversals of impairment losses on debt instruments are recognised in the combined profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the combined profit and loss account.

3.14 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when is it probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the event that it is probable that they will result in revenue and they are capable of being reliably measured.

Revenue arising from fixed price civil engineering contracts and building construction contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

3. Summary of significant accounting policies (cont'd)

3.15 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities include trade payables, which are normally settled on 30 to 90 day terms and other amounts payable. Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the combined profit and loss account when the liabilities are derecognised, and through the amortisation process.

3.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliabily.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the combined profit and loss account over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the combined profit and loss account.

3.18 Borrowing costs

Borrowing costs are recognised in the combined profit and loss account as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

3. Summary of significant accounting policies (cont'd)

3.19 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

3.20 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the combined profit and loss account. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the combined profit and loss account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Contract revenue

Revenue from contract services is recognised by reference to the stage of completion when it can be measured reliably. The stage of completion is determined based on surveys of work performed.

Where the outcome cannot be measure reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

3. Summary of significant accounting policies (cont'd)

3.21 Revenue (cont'd)

(ii) Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

(iii) Rental income

Rental income arising from the investment property is recognised on a straight-line basis over the period of the lease.

(iv) Hiring income

Hiring income from cranes and motor vehicles are recognised on a straight-line basis over the period of the lease.

(v) Interest income

Interest income is recognised using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

3.22 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

3. Summary of significant accounting policies (cont'd)

3.22 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.23 Operating segment

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

4. Revenue

	Audited 1 January 2009 to 30 June 2009 S$'000	**Unaudited 1 January 2008 to 30 June 2008** S$'000
Contract revenue	104,190	71,934
Sale of goods	4,807	168
Rental income from investment properties	35	35
	109,032	72,137

5. Other income

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Gross dividend income from investment securities	195	4
Interest income from fixed deposits	193	245
Fair value changes on investment properties	130	–
Rental of workers' quarters	568	570
Gain on foreign exchange	402	121
Sundry income	23	–
	1,511	940

6. Profit before taxation

This is determined after charging/(crediting) the following:

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Depreciation of property, plant and equipment	385	260
Fair value changes on investment property	(130)	–
Gain on foreign exchange	(402)	(121)
Loss on disposal of property, plant and equipment	13	16
Loss on liquidation of a branch (Note 11)	294	–
Write back of allowance for doubtful receivables	–	(1)
Rental expenses	107	107
Inventories recognised as an expense in cost of sales	3,828	616
Staff costs:		
- Salaries, bonus and other benefits	5,234	3,373
- Defined contribution plans	435	378

7. Tax expense

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Current taxation		
- current year	1,698	1,298
Deferred taxation		
- origination and reversal of temporary differences	222	48
Tax expense	1,920	1,346

7. Tax expense (cont'd)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Accounting profit before income tax	11,312	7,002
Tax at Singapore statutory tax rate of 17% (1 January 2008 to 30 June 2008: 18%)	1,923	1,261
Adjustments:		
Expenses not deductible for tax purposes	41	122
Effect of partial tax exemption	(44)	(37)
	1,920	1,346

8. Earnings per share

Basic earnings per share is calculated by dividing profit for the period that is attributable to ordinary equity holders of the Company by the average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no potential dilutive ordinary shares existing during the respective financial periods.

The following tables reflect the combined profit and loss account and share data used in the computation of basic and diluted earnings per share for the periods ended 30 June 2009 and 2008:

	Audited 1 January 2009 to 30 June 2009	Unaudited 1 January 2008 to 30 June 2008
Profit for the period attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share (S$'000)	9,392	5,656
Average number of ordinary shares ('000) [(1)]	399,979	399,979

(1) For comparative purposes, earnings per share for the period reported on have been computed based on the profit after taxation attributable to ordinary equity holders of the Company divided by the pre-invitation share capital of 399,978,991 shares.

9. Property, plant and equipment

	Machinery and equipment S$'000	Motor vehicles S$'000	Air-conditioners S$'000	Office equipment S$'000	Furniture and fittings S$'000	Total S$'000
Cost						
At 1 January 2008	11,533	3,090	34	554	318	15,529
Additions	1,376	148	–	182	166	1,872
Disposals	(145)	–	(34)	(157)	(248)	(584)
At 31 December 2008 and 1 January 2009	12,764	3,238	–	579	236	16,817
Additions	1,265	53	–	15	–	1,333
Disposals	(34)	(36)	–	–	–	(70)
At 30 June 2009	13,995	3,255	–	594	236	18,080
Accumulated depreciation						
At 1 January 2008	8,721	3,033	34	445	301	12,534
Charge for the year	469	51	–	70	8	598
Disposals	(122)	–	(34)	(156)	(244)	(556)
At 31 December 2008 and 1 January 2009	9,068	3,084	–	359	65	12,576
Charge for the period	320	29		27	9	385
Disposals	(21)	(36)	–	–	–	(57)
At 30 June 2009	9,367	3,077	–	386	74	12,904
Net carrying amount						
At 30 June 2009	4,628	178	–	208	162	5,176
At 31 December 2008	3,696	154	–	220	171	4,241

10. Investment property

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
At beginning of the period/year	800	1,000
Gain/(loss) from fair value adjustments recognised in the combined profit and loss account	130	(200)
At end of the period/year	930	800

Investment properties comprise leasehold office premise located at 80 Marine Parade, #09-07 Parkway Parade, Singapore 449269.

The lease of the office premises is for a period of 99 years from 17 August 1979 and the property is mortgaged to a bank to secure banking facilities extended to a subsidiary company.

The leasehold office premises in Singapore is stated at fair value, which has been determined based on valuation as at 27 July 2009, performed by accredited independent appraisers with recent experience in the location and category of the properties being valued. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

11. Subsidiary companies

Details of subsidiary companies as at 30 June 2009 and 31 December 2008 are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			30 June 2009 %	31 December 2008 %
Hock Lian Seng Infrastructure Pte. Ltd.*	Provision of civil engineering works and the supply of building materials	Singapore	–	–
Hock Lian Seng Contractors Pte Ltd*	Rental of property, leasing of machinery and the supply of building materials	Singapore	–	–

* Audited by Ernst & Young LLP, Certified Public Accountants, Singapore

On 23 March 2009 the Taiwan branch was liquidated. The branch's contribution to the Group's profit for the financial period ended 30 June 2009 is not significant.

11. Subsidiary companies (cont'd)

The effect on the Group's cash flows arising from the liquidation of the branch is shown in the combined cash flows statement as a single item. The net identifiable assets of the branch are set out below:

	Liquidation 2009 S$'000
Prepayments	39
Cash and bank balances	66
Total assets	105
Net identifiable assets	105
Transfer from shareholders' equity - currency translation differences (Note 22)	189
	294
Loss on liquidation of a branch (Note 6)	(294)
Total consideration	–
Less: Cash and bank balances of a branch	(66)
Net cash outflow on liquidation of a branch	(66)

12. Joint venture

Details of the joint venture as at 30 June 2009 and 31 December 2008 are as follows:

Name of partnership	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			30 June 2009 %	31 December 2008 %
GS Engineering & Construction – Hock Lian Seng Infrastructure Joint Venture	Civil engineering and infrastructure works	Singapore	–	–

12. Joint venture (cont'd)

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, revenue and income related to the Group's interests in the jointly-controlled entity are as follows:

	Audited 30 June 2009 S$'000
Joint venture	
Assets and liabilities:	
Current and total assets	10,932
Current and total liabilities	10,932
Results:	
Revenue	–
Profit for the period	–

13. Investment securities

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Held-to-maturity financial asset		
Non-current		
6% p.a. fixed rate note due on 2019	2,010	–
Available-for-sale financial assets		
Non-current		
Quoted shares	–	74
Current		
Quoted shares	7,783	–
	9,793	74

14. Contract work-in-progress/(progress billings in excess of work-in-progress)

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Contract work-in-progress		
Costs incurred	6,572	6,000
Progress billings in excess of work-in-progress		
Progress payments received and receivable	(283,426)	(218,445)
Less: Attributable profits recognised progressively	33,366	23,640
Costs incurred	202,798	178,533
	(47,262)	(16,272)

15. Trade receivables

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Trade receivables	20,210	21,718
Less: Allowance for doubtful receivables	(262)	(262)
	19,948	21,456

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$271,000 (31 December 2008: S$418,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Trade receivables past due:		
Lesser than 30 days	194	–
30 to 60 days	12	347
60 to 90 days	–	6
More than 90 days	65	65
	271	418

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Trade receivables – nominal amounts	324	324
Less: Allowance for doubtful receivables	(262)	(262)
	62	62

15. Trade receivables (cont'd)

Movements in allowance account:

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
At beginning of the period/year	262	259
Charge for the period/year	–	30
Write-off	–	(27)
At end of the period/year	262	262

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. Other receivables

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Deposits	2,496	2,186
Staff advances	8	–
Sundry receivables	55	56
Amount due from a joint venture partner	160	–
	2,719	2,242

Included in deposits is an amount of S$1,779,000 (31 December 2008: S$1,779,000) given to a financial institution as cash collateral for a performance bond issued for a construction project.

Amount due from a joint venture partner

The amount due from a joint venture partner is unsecured, non-interest bearing and is repayable on demand.

