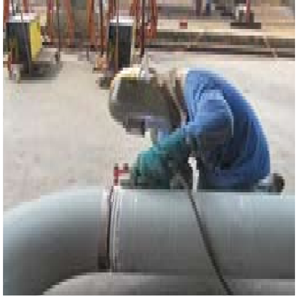


HAI LECK HOLDINGS LIMITED
(Company Registration Number 199804461D)

47, Tuas View Circuit
Singapore 637357

HAI LECK HOLDINGS LIMITED

Delivering **Greater Value**

ANNUAL REPORT 2010

contents

about us

AN INTEGRATED SERVICE PROVIDER

Established in the early 1970s, Hai Leck Holdings Limited is a leading integrated service provider of scaffolding, corrosion prevention, thermal insulation, refractory, fireproofing, mechanical engineering and general civil engineering services mainly for the Oil & Gas and Petrochemicals industries. With an established track record of more than 35 years, the Group has a strong customer base comprising various Oil & Gas and Petrochemicals companies with activities primarily conducted on Jurong Island. It is also the resident authorised contractor for maintenance works for oil majors.

The Group's principal activities comprise:

Project Services

- Scaffolding, corrosion prevention services and mechanical engineering, complemented by general civil engineering services; and
- Insulation services, comprising thermal insulation and refractory services, complemented by passive fireproofing services.

Maintenance Services

- Provided on a routine and turnaround basis.

To our valued shareholders,

2010 will be remembered as one of the most memorable years for the Company. Despite the tough operating environment and competitive market conditions with the global and regional economies beginning their slow climb to recovery, I am pleased to report that the Group remained solidly profitable, strengthening its financial and liquidity position during the year, and making further headways in enhancing its operations.

Financial highlights

For the 12 months ended 30 June 2010, we posted net profit attributable to shareholders of $13.4 million and revenue of $138.3 million compared with $11.0 million and $105.0 million in fiscal 2009, up 22% and 32% respectively. Earnings per share went up by 17% to 4.1 cents for FY2010 against 3.5 cents previously.

In appreciation of shareholders' support, the Board has recommended a one-tier tax exempt final dividend of 0.8 cent per ordinary share and special dividend of 0.2 cent per ordinary share, giving a dividend payout ratio of approximately 25% based on FY2010 profits.

Segment highlights

Despite competitive market conditions, Project Services performed well in general, held up by a strong market position which helped to maintain profitability. This business made up the largest proportion of the Group turnover, at 68%, exceeding last year's performance by 36%. On the whole, the strength in this segment enabled us to maintain our market share domestically and in the countries where we operate.

During the year, we focused uncompromisingly on completing and delivering projects on time and on budget. We also focused on managing our supply chain well, and improving operations through a reduction in project turnaround time. This was key in helping us retain our existing clients, and we believe, will prove to be a major factor to help us secure new customers.

Maintenance Services segment continued to perform strongly, contributing the remaining 32% of turnover, giving the Group a stable source of income. Its performance also improved, growing by 24% year-on-year. We are confident that this segment will continue to perform positively, going forward.

Corporate activities

On the whole, we had a busy and fruitful year. We are pleased to have secured new maintenance contracts during FY2010. Shell Eastern Petroleum (Pte) Ltd and Shell Chemicals Seraya (Pte) Ltd have engaged us to carry out scaffolding, hot and cold insulation and painting works and refractory services at plants on Jurong Island and Pulau Bukom. The other maintenance contract was to provide insulation and refractory services for two refineries on Jurong Island.

On the business development front, we intensified efforts to extend our geographical footprint in the region as well as in the Middle East. Our plan is to expand steadily in our existing markets, and over the longer term horizon, we hope to benefit from positive trends in the Oil & Gas and Petrochemicals sectors.

On 26 November 2009, the Company successfully allotted and issued 130,000,000 warrants and raised net proceeds of $1.2 million for working capital purposes as ready sources of funds to tap on as and when the need arises.

On 7 May 2010, we marked 35 years of our founding with an opening ceremony of our new corporate headquarters and production plant. The facilities were officially opened by the Minister for Finance, Mr Tharman Shanmugaratnam, in the presence of about 200 guests, which included clients, friends and business partners. We have consolidated our operations and people, now numbering more than 1,800, out of which about 300 are based in this one location, thus reaping considerable efficiencies from the move. The new facilities will enable us to meet future demands for our services with greater cost and operational efficiencies, and also afford us the flexibility to broaden our service offerings.