17. Cash and cash equivalents

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Cash at banks and on hand	9,856	16,765
Fixed deposits	96,994	46,191
	106,850	62,956
Less: Fixed deposits, pledged	(5,060)	(11,833)
Cash and cash equivalents	101,790	51,123

Fixed deposits of S$5,059,865 (31 December 2008: S$11,833,000) is pledged to a bank for performance guarantees issued for construction projects.

Cash at banks earns interest at floating rates based on daily deposit rates. Fixed deposits with financial institutions mature between 1 week to 3 months (31 December 2008: 1 week to 3 months) from the end of the financial period/year. The effective interest rates of fixed deposits range from 0.025% to 0.650% (31 December 2008: 0.0875% to 1.8000%) per annum.

18. Trade and other payables

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Trade payables	7,785	7,744
GST payable	2,700	1,390
Accrued operating expenses	16,686	27,021
Withholding tax	206	226
Deposits received	225	207
Dividend payable	12,600	–
Sundry payables	55	–
	40,257	36,588

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-60 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

19. Deferred taxation

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Balance at beginning of the period/year	437	(387)
Differences in depreciation for tax purposes	(222)	824
Balance at end of the period/year	215	437
This is analysed as follows :		
Deferred tax assets		
Excess of tax written down value of property, plant and equipment over net carrying value	274	474
Deferred tax liabilities		
Revaluations of investment property to fair value	(59)	(37)
Net deferred tax assets	215	437

20. Share capital

	Audited 30 June 2009 No. of shares ('000)	Audited 30 June 2009 S$'000	Audited 31 December 2008 No. of shares ('000)	Audited 31 December 2008 S$'000
Issued and fully paid:				
At beginning of the period/year	252,000	–	16,800	16,800
Share split	–	–	235,200	–
Adjustment arising from Restructuring Exercise	(252,000)	–	–	–
At end of period/year	– *	– *	252,000**	16,800**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 30 July 2008, the shareholders of a subsidiary company approved the share split of each ordinary share in the subsidiary company's issued share capital into 15 ordinary shares.

* The paid up share capital is S$1, comprising of 10 issued and fully paid-up shares.

** The Company was incorporated on 20 May 2009 with an issued share capital of S$1. For the purpose of the combined financial statements, share capital and number of shares represents the aggregate paid-up capital and number of shares of its subsidiary company.

21. Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Balance at beginning of the period/year	(46)	40
Net gain/(loss) on available-for-sale financial assets		
- Net gain/(loss) on fair value changes during the period/year	2,652	(86)
Balance at end of the period/year	2,606	(46)

22. Foreign currency translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Balance at beginning of period/year	(189)	(181)
Net effect of exchange differences arising from translation of financial statements of foreign operations	–	(8)
Realisation of reserve on liquidation of a branch	189	–
Balance at end of period/year	–	(189)

23. Merger reserve/(deficit)

The merger reserve/(deficit) records the difference between the purchase consideration and the share capital of a subsidiary company acquired from an entity under common control.

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Balance at beginning of period/year	(608)	(608)
Acquisition of a subsidiary company pursuant to Restructuring Exercise	16,800	–
Balance at end of period/year	16,192	(608)

24. Commitments

(a) Operating lease commitments

As lessee

The Group has entered into commercial property leases for its office premises. Future minimum rental payables under non-cancellable operating leases as at 30 June 2009 are as follows:

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Not later than one year	214	214
Later than one year but not later than five years	107	215
	321	429

As lessor

The Group leases out its investment property (Note 10). Future minimum rental receivables under non-cancellable operating lease as at 30 June 2009 are as follows:

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Not later than one year	35	70
Later than one year but not later than five years	–	–
	35	70

(b) Capital commitments

Purchase of one unit steel dumb barge for $830,000 for the Group's infrastructure construction and civil engineering projects.

25. Contingent liability

During the course of a routine inspection by Singapore Customs ("SC") in June 2009, the Group was informed that there was a discrepancy in the method of calculating the import value for the custom permits. Hence, the amount of input Goods and Services Tax ("GST") relating to the Group's import should be reviewed.

The discrepancy arises from the difference in the amount reflected in the proforma invoice and the transaction value and costs of the goods, including the cost and expenses incurred in the process of procurement. The Group reviewed its GST declarations from 1 January 2007 to 31 May 2009 and had made a self declared input GST short payment of approximately $200,000. SC is currently reviewing the documentation submitted by the Group.

As the discrepancy was not intentional, Management is of the opinion that it is possible, but not probable, that penalties will be imposed on the Group and accordingly no provision for any liability has been made in the financial statements.

26. Dividends

	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Declared during the period/year:		
Dividends on ordinary shares:		
Interim tax-exempt (one tier) dividends declared in respect of the previous financial year of S$0.05 (2008: S$Nil) per ordinary share to then existing shareholder prior to Restructuring Exercise	12,600	–

27. Significant related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Sales and purchase of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the period/year on terms agreed between the parties:

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Holding company		
Rental paid	107	107

(b) Compensation of key management personnel

	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Salaries and other remuneration	1,295	851
Defined contribution plans	44	41
Total compensation paid to key management personnel	1,339	892
Comprise amounts paid to:		
- Directors of the Company	851	332
- Other key management personnel	488	519
	1,339	851

The remuneration of key management personnel is determined by the Directors having regards to the performance of individuals and market trends.

28. Financial risk management objectives and policies

Financial risk management of the Group is governed by policies approved by management.

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no derivatives shall be undertaken. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rates relates primarily to the Group's cash and bank balances and fixed deposits as disclosed in Note 17.

The Group does not have any bank borrowing. Surplus funds are placed with reputable financial institutions.

Sensitivity analysis for interest risk

At the balance sheet date, if SGD interest rates had been 100 (31 December 2008: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$805,000 (31 December 2008: S$369,000) lower/higher, arising mainly as a result of lower/higher interest income.

(b) Foreign currency risk

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than SGD. None of the Group's sales are denominated in foreign currencies whilst 100% (31 December 2008: 95%) of purchases and operating costs are denominated in SGD.

The Group has cash and cash equivalents in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in Australia dollars) amount to S$2,687,000 (31 December 2008: S$2,323,000).

Foreign exchange risk is deemed not significant by management as the Group's transactions are mainly in SGD.

(c) Credit risk

The Group trades only with recognised and creditworthy third parties or government authorities. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables and investment securities, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

28. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Since the Group trades only with recognised and creditworthy third parties or government authorities, there is no requirement for collateral.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	30 June 2009		31 December 2008	
	S$'000	% of total	S$'000	% of total
By country				
Singapore	18,463	100	21,718	100
By industry sectors				
Civil engineering	16,711	91	19,405	89
Building materials	1,752	9	2,313	11
	18,463	100	21,718	100

At the balance sheet date, approximately:

– 95% (31 December 2008: 92%) of the Group's trade receivables were due from the government authorities or government linked entities who are located in Singapore.

– None of the Group's trade receivables were due from related parties.

28. Financial risk management objectives and policies (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

Liquidity risk is deemed not significant by management as the Group is in a net cash position. Other than trade and other payables that are payable with one year, the Group has no other financial obligations.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with higher volatility.

Sensitivity analysis for equity price risk

At the balance sheet date, if the STI had been 2% (31 December 2008: 2%) higher/lower with all other variables held constant, the Group's fair value adjustment reserve would have been S$156,000 (31 December 2008: S$2,000) higher/lower, arising as a result of an increase/decrease in the fair value of investment securities instruments classified as available-for-sale.

29. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Financial instruments whose carrying amount approximate fair value

- Cash and bank balances, fixed deposits, trade and other receivables, trade and other payables, amount due from a joint venture partner

  The carrying amounts of these financial assets and liabilities are reasonable approximation of fair value due to their short-term nature.

29. Fair values of financial instruments (cont'd)

- Quoted shares

  Fair value is determined directly by reference to their published market price at the balance sheet date.

- Fixed rate note

  Fair value is estimated by discounting expected future cash flows at market incremental lending rate adjusted for credit risk premium specific to the issuer at the balance sheet date.

Set out below is a comparison by category of carrying amounts of the Company's financial instruments that are carried in the financial statements:

	Note	Loans and receivables S$'000	Available-for-sale S$'000	Held-to-maturity S$'000	Liabilities at amortised cost S$'000
At 30 June 2009					
Assets					
Investment securities					
Quoted shares	13	–	7,783	–	–
Fixed rate note	13	–	–	2,010	–
Trade receivables	15	19,948	–	–	–
Other receivables	16	2,719	–	–	–
Cash and bank balances	17	9,856	–	–	–
Fixed deposits	17	96,994	–	–	–
Liabilities					
Trade and other payables	18	–	–	–	40,257
		129,517	7,783	2,010	40,257
At 31 December 2008					
Assets					
Investment securities	13	–	74	–	–
Trade receivables	15	21,456	–	–	–
Other receivables	16	2,242	–	–	–
Cash and bank balances	17	16,765	–	–	–
Fixed deposits	17	46,191	–	–	–
Liabilities					
Trade and other payables	18	–	–	–	36,588
		86,654	74	–	36,588

30. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period/year ended 30 June 2009 and 31 December 2008.

The Group regards total debt to include trade and other payables.

	Note	Audited 30 June 2009 $'000	Audited 31 December 2008 $'000
Total debt - Trade and other payables	18	40,257	36,588
Equity attributable to equity holders of the Company		33,187	33,554
Less: Fair value adjustment reserve		(2,606)	46
		30,581	33,600
Total debt and capital		70,838	70,188
Cash and cash equivalent	17	101,790	51,123
Less: Total debt			
- Trade and other payables	18	(40,257)	(36,588)
Net cash position		61,533	14,535

The Group is currently in net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

31. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- Civil engineering: Infrastructure construction and civil engineering works for bridges, expressways, tunnels and other related infrastructure works.
- Building materials: Supply and maintenance of aggregate and concreting sand at the designated stockpile site.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit margins of the products and services.

31. Segment information (cont'd)

The following expenses are not allocated to the operating segments as these expenses are not included in the measure of the operating segments' performance by the chief operating decision maker.

	Note	Audited 1 January 2009 to 30 June 2009 S$'000	Unaudited 1 January 2008 to 30 June 2008 S$'000
Other income	5	1,511	940
Administrative costs		(1,679)	(1,742)
Other operating costs		(448)	(105)
		(616)	(907)

The following assets and liabilities are managed on a group basis and are not allocated to the operating segments.

	Note	Audited 30 June 2009 S$'000	Audited 31 December 2008 S$'000
Investment securities	13	9,793	74
Deferred tax assets	19	274	474
		10,067	548
Provision for taxation		4,050	4,967
Deferred tax liabilities	19	59	37
		4,109	5,004

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31. Segment information (cont'd)

(a) Business segments

(i) The following table presents revenue and results information regarding the Group's business segments for the financial periods from 1 January 2009 to 30 June 2009 and 1 January 2008 to 30 June 2008.

	Civil engineering		Building materials		Total	
	Audited 1 January 2009 to 30 June 2009 S$'000	**Unaudited 1 January 2008 to 30 June 2008** S$'000	**Audited 1 January 2009 to 30 June 2009** S$'000	**Unaudited 1 January 2008 to 30 June 2008** S$'000	**Audited 1 January 2009 to 30 June 2009** S$'000	**Unaudited 1 January 2008 to 30 June 2008** S$'000
Sales to external customers, representing total revenue	104,230	42,450	4,802	29,687	109,032	72,137
Results:						
Segment results	11,725	3,438	203	4,471	11,928	7,909
Unallocated expenses					(616)	(907)
Profit before taxation					11,312	7,002
Taxation					(1,920)	(1,346)
Profit for the period					9,392	5,656

31. Segment information (cont'd)

(a) Business segments (cont'd)

(ii) The following table presents assets, liabilities and other segment information regarding the Group's business segments for the period/year ended 30 June 2009 and 31 December 2008.

	Civil engineering		Building materials		Total	
	Audited 30 June 2009 S$'000	**Audited 31 December 2008** S$'000	**Audited 30 June 2009** S$'000	**Audited 31 December 2008** S$'000	**Audited 30 June 2009** S$'000	**Audited 31 December 2008** S$'000
Assets and liabilities:						
Segment assets	144,925	101,557	2,132	2,369	147,057	103,926
Unallocated assets					10,067	548
Total assets					157,124	104,474
Segment liabilities	116,938	62,634	2,891	3,282	119,829	65,916
Unallocated liabilities					4,109	5,004
Total liabilities					123,938	70,920
Other segment information:						
Capital expenditure						
• Property, plant and equipment	1,275	1,540	58	332	1,333	1,872
Depreciation expense	368	492	17	106	385	598

31. Segment information (cont'd)

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets are not presented, as the Group's revenue and non-current assets in geographical segments other than Singapore are not material (less than 1% of the aggregate amount of all segments for the years ended 30 June 2009 and 2008.

(c) Information about major customers

Revenue from one major customer amount to S$ 103,814,000 (1 January 2008 to 30 June 2008: S$42,387,000) for various civil engineering projects.

Revenue from another major customer amount to S$2,566,000 (January 2008 to 30 June 2008: S$167,000) for various building materials projects.

32. Events after balance sheet date

(a) The Group has been licensed to rent Plot No. 8B BCA Tuas Aggregate Terminal for the temporary storage of building materials commencing from 15 November 2009 to 14 August 2011.

(b) The Group has received a letter of award on 30 November 2009 from SCAL Resources Pte Ltd to build and operate a workers' dormitory. Upon completion, it is expected that the Group will own the workers' dormitory and will mainly use it to house its workers.

(c) Save as those events disclosed elsewhere in Note 2 and other notes to the interim combined financial statements, no other item, transaction or event of a material or unusual nature has arisen subsequent to 30 June 2009.

33. Prior period comparatives

Prior period comparative financial information for the period from 1 January 2008 to 30 June 2008 have not been audited.

34. Authorisation of financial statements

The financial statements for the financial period from 1 January 2009 to 30 June 2009 were authorised for issue in accordance with a resolution of the Directors on 10 December 2009.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Articles but are qualified in entirety by reference to our Articles, a copy of which will be available for inspection at our registered office during normal business hours for a period of 6 months from the date of registration of this Prospectus.

Shares

Our issued share capital is $32,430,729 consisting of 399,978,991 Shares. We have only one class of shares, namely, our Shares, which have identical rights in all respects and rank equally with one another. Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As at the date of this Prospectus, 399,978,991 Shares have been issued and fully paid. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval shall be subject to such limitations as may be prescribed by the SGX-ST. The approval, if granted, will lapse at the conclusion of the annual general meeting of our Company following the date on which the approval was granted, unless otherwise revoked or varied by our Shareholders in a general meeting. Subject to the foregoing, the provisions of the listing rules of the SGX-ST, the Companies Act and any special rights attached to any class of shares currently issued, all new Shares in the capital of our Company 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 on our register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our register of Shareholders for any time or times if we provide the SGX-ST at least 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. We typically close the register of Shareholders to determine our Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

Save as disclosed in this Prospectus, 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 the SGX-ST. Our Board may decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST. 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. We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed $2 and furnishes any evidence and indemnity that our Board may require.

General Meetings of Shareholders

We are 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 our Shareholders representing not less than 10% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at 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 our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our ordinary Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to 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 our Articles, on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, 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 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 any 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

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. See the section titled, "Bonus and Rights Issue" below. All dividends are paid pro-rata amongst 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 us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) 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 other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code), issued by the Authority pursuant to section 321 of the 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 a 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);

(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 a 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 6 months.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in "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 of our shareholders, as they think fit to remedy any of the following situations where:

(a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or

(b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority shareholder's Shares by our other Shareholders or by us;

(e) in the case of a purchase of Shares by us, provide for a reduction accordingly of our capital; or

(f) provide that we be wound up.

Treasury Shares

Our Articles of Association expressly permits our Company to purchase or acquire Shares of our Company and to hold such Shares (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (i) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of ordinary Shares held as treasury shares shall not at any time exceed 10% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed of or cancelled before the end of a period of 6 months beginning with the day on which that contravention of limit occurs, or such further period as the ACRA may allow. Where ordinary Shares are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully paid bonus shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (a) sell the Shares (or any of them) for cash; (b) transfer the Shares pursuant to the Scheme and/or the Plan; (c) transfer the Shares as consideration for the acquisition of shares in or assets of another company or assets of a person; or (d) cancel the Shares (or any of them).

TAXATION

Singapore Taxation

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

The discussion is limited to a general description of income tax, stamp duty, estate duty and goods and services tax ("GST") consequences in Singapore with respect to the purchase, holding or disposal of the Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold and dispose of the Shares. Prospective investors should consult their tax advisers regarding Singapore tax and other tax consequences of purchasing, holding and disposing of the Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

Singapore Income Tax

General

(I) Individual Taxpayers

An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a Director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore Income Tax on income accrued in or derived from Singapore. All foreign-source income received (except for income received through a partnership in Singapore) in Singapore on or after January 1, 2004 by Singapore tax resident individuals is exempt from Singapore income tax if the Inland Revenue Authority of Singapore is satisfied that the tax exemption would be beneficial to the individual.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's circumstances but currently, is subject to a maximum rate of 20%.

Non-resident individuals, subject to certain exceptions, are subject to Singapore income tax on income accrued in or derived from Singapore.

(II) Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accrued in or derived from Singapore and, subject to certain exceptions, on foreign-source income received or deemed to be received in Singapore from outside Singapore. Foreign-source income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after June 1, 2003 are exempt from tax if certain prescribed conditions are met.

It was announced in the 2009 Budget that the prescribed conditions for the specified foreign source income mentioned above to be exempted will be temporarily lifted in respect of such income that were earned on or before 21 January 2009 and is received in Singapore between 22 January 2009 to 21 January 2010, both dates inclusive (i.e. the qualifying period). In addition, the exemption would also be expanded to cover all foreign source income that were earned on or before 21 January 2009 and is received during the qualifying period.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign-source income received or deemed to be received in Singapore from outside Singapore.

The corporate tax rate for the year of assessment 2009 is 18% after allowing for tax exemption on three quarters of up to the first $10,000 and up to one-half of the next $290,000 of a company's chargeable income. The above partial tax exemption does not apply to Singapore dividends received by companies.