Sustaining growth

Moving forward, we are confident of continued steady growth, building on our past successes.

We aim to further widen our revenue base by expanding geographically and carving a presence in new emerging markets, such as the Middle East, with our new head office serving as a hub to manage all our operations across these geographic regions and provide the essential support as we enter new markets beyond Southeast Asia.

For the 12 months ended 30 June 2010, we posted net profit attributable to shareholders of $13.4 million and revenue of $138.3 million compared with $11.0 million and $105.0 million in fiscal 2009, up 22% and 32% respectively.

Growing our future

Looking further ahead, we will continue to build up customer relationships with high standards of service to meet their needs. Our solid track record with oil majors places us on a strong footing to capture new market opportunities locally and in higher growth markets in the region. We will continue to search for opportunities to improve our business portfolio and create greater value for our shareholders. We also plan to leverage our competencies particularly in managing large projects to expand operations in other markets in the region. As regional economies continue on their paths to recovery, and as confidence builds up, we hope to increasingly see a return of capital investment activities in the Oil & Gas and Petrochemicals sectors. We are hopeful this gradual expansion in activity levels will provide growth opportunities for our business.

However, in the short- to medium-term, we will continue to stay disciplined, focusing on the essentials of sound business – manage capital expenditure, reduce costs, tighten cash management, rationalise operations and improve productivity.

New appointment

I am pleased to announce a new appointment for the year - Ms Cheng Li Hui as Executive Director with effect from 11 May 2010. On behalf of the Board, I congratulate her and look forward to working with her.

Note of thanks

The Board would also like to announce the resignation of Mr Quek Chiau Beng as Executive Director with effect from 23 July 2010. On behalf of the Board, I would like to extend our sincere gratitude and appreciation for his past contributions during his tenure with the company and wish him every success.

I am especially indebted to our clients and shareholders for their continued support and faith in us. I would also like to take this opportunity to thank the Management and staff for their hard work and dedication.

With a joint effort, I am certain we can successfully accomplish the goals we set for ourselves in the years ahead.

Cheng Buck Poh
Executive Chairman, BBM

Financial and operations review

Fiscal 2010 has been a good year on the whole. Financially, we recorded noteworthy improvements in revenues, profits and liquidity. On the operational front, the Group has been making firm progress with business development activities in the region, and projects being completed and delivered as planned. We also continue to reap operating efficiencies from our new production plant and from consolidating all our operations in our new corporate headquarters.

Financial highlights

For the 12 months ended 30 June 2010, we posted a 22% year-on-year improvement in net profit attributable to shareholders of $13.5 million on a 32% year-on-year growth in revenue of $138.3 million. This compares with $11.0 million net profit and $105.0 million revenue a year ago. However, higher depreciation charges for the Group's new corporate headquarters and production plant and new equipment and scaffolds acquired during the period have offset the increase in net profits to some extent.

Earnings per share went up to 4.1 cents for FY2010 compared to 3.5 cents previously, up 17%, while net asset value per share improved 16% year-on-year to 25.5 cents from 22.0 cents.

The Company has proposed a one-tier tax exempt final dividend of 0.8 cent per ordinary share and special dividend of 0.2 cent per ordinary share, to be approved at the forthcoming Annual General Meeting on 22 October 2010. This represents a dividend payout ratio of about 25% based on FY2010 profits.

Costs of sales and operating expenses

In proportion to higher revenues, costs of sales rose 30% or $18.4 million to $80.2 million during the year from $61.8 million.

Operating expenses were $11.4 million or 35% more, at $44.0 million against $32.6 million. The increase was due to higher staffing costs as new workers were hired to manage ongoing and upcoming projects; higher rental expenses as more dormitories were leased to house larger numbers of foreign workers; higher maintenance and insurance expenses due to higher levels of business activities; and higher depreciation charges for plant and equipment.

Segment performance

For the 12 months ended 30 June 2010, the Group derived its revenue from servicing the Oil & Gas and Petrochemicals sectors. The Group operates in two business segments, namely Project Services and Maintenance Services. Higher revenues were due mainly to contributions from Project Services of $93.4 million, representing 68% of total turnover, which were mostly secured in FY2007 and FY2008. Project Services, which refer to new construction projects, saw revenues improving 36% over the previous year. Maintenance Services, which are conducted on a routine and turnaround basis, made $44.9 million for our top line, making up the remaining 32%, increasing 24% year-on-year.

In terms of geography, Singapore remained the largest contributor with revenues of $136.1 million or 98% of the total. The rest, at $2.2 million, came from other markets.