The corporate income tax rate will be reduced to 17% with effect from the year of assessment 2010. This was announced in the 2009 Budget.

(III) Dividend Distributions

With effect from 1 January 2003, Singapore has adopted the one-tier corporate tax system. Under the one-tier system, the tax collected from corporate profits is final and dividends paid by a Singapore tax resident company to their shareholders are exempt from tax (referred hereinafter as 1-tier tax exempt dividends).

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

(IV) Gains on Disposal of the Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of capital gains. Hence, gains arising from the disposal of the Shares are not taxable in Singapore unless the Inland Revenue Authority of Singapore regards the seller as carrying on a trade of buying and selling of shares, in which case, the profits on disposal will be construed to be of an income nature and taxable.

Stamp Duty

There is no stamp duty payable on the subscription of the Shares.

Stamp duty is payable on the instrument of transfer of the Shares at the rate of $0.20 for every $100.00 or any part thereof, computed on the consideration or market value of the Shares, whichever is higher. The purchaser is liable for stamp duty unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. If the instrument of transfer is executed outside Singapore, stamp duty is payable if it is received in Singapore.

The above stamp duty is not applicable to scripless transfer of the Shares through the CDP system.

Estate Duty

With effect from 15 February 2008, no estate duty will be levied in respect of deaths occurring on or after 15 February 2008.

Goods and Services Tax ("GST")

The sale of the Shares by a GST-registered investor through an SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST. Any GST which is incurred by a GST-registered investor in making such supplies may not be set-off against his liability to account for GST or recovered from the Comptroller of GST unless certain requirements of the GST Act are satisfied.

Where the Shares are sold by a GST-registered investor to a person belonging outside Singapore or through an overseas exchange, the sales would generally be a taxable sale subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business, subject to the provisions of the GST Act, may be set-off against his liability to account for GST or may be recovered from the Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of the Shares rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, holding of shares will be subject to GST at the prevailing rate of 7%. Similar services supplied contractually to and for the direct benefit of a person belonging outside Singapore for GST purposes are subject to GST at zero-rate.

MEMORANDUM AND ARTICLES OF ASSOCIATION

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 Singapore law and our Memorandum and Articles of Association. The instruments that constitute and define the Company are the Memorandum and Articles of Association of the Company.

(a) **A director's power to vote on a proposal, arrangement or contract in which he is interested**

Article 89(1) - Powers of Directors to contract with Company

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange. 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 89(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 90(3) - Exercise of voting power

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

(b) **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 85(1) - Fees

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Article 85(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, be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, subject however as is hereinafter provided in this Article.

Article 85(3) - Remuneration of director

The fees (including any remuneration under Article 85(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 86 - 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 87 - Pensions to directors and dependents

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Article 88 - 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 93 - 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 102(1) - Alternate Directors

Any Director of the Company may at any time appoint any person who is not a Director or alternate Director and who is approved by a majority of his co-Directors to be his alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

(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 92 - 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 95(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 Act, at the conclusion of the Annual General Meeting commencing next after he attains the age of seventy (70) years.

Article 97 - Retirement of directors by rotation

Subject to these Articles and to the 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 98 - 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 99 - 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 Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or

(iii) such Director has attained any retiring age applicable to him as a Director.

(e) **The number of shares, if any, required for the qualification of a director**

Article 84 - 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 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(1) - Issue of new shares

Subject to the 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 48, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration 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, provided always that no options shall be granted over unissued shares except in accordance with the Act and the Exchange's listing rules.

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. 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) – Issue of further preferences shares

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Article 7(2) - Rights of preference shareholders

The provisions in Article 7(1) shall apply *mutatis mutandis* to the repayment of preference capital other than redeemable preference or any other alteration or abrogation of preference shareholder rights. Such repayment, alteration or abrogation 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 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 $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 $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 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 70(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 70(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 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 71 - 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 72 - 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 73 - 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 to the extent that such part of the shares were due and were paid.. 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 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 Act;

(iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iv) subject to the provisions of these Articles and the 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 Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

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 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 Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. 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 and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares and in such circumstances as set out in Section 180(2) of the Act. 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 131(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.

(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.

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 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

(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 Act (whichever is the earliest).

Article 48(3)

Notwithstanding Article 48(1) above but subject to the 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.

RULES OF THE HLS EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE SCHEME

The Scheme shall be called the "HLS Employee Share Option Scheme" (the "Scheme").

2. DEFINITIONS

In this Scheme, except where the context otherwise requires, the following words and expressions shall have the following meanings:

"Acceptance Period"	The period within which an Option maybe accepted, as described in Rule 7.2.
"Act"	The Companies Act, Chapter 50 of Singapore as amended or modified from time to time.
"Adoption Date"	The date on which this Scheme is adopted by our Company in general meeting.
"Articles of Association"	The Articles of Association of the Company, as amended, supplemented or modified from time to time.
"Associated Company"	A company in which at least 20% but no more than 50% of its shares are held by our Company.
"Auditors"	The auditors of our Company for the time being.
"Board"	The Board of Directors of our Company for the time being.
"CDP"	The Central Depository (Pte) Limited.
"Company" or "HLS Holdings"	Hock Lian Seng Holdings Limited
"Control"	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of our Company.
"Controlling Shareholder"	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.
"CPF"	Central Provident Fund.
"Depositor"	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.
"Director"	A person holding office as a director for the time being of our Company and/or Subsidiaries.
"EGM"	Extraordinary General Meeting.

"Employee"	Any full-time confirmed employee of our Group to participate in this Scheme in accordance with Rule 4.
"Executive Director"	A Director who performs an executive function.
"Exercise Date"	The date on which an Option is exercised pursuant to Rule 9.1.
"Exercise Price"	The price at which a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 8.
"Financial Year"	Financial year ended or, as the case may be, ending 31 December.
"Grantee"	The person to whom an offer of an Option is made.
"Group"	Our Company and our Subsidiaries
"Listing Manual"	The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time.
"Market Day"	A day on which the SGX-ST is open for trading of securities.
"Market Price"	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive Trading Days immediately preceding the Offering Date, as determined by the Remuneration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent on the event of fractional prices;
"Non-Executive Director"	A Director who is not an Executive Director of our Company (including an Independent Director).
"Offering Date"	The date on which an Option is granted pursuant to Rule 6.1.
"Option"	The right to subscribe for Shares granted or to be granted pursuant to this Scheme and for the time being subsisting, and in respect of which the Exercise Price is determined in accordance with Rule 8.
"Option Period"	The period for the exercise of an Option as set out in Rule 9.1.
"Participant"	A holder of an Option.
"Remuneration Committee"	A committee comprising Directors of our Company, duly authorised and appointed by the Board pursuant to Rule 13 to administer this Scheme.
"Rules"	The rules of this Scheme, as the same may be amended from time to time.
"Scheme"	The HLS Employee Share Option Scheme, as modified or amended from time to time.
"SGX-ST"	The Singapore Exchange Securities Trading Limited.
"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"	Fully paid ordinary shares in the capital of our Company.

"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 the SGX-ST.
"S$"	Singapore dollars.
"%" or "per cent."	Per centum

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.

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 Scheme.

Any reference to this 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 Scheme shall, where applicable, have the same meaning assigned to it under the Act.

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

3. OBJECTIVES OF THIS SCHEME

This Scheme is a share incentive scheme. The purpose of this Scheme is to provide an opportunity for the Directors and Employees of our Group who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, 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 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 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 development of a participatory style of management which promoted greater commitment and dedication amongst the employees and instills loyalty and a stronger identification by Participants with the long-term prosperity of our Group;

(iv) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and

(v) to align the interests of Participants with the interests of our Shareholders.

4. **ELIGIBILITY**

4.1 The following persons shall be eligible to participate in this Scheme at the absolute discretion of the Remuneration Committee:

(a) Employees of our Group who are not on probation and have attained the age of 21 years on or before the Offering Date; and

(b) Executive Directors who have attained the age of 21 years on or before the Offering Date.

Controlling Shareholders and their associates who are employees, Non-Executive Directors and Independent Directors are not eligible to participate in our Scheme. The Participant must not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 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.

4.3 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 Scheme may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. **LIMITATIONS OF THIS SCHEME**

5.1 The aggregate number amount of Shares over which the Remuneration Committee may grant Options on any date, when added to the number Shares issued and issuable in respect of (i) all Options granted under the Scheme and (ii) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force shall not exceed 15.0% of the issued shares of the Company (excluding treasury shares) on the day immediately preceding the grant of an Option.

5.2 Subject to Rule 4 and Rule 12, the aggregate number of Shares in respect of which Options may be offered to any Grantee in accordance with this 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.

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 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 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 Scheme.

7.4 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.

8. EXERCISE PRICE

8.1 Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an 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, 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:

(a) the performance of our Group;

(b) the performance of the individual Participant;

(c) the contribution of the Participant to the success and development of our Company and/or our Group; and

(d) the prevailing market conditions.

(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 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 offers and grants of Options under this Scheme at such discount for the duration of this Scheme), rounded up to the nearest whole cent.

9. EXERCISE OF OPTION

9.1 Subject 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 (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiples thereof)during the period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date or such earlier date as may be determined by the Remuneration Committee.

9.2 In the event of an Option being exercised in part only (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiples thereof), the balance of the option not thereby exercised shall continue to be exercisable in accordance with this Scheme until such time as it shall lapse in accordance with the Rules of this 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 and/or our Group:

(i) a grant of an Option is not accepted strictly in the manner as provided in Rule 7.2, such offer within the Acceptance Period; or

(ii) 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

(iii) in the event of misconduct on the part of the Participant, as determined by the Remuneration Committee in its absolute discretion; or

(iv) 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

(v) 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 Scheme (as set out in Rule 3) have not been met.

For the purpose of Rule 9.3(iv), the Participant shall be deemed to have ceased to be so employed as of 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.

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) 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 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"), subject to each case 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 payment 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.

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 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 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.

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 class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or

(iii) the 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 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 the SGX-ST 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 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 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 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 Scheme) for the implementation and administration of this 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 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 Option pursuant to Rule 8.2 or to disputes as to the interpretation of this Scheme or any rule, regulation or procedure thereunder or as to any rights under this Scheme).

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 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 or a person who received more than 5% or more of the total number of Options available under this 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 Scheme up to the end of the Financial Year in review;

(d) the aggregate number of Options exercised since the commencement of this 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 SCHEME

15.1 Any or all of the provisions of this 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 of all the Shares which would be issued and allotted upon exercise in full of all outstanding Options;

(ii) any modification or alteration which would be to the advantage of Participants shall be subject to the prior approval of Shareholders at a general meeting; and

(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 or (if required) any other stock exchange on which the Shares are quoted or listed) amend or alter this Scheme in any way to the extent necessary to cause this Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body.

15.3 Shareholders who are eligible to participate in this Scheme must abstain from voting on any resolution relating to the 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 the implementation of the Scheme. Notwithstanding the foregoing, Participants of the Scheme may act as proxies, but such Participants who are appointed as proxies will not vote on the aforementioned resolutions unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the said resolutions.

15.4 Employees who are also Shareholders and are eligible to participate in this 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 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 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 Scheme shall not form part of any contract of employment within our Group and any Participant and the rights and obligations of a Participant under the terms of the office or employment with such company within our Group shall not be affected by his participation in this Scheme or any right which he may have to participate in it or any Option which he may hold and this Scheme 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 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 SCHEME

18.1 This Scheme shall continue to be in force at the discretion of the Remuneration Committee, for a maximum period of 10 years commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, this 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 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 Scheme is so terminated, no further Options shall be offered by our Company hereunder.

18.3 The termination, discontinuance or expiry of this 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 Scheme shall be borne by that Participant.

20. COSTS AND EXPENSES OF THIS 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.

20.2 Save for the taxes referred to in Rule 19 and such costs and expenses expressly provided in this Scheme to be payable by the Participants, all fees, costs, and expenses incurred by our Company in relation to this 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 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 the SGX-ST in accordance with Rule 11.4.

22. DISPUTES

Any disputes or differences of any nature in connection with this 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.

24. GOVERNING LAW

This Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting the offer of the grant of Options in accordance with this Scheme, and our Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

25. EXCLUSION OF THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person other than the Company or a Participant shall have any right to enforce any provision of the Scheme.

SCHEDULE A

HLS 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 HLS Holdings Limited (the "Company") to participate in the HLS 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$1.00, to subscribe for and be allotted _____ Shares at the price of S$ _____ 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
Hock Lian Seng Holdings Limited

Name:
Designation:

SCHEDULE B

HLS EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No:

To: The Remuneration Committee
HLS Employee Share Option Scheme
c/o The Company Secretary
80 Marine Parade Road
#21-08 Parkway Parade
Singapore 449269

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 HLS 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 of S$ _____ each in the capital of Hock Lian Seng 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, my securities account with CDP or my 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.

PLEASE PRINT IN BLOCK LETTERS

Name in Full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

*Delete where inapplicable

Notes:

1. **Optio n 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.**

SCHEDULE C

HLS EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Remuneration Committee
HLS Employee Share Option Scheme
c/o The Company Secretary
80 Marine Parade Road
#21-08 Parkway Road
Singapore 449269

Total Number of Shares of S$0.25 each (the "Shares") at S$ _____ 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 HLS 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)	Name in Full	:	_____
(b)	Designation	:	_____
(c)	Address	:	_____
(d)	Nationality	:	_____
(e)	*NRIC/Passport No.	:	_____
*(f)	Direct Securities Account Number	:	_____
*(g)	Securities Sub-Account Number	:	_____
	Name of CDP Depository Agent	:	_____
*(h)	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 HLS 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

RULES OF THE HLS PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Scheme shall be called the "HLS Performance Share Plan" (the "Plan").

2. DEFINITIONS

In this Plan, except where the context otherwise requires, the following words and expressions shall have the following meanings:

"Act"	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"Adoption Date"	The date on which this Plan is adopted by our Company in general meeting.
"Articles of Association"	The Articles of Association of the Company, as amended, supplemented or modified from time to time.
"Associate"	The term shall have the meaning assigned to it in the Listing Manual.
"Associated Company"	A company in which at least 20% but no more than 50% of its shares are held by our Company.
"Auditors"	The auditors of the Company for the time being.
"Award"	A contingent award of Shares granted under Rule 6.
"Award Date"	The date on which an Award is granted.
"Award Letter"	A letter in such form as the Remuneration Committee shall approve confirming an Award granted to a Participant by the Remuneration Committee.
"Board"	The Board of Directors of the Company for the time being.
"CDP"	The Central Depository (Pte) Limited.
"Company" or "HLS Holdings"	Hock Lian Seng Holdings Limited
"Control"	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of our Company.
"Controlling Shareholder"	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.
"CPF"	Central Provident Fund.
"Director"	A person holding office as a director for the time being of our Company.

"Employee"	Any full-time confirmed employee of the Group to participate in this Plan in accordance Rule 4.
"Executive Director"	A Director who performs an executive function.
"Financial Year"	Financial year ended or, as the case may be, ending 31 December.
"Group"	Our Company and our Subsidiaries
"Group Executive"	Any employee of the Group (including any Group Executive Director or 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 Remuneration Committee to participate in the Plan in accordance with Rule 4.
"Listing Manual"	The Listing Manual of the SGX-ST.
"Market Price"	In relation to a Share, on any day, the average of the last dealt price of 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, rounded up to the nearest whole cent in the event of fractional prices.
"Non-Executive Director"	A Director who is not an Executive Director of our Company (including an Independent Director).
"Award Date"	The date on which an Award is granted pursuant to Rule 6.
"Participant"	A person who has been granted an Award.
"Performance Condition"	The performance condition(s) specified on the Award Date in relation to that Award.
"Performance Period"	A period, the duration of which is to be determined by the Remuneration Committee on the Award Date, during which the Performance Condition is to be satisfied.
"Plan"	The HLS Performance Share Plan, as modified or amended from time to time.
"Release"	In relation to an Award, the release, at the end of each Vesting Period, of the Shares to be released on such date and "Released" shall be construed accordingly.
"Release Schedule"	In relation to an Award, a schedule as the Remuneration Committee shall determine, in accordance with which Shares which are the subject of that Award shall be Released at the end of each Vesting Period.
"Released Award"	An Award which has been released in accordance with Rule 8.
"Remuneration Committee"	A committee comprising Directors of our Company, duly authorized and appointed by the Board pursuant to Rule 10 to administer this Plan.
"Rules"	The rules of this Plan, as the same may be amended from time to time.

"SGX-ST"	The Singapore Exchange Securities Trading Limited.
"Shareholders"	The registered holders for the time being of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register.
"Shares"	Fully paid ordinary shares in the capital of our Company.
"Subsidiaries"	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 the SGX-ST.
"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 8.
"Vesting Period"	The vesting period for Shares comprised in Awards as determined by the Remuneration Committee.
"S$"	Singapore dollars.
"%"	per centum.

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.

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 Plan.

Any reference to this 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 used in this Plan shall, where applicable, have the same meaning assigned to it under the Act.

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

3. OBJECTIVES OF THE PLAN

The Plan will provide an opportunity for the selected Group Executives who have contributed significantly to the growth and performance of the Group and who satisfy the eligibility criteria as set out in Rule 4 of the Plan, to participate in the equity of the Company.

The Plan is primarily a share incentive scheme. It recognises the fact that the services of such Group Executives are important to the success and continued well-being of the Group. Implementation of the Plan will enable the Company to give recognition to the contributions made by such selected Group Executives. At the same time, it will give such selected Group Executives an opportunity to have a direct interest in the Company at no direct cost to its profitability 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 development of a participatory style of management which promoted greater commitment and dedication amongst the employees and instills loyalty and a stronger identification by Participants with the long-term prosperity of our Group;

(iv) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and

(v) to align the interests of Participants with the interests of our Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

4.1 The Employees of our Group and 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 Remuneration Committee from time to time and who have, on or before the Offering Date, been in full-time employment of the Group for at least 12 months, shall be eligible to participate in the Plan, at the absolute discretion of the Remuneration Committee.

Controlling Shareholders and their associates who are employees or Independent Directors are not eligible to participate in the Plan. The Participant must not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 Save as prescribed by Rule 853 of the Listing Manual, there shall be no restrictions on the eligibility of any Participant to participant in any other share option or share incentive scheme, whether or not implemented by any other companies within our Group.