Balance sheet highlights

Overall, the Group's financials remained in good shape with a market capitalisation of $97.5 million based on the closing price of 30.0 cents as at 20 September 2010 backed by total assets of $114.7 million and net tangible assets of $82.7 million as at 30 June 2010. Shareholders' equity was $82.9 million.

Non-current assets fell 17% or $8.3 million to $39.5 million as at 30 June 2010 from $47.8 million as at 30 June 2009 largely because of higher depreciation charges for property, plant and equipment and office premises at 47 Tuas View Circuit, as well as the purchase of new equipment for ongoing projects. Current assets went up by 47% or $24.1 million from $51.1 million as at 30 June 2009 to $75.2 million as at 30 June 2010 mostly as a result of higher cash and cash equivalents from better collections with the increase in revenues.

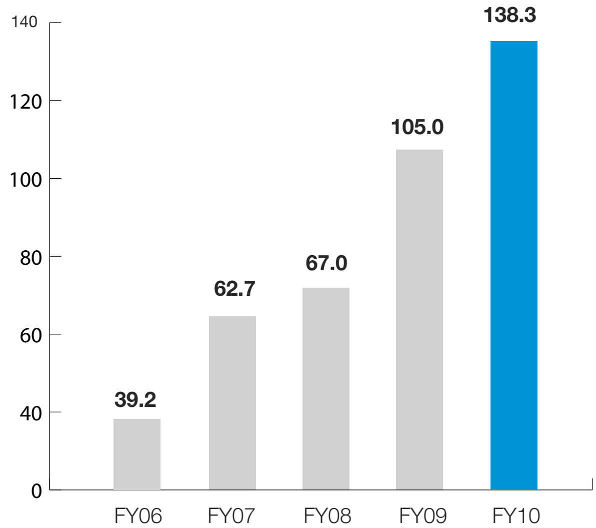
Current liabilities increased by $4.7 million or 20% to $28.8 million as at 30 June 2010 from $24.1 million mainly due to higher account payables. Non-current liabilities fell $0.3 million or 11% to $3.0 million as at 30 June 2010 from $3.3 million, mostly because of finance leases repayment.

Cash flows

Attention to prudent working capital management resulted in higher net cash and cash equivalents of $49.1 million as at 30 June 2010, improving $31.0 million or 172%, from $18.0 million recorded at the beginning of the financial year. During the year, the Group generated net cash flows from operating activities of $38.6 million, up 94% from $19.9 million, while net cash flows used in investing activities was $4.9 million compared to $30.8 million. Net cash flows used in financing activities was $2.7 million.

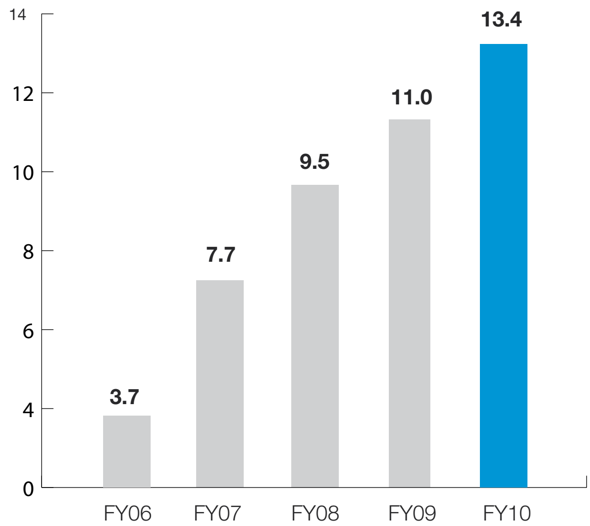
Revenue (S$'mil)

CAGR 37%

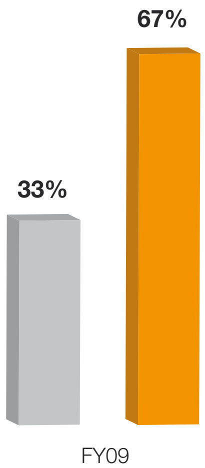


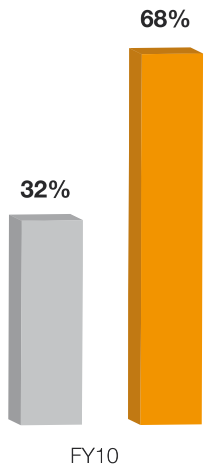
Net Profit (S$'mil)