4.3 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 Remuneration Committee.

5. LIMITATIONS OF THIS PLAN

5.1 The aggregate number of Shares which may be issued pursuant to Awards granted under the Plan, when added to the number of Shares issued and/or issuable in respect of all Awards granted under this Plan and other Shares issued and/or issuable under other share-based incentive schemes of our Company, shall not exceed fifteen percent (15%) of the issued share capital of our Company on the day preceding the relevant date of Award.

5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Remuneration Committee under this Plan.

6. GRANT OF AWARDS

6.1 Subject to Rule 4 and Rule 5, the Remuneration Committee may grant Awards to Employees and/or Directors, as the Remuneration Committee may select, in its absolute discretion, at any time during the period when this 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.

6.2 The maximum number of Shares which are the subject of each Award to be granted to a Participant in accordance with this Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as his rank, job performance, level of responsibility, years of service and potential for future development, his contribution to the success and development of our Group and the difficulty with which the Performance Condition may be achieved within the Performance Period.

6.3 The Remuneration Committee, in its absolute discretion, shall decide in relation to an Award:

(i) the Participant;

(ii) the Award Date;

(iii) the maximum number of Shares which are the subject of the Award;

(iv) the Performance Period;

(v) the Performance Condition;

(vi) the Vesting Period(s); and

(vii) the Release Schedule.

6.4 As soon as reasonably practicable after making an Award, the Remuneration Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

(i) the Award Date;

(ii) the maximum number of Shares which are the subject of the Award;

(iii) the Performance Period;

(iv) the Performance Condition;

(v) the Vesting Period(s); and

(vi) the Release Schedule.

6.5 At any time prior to the vesting of an Award, the Remuneration Committee may, in its absolute discretion, amend or waive, as the case may be, the maximum number of Shares which are the subject of the Award, the Performance Period, Performance Condition, the Vesting Period(s), and/or the Release Schedule in respect of that Award. The Remuneration Committee shall notify any such amendment or waiver to the relevant Participant.

6.6 Participants are not required to pay for the grant of Awards.

6.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer 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, unless with the prior approval in writing of the Remuneration 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, that Award or Released Award shall immediately lapse.

6.8 For the avoidance of doubt and notwithstanding the discretionary powers vested in the Remuneration Committee to, *inter alia,* determine the grant of the Awards pursuant to Rule 6 and the Release of Awards pursuant to Rule 8, the Rules of this Plan shall constitute a valid and binding unilateral offer of reward and incentive from our Group to the Participants to which the Participants are entitled to rely upon, unless amended, withdrawn or terminated in accordance with its terms.

7. EVENTS PRIOR TO THE VESTING DATE

7.1 An Award shall, to the extent not yet Released, immediately lapse and become null and void and a Participant shall have no claim against our Company and/or our Group:

(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 an Award; 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 Rule 7.2, upon the Participant ceasing to be in the 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 to revoke or annul such Award on the grounds that any of the objectives of this Plan (as set out in Rule 3) have not been met.

For the purpose of Rule 7.1(iii), the Participant shall be deemed to have ceased to be so employed as of the earlier of the date of the Participant's notice of resignation of employment or the cessation of his employment/appointment with our Group.

7.2 In any of the following events, namely:

(i) where the Participant ceases at any time to be in the employment of any company within our Group by reason of:

(a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Remuneration Committee);

(b) redundancy;

(c) retirement at or after the legal retirement age;

(d) retirement before the legal retirement age with the consent of the Remuneration Committee; or

(e) the company by which he is employed ceasing to be a company within our Group;

(ii) the death of a Participant; or

(iii) any other event approved by the Remuneration Committee,

then the Remuneration Committee may, in its absolute discretion but shall not be obliged to, 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 each Vesting Period and subject to the provisions of this Plan.

7.3 Without prejudice to the provisions of Rule 6.5, if before the Vesting Date, any of the following occurs:

(i) a take-over offer for the Shares becomes or is declared unconditional;

(ii) 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 under the Act; or

(iii) the Shareholders of our Company pass a resolution for a members' solvent voluntary winding-up (other than for amalgamation or reconstruction),

the Remuneration Committee will consider, at its discretion, whether or not to Release any Award. If the Remuneration Committee decides to Release any Award, it shall in determining the number of Shares to be vested in respect of such Award, 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 Remuneration 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 8. If the Remuneration Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 8.

8. RELEASE OF AWARDS

8.1 Review of Performance Condition

8.1.1 In relation to each Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Remuneration Committee shall review the Performance Condition specified in respect of that Award and determine in its absolute discretion:

(i) whether the Performance Condition has been satisfied and, if so, the extent to which it has been satisfied; and

(ii) the number of Shares to be Released.

8.1.2 If the Remuneration Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant has not continued to be a Employee or a Director, as the case may be, from the Award Date up to the end of the relevant Vesting Period, that Award shall (subject to Rule 7) lapse and be of no value and the provisions of Rules 8.2 to 8.5 shall be of no effect.

8.1.3 In determining whether the Performance Condition has been satisfied (whether fully or partially) and the number of Shares to be Released in relation to each Award, the Remuneration Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, and take into account such factors as it may determine to be relevant, including but not limited to changes in accounting methods, taxes and extraordinary events.

8.2 Vesting Period(s)

8.2.1 Subject to the Remuneration Committee having determined that the Performance Condition has been satisfied and provided, in relation to all Awards, that the relevant Participant has continued to be a Employee or a Director, as the case may be, from the Award Date up to the end of the relevant Vesting Period and provided further that, in the opinion of the Remuneration Committee, the job performance of the relevant Participant has been satisfactory, upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award, and procure the allotment or transfer to each Participant of the relevant number of Shares.

8.2.2 Where new Shares are allotted upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to 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 such Shares.

8.3 Release of Award

Shares which are to be 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 either:

(i) the securities account of that Participant maintained with CDP;

(ii) the securities sub-account of that Participant maintained with a Depository Agent; or

(iii) the CPF investment account of that Participant maintained with a CPF agent bank,

in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

8.4 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the Release of an Award shall:

(i) be subject to all the provisions of the Memorandum and Articles of Association of our Company; and

(ii) 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 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).

9. ALTERATION OF CAPITAL

9.1 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 class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(ii) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate.

9.2 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 9:

(i) the issue of securities as consideration for an acquisition or a 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 the SGX-ST or any other stock exchange on which the Shares are quoted or listed during the period when a share purchase mandate granted by shareholders of our Company (including any renewal of such mandate) is in force.

9.3 Notwithstanding the provisions of Rule 9.1 above:

(i) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive; and

(ii) 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.

9.4 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 class and/or number of Shares thereafter to be transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

10. ADMINISTRATION

10.1 The Plan 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 Awards to be granted to him or held by him.

10.2 The Remuneration Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with this Plan) for the implementation and administration of this 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 Remuneration Committee.

10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on our Company or the Remuneration Committee any liability whatsoever in connection with:

(i) the lapsing of any Awards pursuant to any provision of the Plan;

(ii) the failure or refusal by the Remuneration Committee to exercise, or the exercise by the Remuneration Committee of, any discretion under the Plan; and/or

(iii) any decision or determination of the Remuneration Committee made pursuant to any provision of the Plan.

10.4 Any decision of the Remuneration Committee made pursuant to any provision of this Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decisions pertaining to disputes as to the interpretation of this Plan or any rule, regulation or procedure thereunder or as to any rights under this Plan).

11. NOTICES AND ANNUAL REPORT

11.1 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.

11.2 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.

11.3 Our Company shall in relation to this Plan, 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 or a person who received Shares pursuant to the vesting of the Awards granted under the Plan which, in aggregate, represent 5% or more of the total number of New Shares available under this Plan:

(a) name;

(b) the number of Shares comprised in Awards during the Financial Year in review;

(c) the aggregate number of Shares comprised in Awards since the commencement of this Plan up to the end of the Financial Year in review;

(d) the aggregate number of Shares comprised in Awards which have vested since the commencement of this Plan up to the Financial Year in review; and

(e) the aggregate number of Shares comprised in Awards not released as at the end of the Financial Year in review;

(iii) 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.

12. MODIFICATIONS TO THE PLAN

12.1 Any or all the provisions of this Plan 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 Award granted prior to such modification or alteration, and which in the opinion of the Remuneration Committee, materially alters the rights attaching to any Award granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if their Awards were Released to them, would thereby become entitled to not less than three-quarters of all the Shares which would be issued and allotted pursuant to the Awards;

(ii) any modification or alteration which would be to the advantage of Participants shall be subject to the prior approval of the Shareholders at a general meeting; and

(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 12.1(i), the opinion of the Remuneration Committee as to whether any modification or alteration would alter adversely the rights attaching to any Award shall be final and conclusive.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Remuneration Committee may at any time by resolution (and without other formality save for the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed) amend or alter this Plan in any way to the extent necessary to cause this Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST or any other stock exchange on which the Shares are quoted or listed).

12.3 Shareholders who are eligible to participate in this Plan must abstain from voting on any resolution relating to the Plan (other than a resolution relating to the participation of, or grant of Awards to the Employees).

In particular, all Shareholders who are eligible to participate in the Plan shall abstain from voting on resolutions of the Shareholders relating to the implementation of the Plan. Notwithstanding the foregoing, Participants of the Plan may act as proxies, but such Participants who are appointed as proxies will not vote on the aforementioned resolutions unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for the said resolutions.

12.4 Employees who are also Shareholders and are eligible to participate in this Plan must abstain from voting on any resolution relating to the participation of, or grant of Awards to the Employees.

12.5 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (being an Employee or Director, as the case may be) 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 THIS PLAN

14.1 This Plan shall continue to be in force at the discretion of the Remuneration Committee, for a maximum period of 10 years commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, this Plan 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.

14.2 This Plan 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 Plan is so terminated, no further Awards shall be granted by the Remuneration Committee hereunder.

14.3 The termination, discontinuance or expiry of this Plan shall be without prejudice to the rights accrued to Awards which have been granted, 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 this Plan shall be borne by that Participant.

16. COSTS AND EXPENSES OF THIS 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 or CPF investment account with a CPF agent bank.

16.2 Save for the taxes referred to in Rule 15 and such costs and expenses expressly provided in this Plan to be payable by the Participants, all fees, costs and expenses incurred by our Company in relation to this Plan including but not limited to the fees, costs and expenses relating to the issue and allotment 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 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 Plan including but not limited to our Company's delay or failure in issuing and allotting, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST in accordance with Rule 8.2.3 (and any other stock exchange on which the Shares are quoted or listed).

18. **DISPUTES**

Any disputes or differences of any nature in connection with this Plan shall be referred to the Remuneration Committee and its decision shall be final and binding in all respects.

19. **CONDITION OF AWARD**

Every Award shall be subject to the condition that no Shares shall be issued or transferred pursuant to the Release of any Award if such issue or transfer 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.

20. **GOVERNING LAW**

This 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 this Plan, and our Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

21. **EXCLUSION OF THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT**

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the New Shares at the Issue 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 NEW SHARES WILL BE REJECTED.**

2. Your application for the Offer Shares may be made by way of Offer Shares Application Forms or by way of Electronic Applications (as defined below) through ATMs belonging to the Participating Banks ("ATM Electronic Applications") or through the Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications"). Your application for the Placement Shares (other than Reserved Shares) may only be made by way of Placement Shares Application Forms. Should you be eligible, your application for Reserved Shares may only be made by way of Reserved Shares Application Forms. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE SHARES.**

3. **You are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company except in the case of applications by approved nominees companies, where each application is made on behalf of a different beneficiary.**

   If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   If you have made an application for Placement Shares (other than Reserved Shares), you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company.

   Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Application Form, you may not make any application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be a multiple applications and may be rejected at the discretion of our Company.

If you have made an application for Reserved Shares, you may submit one separate application for the Offer Shares in your own name by way of an Application Form or by way of an Electronic Application, or submit one separate application for Placement Shares (other than Reserved Shares) by way of an Application Form, provided that you adhere to the terms and conditions of this Prospectus. Such separate applications shall NOT be treated as multiple applications.

Joint applications shall be rejected. Multiple applications for New Shares shall be liable to be rejected at the discretion of our Company. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers.

   No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of the deceased at the time of the application.

5. We will not recognise the existence of a trust. An application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.

6. **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES ONLY**. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from CDP will be sent to your address last registered with CDP.**

9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance. Our Company further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of Applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you. This will be the only acknowledgement of application moneys received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

12. In the event that our Company lodges a supplementary or replacement prospectus ("Relevant Document") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the New Shares have not been issued, we will (as required by law) at our Company's sole and absolute discretion either :

    (i) within 2 days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

    (ii) within 7 days of the lodgement give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

    (iii) deem your application as withdrawn and cancelled and refund your application moneys (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the lodgement of the Relevant Document.

    Any applicant who wishes to exercise his option under paragraph 12(i) and (ii) above to withdraw his application for the New Shares shall, within 14 days from the date of lodgement of the Relevant Document, notify us whereupon we shall, within 7 days from the receipt of such notification, return all moneys in respect of such application (without interest or any share of revenue or other benefit arising therefrom) to you and at your own risk.

In the event that at any time at the time of the lodgement of the Relevant Document, the New Shares have already been issued but trading has not commenced, we will (as required by law), at our Company's sole and absolute discretion, either :

(i) within 2 days (excluding Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Company the New Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;

(ii) within 7 days of the lodgement give you a copy of the Relevant Document and provide you with an option to return the New Shares; or

(iii) deem the issue as void and refund your payment for the New Shares (without interest or any share of revenue or other benefit arising therefrom) within 7 days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 12(iv) and (v) above to return the New Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those New Shares, whereupon we shall, within 7 days from the receipt of such notification and documents, pay to him all moneys paid by him for the New Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the New Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw your application or return the New Shares allotted to you, may be found in such supplementary or replacement prospectus.

13. In the event of an under-subscription for Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

Any of the Reserved Shares not taken up will be made available first to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares.

In the event of an under-subscription for Placement Shares (other than Reserved Shares) as at the close of the Application List, that number of Placement Shares (other than Reserved Shares) under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

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

In all the above instances, the basis of allotment of the New Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily press.

14. You consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount from your account with the relevant Participating Bank to the Registrar for the Invitation and Singapore Share Transfer Agent, SCCS, SGX-ST, CDP, the Company and the Issue Manager, Underwriter and Placement Agent. 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 Issue Manager, Underwriter and Placement Agent and any other parties so authorised by the foregoing persons. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or transmission or delivery of data relating to Electronic Applications.

15. Any reference to "you" or the "Applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares through the Placement Agent and a person applying for the Reserved Shares.

16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen (as the case may be) in accordance with the provisions of this Prospectus, you:

    (a) irrevocably offer to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such New Shares as may be allotted to you, in each case subject to the conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;

    (b) agree that, in the event of any inconsistency between the terms and conditions set for application set out in this Prospectus and those set out in the IB websites or ATMs of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

    (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company forthwith;

    (d) warrant the truth and accuracy of the information provided in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you; and

    (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company and the Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.

17. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:

    (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on the Official List of the SGX-ST;

    (b) the Management, Underwriting and Placement Agreements referred to in the section titled "Management, Underwriting and Placement Arrangements" of this Prospectus have become unconditional and have not been terminated; and

    (c) the Authority has not served a stop order which directs that no or no further shares to which this Prospectus relates be allotted or allocated.

18. In the event that a stop order in respect of the New Shares is served by the Authority or other competent authority, and

    (a) the New Shares have not been issued, we will (as required by law) deem all applications withdrawn and cancelled and our Company shall refund the application moneys (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or

    (b) If the New Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void, and:

        (i) if documents purporting to evidence title had been issued to you, our Company shall, inform you to return such documents to our Company within 14 days from that date; and

        (ii) we will refund the application moneys (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the date of receipt of those documents (if applicable) or the date of the stop order, whichever is later.

    This shall not apply where only an interim stop order has been served.

19. In the event that an interim stop order in respect of the New Shares is served by the Authority or other competent authority, no New Shares shall be issued to you until the Authority revokes the interim stop order.

20. The Authority is not able to serve a stop order in respect of the New Shares if the New Shares have been issued and listed on a securities exchange and trading in them has commenced.

21. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet on the SGX-ST website http://www.sgx.com and through a paid advertisement in a local newspaper(s).

22. We will not hold any application in reserve.

23. We will not allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

24. Additional terms and conditions for applications by way of Application Forms are set out on pages H-7 to H-10 of this Prospectus.

25. Additional terms and conditions for applications by way of Electronic Applications are set out on pages H-11 to H-19 of this Prospectus.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. Your application must be made using the **WHITE** Application Forms and **WHITE** official envelopes "A" and "B" for Offer Shares, the **BLUE** Application Forms for Placement Shares (other than Reserved Shares) or the **PINK** Application Forms for Reserved Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms except those under the heading "FOR OFFICIAL USE ONLY" must be completed and the words "NOT APPLICABLE" or "N.A." should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Singapore Share Transfer Agent. 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 page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Forms with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of **"HLS SHARE ISSUE ACCOUNT"** crossed "**A/C PAYEE ONLY**", and with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED. We will reject remittances bearing "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company or the Issue Manager, Underwriter and Placement Agent for applications and application moneys received.

8. Moneys paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application moneys, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. In the event that the Invitation does not proceed for any reason, the full amount of the application moneys received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 5 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority, the application moneys received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk within 14 days from the date of the stop order.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form, you agree that:

    (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 17 December 2009 or such other time or date as our Company may, in consultation with the Issue Manager, Underwriter and Placement Agent, decide and by completing and delivering the Application Form:

        (i) your application is irrevocable; and

        (ii) your remittance will be honoured on first presentation and that any moneys returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

    (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

    (e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;

(f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Issue Manager, Underwriter and Placement Agent or other authorised operators; and

(g) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

2. You must:

   (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope "A" provided;

   (b) in the appropriate spaces on **WHITE** envelope "A":

      (i) write your name and address;

      (ii) state the number of Offer Shares applied for;

      (iii) tick the relevant box to indicate the form of payment; and

      (iv) affix adequate Singapore postage;

   (c) SEAL **WHITE** ENVELOPE "A";

   (d) write, in the special box provided on the larger **WHITE** envelope "B" addressed to **UNITED OVERSEAS BANK LIMITED, 80 RAFFLES PLACE #03-03, UOB PLAZA 1, SINGAPORE 048624**, the number of Offer Shares you have applied for; and

   (e) insert **WHITE** envelope "A" into **WHITE** envelope "B", seal **WHITE** envelope "B" and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to UNITED OVERSEAS BANK LIMITED, 80 RAFFLES PLACE #03-03, UOB PLAZA 1, SINGAPORE 048624**, to arrive by **12.00 noon on 17 December 2009 or such other time as our Company may, in consultation with UOB, decide. Local Urgent Mail or Registered Post must NOT be used**.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

4. ONLY ONE APPLICATION should be enclosed in each envelop. No acknowledgement of receipt will be issued for any application or remittance received.