CAGR 38%



Revenue Contributed by Segment



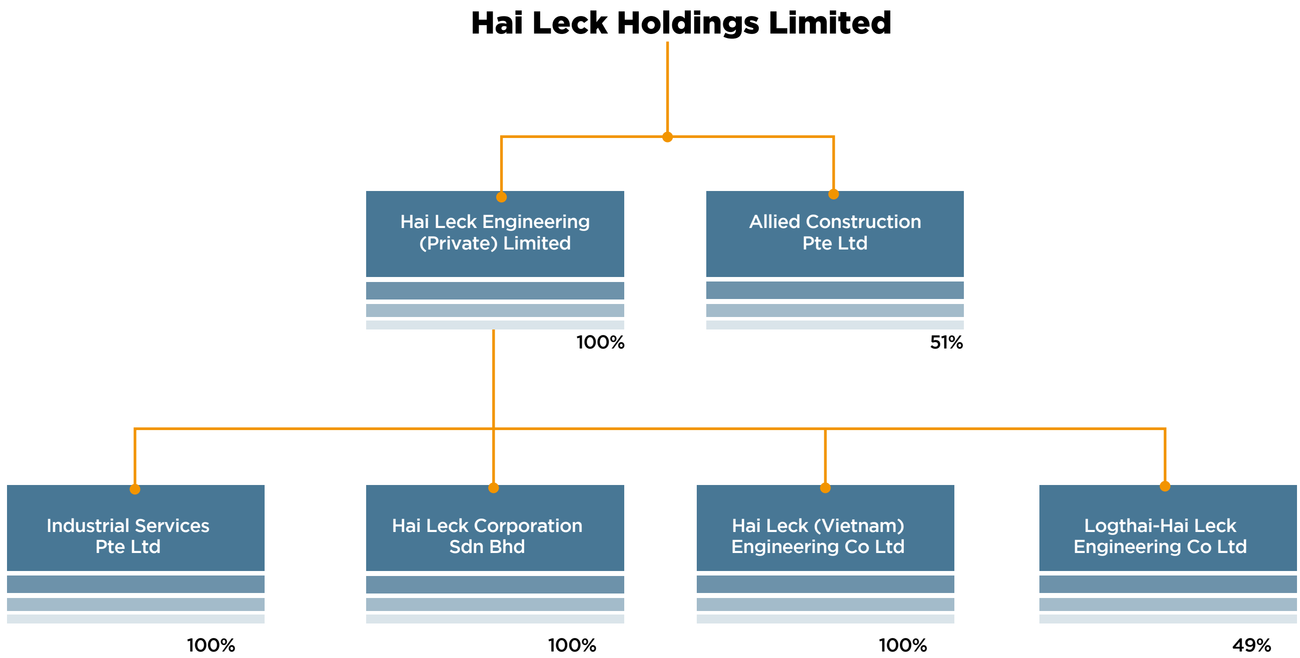


Maintenance Services

Project Services

FY: Financial year ended 30 June

corporate structure



board of directors

Mr Cheng Buck Poh @ Chng Bok Poh | **Mr Tan Sim Cheng** | **Mr Lee See Kee** | **Ms Cheng Li Chen**

Mr Cheng Buck Poh @ Chng Bok Poh is our founder and Executive Chairman. Appointed to the Board on 12 September 1998, Mr Cheng is responsible for charting and reviewing corporate directions and strategies for the Group. He has more than 30 years of experience in the industry and has led the management in pursuing the Group's mission and objectives.

Mr Tan Sim Cheng is our Non-Executive Deputy Chairman and was appointed to the Board on 5 June 2008 as an Independent Director. Currently a consultant with Trims Management Consultant Pte Ltd and a director of SKF Asia Pacific Pte Ltd, Mr Tan brings more than 40 years of experience in finance, administration and human resource to the Group. Mr Tan obtained a Bachelor in Accountancy from the University of Singapore in 1969 and is a Fellow of the Institute of Certified Public Accountants, Singapore. Mr Tan is also a Director and Honorary Treasurer of the Kidney Dialysis Foundation.

Mr Lee See Kee is our Chief Executive Officer and was appointed to the Board on 12 September 1998. He oversees the Management, operations and development of the Group's business. He has more than 30 years of experience in the industry and has been instrumental to the Group's progress.

Ms Cheng Li Chen is our Deputy Chief Executive Officer. She assists our Executive Chairman and Chief Executive Officer in the planning, development, implementation and evaluation of our Company's business development and expansion plans. She was appointed to the Board on 17 October 2007. Ms Cheng holds a Master of Business Administration from the University of Hull and a Bachelor of Business from Monash University.

Dr Low Seow Chay

Mr Chee Teck Kwong Patrick

Ms Cheng Li Hui

Dr Low Seow Chay was appointed to the Board on 5 June 2008 as an Independent Director. He is currently an associate professor of the School of Mechanical and Aerospace Engineering at Nanyang Technological University ("NTU") and has been lecturing at NTU for more than 25 years. In addition, Dr Low has served as an elected Member of Parliament for 18 years, from 1988 to 2006, representing the ward of Chua Chu Kang. Dr Low currently sits on the Board of several listed companies such as Hor Kew Corporation Limited, Casa Holdings Limited and LK Technology Holdings Limited. He obtained a Bachelor of Engineering from the University of Singapore in 1973 as well as a Master of Science and a PhD in Engineering from the University of Manchester Institute of Science and Technology in 1977 and 1981 respectively.

Mr Chee Teck Kwong Patrick was appointed to the Board on 5 June 2008 as an Independent Director. He is currently a senior consultant with M/s KhattarWong and has been an advocate and solicitor since 1980. His vast experience spans general corporate and commercial, banking and finance, employment, real estate, civil and criminal matters. Mr Chee currently sits on the Board of several listed companies such as China Infrastructure Holdings Limited, CSC Holdings Limited, Hengxin Technology Limited, PSC Corporation Ltd, Ramba Energy Limited, Singapore Windsor Holdings Limited and Tat Seng Packaging Group Limited. Mr Chee is a Notary Public and a Commissioner for Oaths. He is also a member of the Singapore Institute of Arbitrators and the Singapore Institute of Directors. He obtained a Bachelor of Laws (Honours) from the University of Singapore in 1979.

Ms Cheng Li Hui is our Executive Director (Operations). She assists our Chief Executive Officer in overseeing the daily operations of the Group with regard to its scaffolding, corrosion prevention, insulation and refractory as well as its maintenance businesses locally. She was appointed to the Board on 11 May 2010. Ms Cheng holds a Master of Applied Finance from Macquarie University and a Bachelor of Arts from National University of Singapore.

senior management

Mr Choo Yoon Kow is our Group General Manager. He assists the Chief Executive Officer and is responsible for overseeing the daily operations of the Group with regard to its scaffolding, corrosion prevention, insulation and mechanical as well as its maintenance businesses both locally and overseas. He is also involved in business development, sales and marketing. Mr Choo has accumulated more than 25 years of experience in this industry. Mr Choo holds a Degree in Engineering, Mechanical from Monash University, Australia.

Mr Yow Hon Meng is our Chief Financial Officer and is responsible for the full spectrum of financial, taxation and treasury functions in our Group. He oversees the accounting functions of the Group and consolidates the Group's accounts and reporting as well as provide financial analysis and appraisal of the Group's investments and disposals of assets. Mr Yow is a fellow of the Institute of Certified Public Accountants of Singapore and member of CPA (Australia).

Mr Tay Choon Wah is our Safety Manager and he is responsible for the development and maintenance of our Group's Health, Safety & Environment (HSE) programme for project as well as maintenance works. He also ensures our Group's compliance with Ministry of Manpower's workplace safety requirements and our clients' HSE requirements. Mr Tay holds a Master of Business Administration from the University of Surrey and a Bachelor of Science in Business and Management Studies from the University of Bradford. He also holds a Diploma in Management Studies from the Singapore Institute of Management, a Diploma in Sales & Marketing from the Marketing Institute of Singapore and a Diploma in Marketing from the Institute of Marketing (UK).

Mr Cheng Yao Tong is our Planning Manager for our project as well as maintenance works. He is responsible for the procurement functions of our Group as well as the execution of plans to maximize utilization of resources and productivity. He is also responsible for the deployment of resources to various worksites. Mr Cheng holds a Diploma in Mechanical Engineering from the Ngee Ann Polytechnic, Bachelor Degree in Business Management from University College Dublin and is a Level 1 Coating Inspector certified by NACE.