Applications for Placement Shares (other than Reserved Shares)

1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received. No acknowledgement of receipt will be issued for any application or remittance received.

2. The completed **BLUE** Placement Shares Application Form and the correct remittance (in accordance with the terms and conditions of this Prospectus) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to UNITED OVERSEAS BANK LIMITED, 80 RAFFLES PLACE #03-03, UOB PLAZA 1, SINGAPORE 048624**, to arrive by **12.00 noon on 17 December 2009 or such other time as our Company may, in consultation with UOB, decide. Local Urgent Mail or Registered Post must NOT be used**.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

2. The completed **PINK** Reserved Shares Application Form and the correct remittance (in accordance with the terms and conditions of this Prospectus) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to our Company's registered office at 80 MARINE PARADE ROAD, #21-08 PARKWAY PARADE, SINGAPORE 449269** to arrive **by 12.00 noon on 17 December 2009 or such other time as our Company may, in consultation with UOB, decide. Local Urgent Mail or Registered Post must NOT be used**.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, UOB Group and DBS, are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB Group are set out respectively in the "Steps for Electronic Applications through ATMs of UOB Group" and the "Steps for Internet Electronic Applications through the IB website of UOB Group" (collectively, the "Steps") appearing on pages H15 to H19 of this Prospectus. The Steps set out the actions that you must take at an ATM or the IB website of UOB Group to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" in the additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

Applicants applying for the Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification ("User ID") and a Personal Identification Number/Password ("PIN") given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of UOB Group, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under the section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" of this Prospectus as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:

   (a) that you have received a copy of this Prospectus (in the case of an ATM Electronic Application only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

(b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the "Relevant Particulars") with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company and the Issue Manager, Underwriter and Placement Agent (the "Relevant Parties"); and

(c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

   YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES), WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES) ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB website through which your Electronic Application is being made shall be rejected**.

   You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

5. **We will not keep any applications in reserve**. Where your Electronic Application is unsuccessful, the full amount of the application moneys will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application moneys have been received in the designated Share issue account.

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application moneys, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application moneys have been received in the designated Share issue account. In the event that the Invitation does not proceed for any reason, the full amount of the application moneys received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post or telegraphic transfer at your own risk with 5 Market Days of the termination of the Invitation.

   Responsibility for timely refund of application moneys from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any moneys to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on SGX-ST. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment and/or allocation via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company nor the Issue Manager, Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

   If you make Electronic Applications through the ATMs of the following Participating Banks, you may check the results of your Electronic Applications as follows:

Bank	Telephone	Channels	Operating Hours	Service expected from
UOB	1800 222 2121 Group	ATM (Other Transactions – "IPO Enquiry")(1) http://www.uobgroup.com(1)(2)	24 hours a day	Evening of the balloting day
DBS	1 800 339 6666 (for POSB Account holders) 1800 111 1111 (for DBS Account holders)	Internet Banking http://www.dbs.com(2)	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM/Internet Banking/ Phone Banking http://www.ocbc.com(3)	24 hours a day	Evening of the balloting day

(1) If you make your Electronic Applications through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB PhoneBanking Services.

(2) If you make your Internet Electronic Application through the IB website of UOB Group or DBS Bank, you may check the result of your application through the same channels listed in the table above in relation to ATM Electronic Application made at ATMs of UOB Group or DBS Bank.

(3) If you made an Electronic Application through the ATMs of OCBC Bank, you may check the results of your Electronic Application through the same channels listed in the table above.

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Issue Manager, Underwriter and Placement Agent and if, in any such event, our Company, the Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.

8. Electronic Applications shall close at **12.00 noon on 17 December 2009** or such other time as our Company may, in consultation with UOB, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.

9. You are deemed to have irrevocably requested and authorised our Company to:

(a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application moneys, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application moneys, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.

11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected**. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any):

(i) your Electronic Application is irrevocable; and

(ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(b) neither our Company, the Issue Manager, Underwriter and Placement Agent nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;

(c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

(e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained.

Steps for Electronic Applications through ATMs and the IB website of UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB website of UOB are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB Group) may differ from that represented below.

Owing to space constraints on UOB Group's ATM screens, the following terms will appear in abbreviated form:

"&"	:	and
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND BOARD
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION

"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"TRANS"	:	TRANSACTIONS

Steps for an ATM Electronic Application through ATMs of UOB Group

Step 1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number

2 : Select "CASHCARD/OTHER TRANS"

3 : Select "SECURITIES APPLICATION"

4 : Select the share counter which you wish to apply for

5 : Read and understand the following statements which will appear on the screen:

- THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY STATEMENTS
  (Customer to press "ENTER" to continue)

- PLEASE CALL 1800-22-22-121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT. WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT
  (Customer to press "ENTER" to confirm that you have read and understood the above statements).

6 : Read and understand the following terms which will appear on the screen:

- YOU HAVE READ, UNDERSTOOD & AGREED TO ALL THE TERMS OF THE PROSPECTUS/DOCUMENT/SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION
  (Customer to press "ENTER" to continue)

- YOU CONSENT TO DISCLOSE YOUR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YOUR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST & ISSUER(S)/VENDOR(S).

- THIS IS YOUR ONLY FIXED PRICE APPLN & IS IN YOUR NAME & AT YOUR RISK
  (Customer to press "ENTER" to continue)

7 : Screen will display:

NRIC/Passport No. XXXXXXXXXXXX

IF YOUR NRIC NO / PASSPORT NO IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.
(Customer to press "CANCEL" or "CONFIRM")

8 : Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash Account type to debit (i.e., "CURRENT ACCOUNT / I-ACCOUNT", "CAMPUS" OR "SAVINGS ACCOUNT / TX ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select

9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB's ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number

10 : Read and understand the following terms which will appear on the screen:

1. YOU ARE REQUIRED TO ENTER YOUR CDP ACCOUNT NUMBER FOR YOUR FIRST IPO APPLICATION. THIS ACCOUNT NUMBER WOULD BE DISPLAYED FOR FUTURE APPLICATIONS.

2. DO NOT APPLY FOR JOINT ACCOUNT HOLDER OR THIRD PARTIES

3. PLEASE ENTER YOUR OWN CDP ACCOUNT NUMBER (12 DIGITS) AND PRESS <ENTER>

(If you wish to terminate the transaction, please press "CANCEL")

11 : Select your nationality status

12 : Key in the number of Offer Shares you wish to apply for and press the "ENTER" key

13 : Check the details of your Electronic Application on the screen and press "ENTER" key to confirm your Electronic Application

14 : Select "NO" if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only

Owing to space constraints on UOB's IB website screens, the following terms will appear in abbreviated form:

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD" or S$	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX"	:	Singapore Exchange Securities Trading Limited

Steps for an Internet Electronic Application through the IB website of UOB Group

Step 1 : Connect to UOB website at http://www.uobgroup.com

2 : Locate the "UOB Online Service Login" icon on the top right hand side of the Home Page

3 : Point on "UOB Online Service Login" icon and at drop list select "UOB Personal Internet Banking"

4 : Enter your Username and Password and click "Submit"

5 : Select Investment Services (IPO Application should be the default transaction that appears, if not click IPO Application)

6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions

7 : Click "Continue"

8 : Select your country of residence (you must be residing in Singapore to apply, and click "Continue")

9 : Select the IPO counter from the drop list (if there are concurrent IPOs, and click "Continue")

10 : Check the share counter, select the mode of payment and account number to debit and click on "Continue"

11 : Read the important instructions and click on "Continue" to confirm that:

1. You have read, understood and agreed to all terms and conditions of the application and Prospectus/Document or Supplementary Document;

2. You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the share registrars, SGX, SCCS, CDP,CPF Board and issuer/vendor(s).

3. This application is made in your own name, for your own account and at your own risk.

4. For FIXED/MAX price shares application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.

5. For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application moneys will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. The different prevailing board rates at the time of the application and at the time of refund of applications moneys may result in either a foreign exchange profit or loss, or application moneys may be debited and refunds credited in S$ at the same exchange rate.

6. For 1st-COME-1st SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.

12 : (a) Check your personal details, details of the share counter you wish to apply for and account to debit.

(b) Select your “Nationality”

(c) Enter (i) your CDP securities account number; and
(ii) the number of Offer Shares applied for.

13 : Check the details of your application, your NRIC /Passport No., CDP securities account number and the number of shares applied for, share counter, payment mode and account to debit.

14 : Click ”Submit”, “Clear” or “Cancel”.

15 : Print the Confirmation Screen (optional) for your own reference and retention only

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