Mr Khaizar Abbas Nomanbhoy is our HR Manager and is responsible for our Group's human resource planning and training, which includes manpower planning and staff recruitment. Prior to joining Hai Leck Group in July 2007, Mr Nomanbhoy held key positions in Hiap Seng Engineering Limited, Esso Singapore Pte Ltd and Rotary Brown & Root Pte Ltd. Mr Nomanbhoy holds a Bachelor of Science in Mechanical Engineering from the University of Edinburgh.

corporate information

Board of Directors

Cheng Buck Poh @ Chng Bok Poh
(Executive Chairman)

Tan Sim Cheng
(Non-Executive Deputy Chairman)

Lee See Kee
(Chief Executive Officer)

Cheng Li Chen
(Deputy Chief Executive Officer)

Cheng Li Hui
(Executive Director, Operations)

Dr Low Seow Chay
(Independent Director)

Chee Teck Kwong Patrick
(Independent Director)

Key Executives

Choo Yoon Kow
(Group General Manager)

Yow Hon Meng
(Chief Financial Officer)

Tay Choon Wah
(Safety Manager)

Cheng Yao Tong
(Planning Manager)

Khaizar Abbas Nomanbhoy
(HR Manager)

Audit Committee

Tan Sim Cheng
(Chairman)

Dr Low Seow Chay

Chee Teck Kwong Patrick

Remuneration Committee

Dr Low Seow Chay
(Chairman)

Tan Sim Cheng

Chee Teck Kwong Patrick

Nominating Committee

Chee Teck Kwong Patrick
(Chairman)

Tan Sim Cheng

Dr Low Seow Chay

Company Secretary

Chew Kok Liang

Registered Office

47, Tuas View Circuit
Singapore 637357
Tel: (65) 6862 2211
Fax: (65) 6861 0700
Website : www.haileck.com

Share Registrar and Share Transfer Office

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01,Singapore Land Tower
Singapore 048623

Principal Bankers

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Standard Chartered Bank
6 Battery Road
Singapore 049909

The Hongkong and Shanghai
Banking Corporation Limited
21 Collyer Quay
#08-01, HSBC Building
Singapore 049320

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Michael Sim Juat Quee
Appointed since financial year ended
30 June 2010

corporate governance and financial contents

Preamble

The Board of Directors (the "Board") of Hai Leck Holdings Limited (the "Company") is committed to setting in place corporate governance practices to provide the structure through which the objectives of protection of shareholders' interests and enhancement of shareholders' value are met. This report describes the Company's corporate governance framework and practices with reference to the Code of Corporate Governance 2005 (the "Code").

1. BOARD MATTERS

1.1 The Board's Conduct of Affairs

Principle 1: ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.***

The Board's primary role is to protect and enhance long-term shareholders' value and returns. Apart from its statutory responsibilities, the principal functions of the Board encompass, inter alia, the following:

- Providing stewardship to the Company including charting its corporate strategies;
- Monitoring Management performance in achieving an adequate return for shareholders;
- Overseeing the evaluation of the adequacy of internal controls, risks management, financial reporting and compliance, and satisfy itself as to the sufficiency of such processes;
- Guidance and advice to Management; and
- Being responsible for corporate governance framework of the Group.

To assist the Board in the discharge of its responsibilities, the Board has established three Board Committees, namely, the Audit Committee, Nominating Committee and Remuneration Committee. These committees function within clearly defined terms of reference and operating procedures.

The Board will conduct at least four meetings a year to approve the quarterly financial results announcement and to oversee the business affairs of the Group. The Board is free to seek clarification and information from Management on all matters within their purview. Ad-hoc meetings are also convened as and when the circumstances require.

The Board's approval is required in matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, the release of the Group's quarterly, half year and full year financial results and interested person transactions of a material nature. The Board ensures that incoming new Directors are familiarized with the Group's businesses and corporate governance practices upon their appointment to facilitate the effective discharge of their duties.

The Board and Board Committee meetings held during the financial year and the attendance of Directors at the meetings are set out as follows:

		Board Committees		
	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	**4**	**4**	**1**	**2**
Name	**No. of meetings attended**			
Mr Cheng Buck Poh @ Chng Bok Poh	4	3*	1*	1*
Mr Lee See Kee	4	4*	1*	2*
Ms Cheng Li Chen	4	4*	1*	2*
Mr Quek Chiau Beng(1)	4	2*	–	1*
Ms Cheng Li Hui(2)	1	1*	–	–
Mr Tan Sim Cheng	4	4	1	2
Dr Low Seow Chay	4	4	1	2
Mr Chee Teck Kwong Patrick	4	4	1	2

* By invitation

(1) Resigned on 23 July 2010
(2) Appointed on 11 May 2010

Newly appointed Directors will be given briefings by Management on the business activities and its strategic directions. Management will monitor new laws, regulations and commercial developments and will keep the Board informed accordingly. The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. The Directors are also kept abreast of any developments which are relevant to the Group and any developments of relevant new laws and regulations.

1.2 Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently the Board consists of seven Directors, four of whom are executive, three of whom are considered to be independent by the Nominating Committee (the "NC"). The independence of each Director is reviewed by the NC in accordance with the definition of independence in the Code annually. The NC confirms that the Independent Directors make up at least one-third of the Board as follows:

Executive Directors
Mr Cheng Buck Poh @ Chng Bok Poh (Executive Chairman)
Mr Lee See Kee (Chief Executive Officer)
Ms Cheng Li Chen (Deputy Chief Executive Officer)
Ms Cheng Li Hui (Executive Director)

Non-Executive Directors
Mr Tan Sim Cheng (Non-Executive Deputy Chairman)
Dr Low Seow Chay (Independent Director)
Mr Chee Teck Kwong Patrick (Independent Director)

The Board is able to exercise objective judgement independently from Management and no individual or small group of individuals dominate the decisions of the Board.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC is of the view that the Board is of the appropriate size for decision making and with the right mix of skills and experiences given the nature and scope of the Group's operations.

The Independent Directors also communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives and the remuneration of the Executive Directors. The Independent Directors constructively challenge and help develop proposals and strategies; review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The profiles of the Directors are set out on pages 8 and 9 of this Annual Report.

1.3 Chairman and Chief Executive Officer

Principle 3: ***There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.***

The functions of the Chairman and that of the Chief Executive Officer (the "CEO") in the Group are assumed by different individuals. The Chairman is Mr Cheng Buck Poh @ Chng Bok Poh who is the Executive Chairman while the CEO, Mr Lee See Kee is an Executive Director.

The Chairman, who is assisted by Mr Tan Sim Cheng, an Independent Director, Chairman of the Audit Committee and Non-Executive Deputy Chairman, is responsible for the charting and reviewing of corporate directions and strategies of the Group. The Chairman also schedules the meetings and the Company Secretary assists to prepare the meeting agenda.

The CEO, who is assisted by Ms Cheng Li Chen, an Executive Director and Deputy CEO, oversees Management and development of the Group's business, locally and overseas, and is also responsible for sales and marketing for the business.

The Board also believes that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence. Further, all the Board Committees are chaired by Independent Directors.

1.4 Board Membership

Principle 4: ***There should be a formal and transparent process for the appointment of new directors to the Board.***

The Company has established a NC to, among other things, make recommendations to the Board, inter alia, on all Board appointments and re-appointments of Directors and oversee the Company's succession and leadership development plans.

The NC comprises entirely Independent Directors and they are:

Mr Chee Teck Kwong Patrick	(Chairman)
Mr Tan Sim Cheng	(Member)
Dr Low Seow Chay	(Member)

The responsibilities of the NC are as follows:

(i) re-nomination of the Directors having regard to the Director's contribution and performance;

(ii) identify and nominate candidates for the approval of the Board, if required;

(iii) determine annually whether or not a Director is independent;

(iv) recommend Directors who are retiring by rotation to be put forward for re-election;

(v) assess whether a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations;

(vi) assess the effectiveness of the Board as a whole; and

(vii) ensure that the Company has a succession plan for key Executive Directors and officers.

The NC decides how the Board's performance is to be evaluated, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value.

The Board also implements a process to be carried out by the NC for assessing the effectiveness of the Board as a whole. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director.

The initial appointment date and the date of last re-election of the Directors are set out below:-

Name of Director	Date of initial appointment	Date of last re-election/ re-appointment
Mr Cheng Buck Poh @ Chng Bok Poh (Executive Chairman)	12 September 1998	21 October 2009
Mr Tan Sim Cheng (Non-Executive Deputy Chairman)	5 June 2008	7 November 2008
Mr Lee See Kee (Chief Executive Officer)	12 September 1998	7 November 2008
Ms Cheng Li Chen (Deputy Chief Executive Officer)	17 October 2007	21 October 2009
Mr Quek Chiau Beng (Executive Director, resigned on 23 July 2010)	12 November 2009	N.A.
Ms Cheng Li Hui (Executive Director, Operations)	11 May 2010	N.A.
Dr Low Seow Chay (Independent Director)	5 June 2008	7 November 2008
Mr Chee Teck Kwong Patrick (Independent Director)	5 June 2008	7 November 2008

The Articles of Association of the Company require the number nearest to one-third of the Directors to retire by rotation and subject themselves to re-election by the shareholders in every Annual General Meeting ("AGM"). In addition, all Directors of the Company shall retire from office once every three years. It was also provided in the Articles of Association of the Company that additional Directors appointed during the year shall only hold office until the next AGM and are subject to re-election by the shareholders.

The Board has accepted NC's nomination of the retiring Directors who have given their consent for re-election at the Company's forthcoming AGM. The retiring Directors are, Ms Cheng Li Hui, who was appointed during the financial year and will retire pursuant to Article 92 of the Company's Articles of Association, and Mr Lee See Kee who will retire pursuant to Article 93 of the Company's Articles of Association.

In accordance with Section 153(6) of the Companies Act, Cap.50, a Director of or over 70 years of age is required to vacate office every year. The Director is eligible to offer himself for re-appointment. The Board has accepted NC's nomination of the re-appointment of Mr Tan Sim Cheng as Director of the Company pursuant to Section 153(6) of the Companies Act, Cap.50 at the forthcoming AGM.

1.5 Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Review of the Board's performance is conducted by the NC annually. The NC is guided by its written terms of reference which set out its responsibility for assessing the Board's effectiveness as a whole. The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Company's business and that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

With regard to collective Board's appraisal, each Director assess the Board's performance as a whole and provides the feedback to the NC. In reviewing the Board's effective as a whole, the NC takes into account feedback from the Board members as well as the Director's individual skills and experiences. The NC also considers the guideline set out in the Code for the evaluation and assessment of the performance of the Board as a whole in achieving strategic objectives.

The NC is of the view that despite multiple Board representations in certain instances, each Director is able and has been adequately carrying out his/her duties as a Director of the Company.

1.6 Access to information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. As such, the Board expects the Management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner.

In exercising their duties, the Directors have unrestricted access to the Company's Management, Company Secretary and independent auditors.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as Directors.

2. Remuneration Matters

2.1 Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee (the "RC") comprises entirely of Independent Directors and they are:

Dr Low Seow Chay	(Chairman)
Mr Tan Sim Cheng	(Member)
Mr Chee Teck Kwong Patrick	(Member)

The RC is regulated by a set of written terms of reference and has access to independent professional advice, if necessary.

The responsibilities of the RC are as follows:

(i) to review and recommend to the Board a framework of remuneration for the Directors and key executives officers, including those employees related to the Executive Directors and controlling shareholders of the Group, and determines specific remuneration packages for each Executive Director, senior Management or key executives;

(ii) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time; and

(iii) ensure that all aspects of remuneration are covered taking into consideration Principle 8 and Guidelines 8.1 to 8.4 of the Code, that the remuneration packages are comparable within industry and in comparable companies and shall include a performance-related element with appropriate and meaningful measures of assessing performance and the remuneration packages of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The RC will have to access to expert advice inside and/or outside the Company with regard to remuneration matters. No individual Director shall be involved in deciding his/her own remuneration.

All aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and other benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his/her remuneration package.

2.2 Level and Mix of Remuneration

Principle 8: ***The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.***

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Independent and Non-Executive Directors receive Directors' fees, in accordance with their contribution, taking into account factors such as effort, time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain such Independent and Non-Executive Directors. Directors' fees are recommended by the Board for approval by the shareholders at the Company's AGM.

Mr Cheng Buck Poh @ Chng Bok Poh and Mr Lee See Kee are paid based on their Service Agreements with the Company as disclosed in the Company's Prospectus dated 14 August 2008. The Service Agreements are for an initial period of three years with effect from 28 August 2008. The Service Agreements provided for termination by either party upon giving not less than six months' notice in writing.

The Group has also previously entered into various letters of employment with all of the executive officers. Such letters typically provide for the salaries payable to the executive officers, their working hours, annual leaves, medical benefits, grounds of termination and certain restrictive covenants.

2.3 Disclosure on Remuneration

Principle 9: ***Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.***

The breakdown of remuneration of the Directors of the Company for the financial year ended 30 June 2010 is as follows:

Remuneration Band & Name of Director	Salary %	Bonus %	Variable Fees %	Director's Benefits %	Total %
$ 500,000 -$749,999					
Mr Cheng Buck Poh @ Chng Bok Poh	54	45	–	1	100
Mr Lee See Kee	52	47	–	1	100
$ 250,000 -$499,999					
Ms Cheng Li Chen	49	49	–	2	100
Mr Quek Chiau Beng (resigned on 23 July 2010)	63	31	–	6	100
Below $250,000					
Ms Cheng Li Hui (appointed on 11 May 2010)	71	27	–	2	100
Mr Tan Sim Cheng	–	–	100	–	100
Dr Low Seow Chay	–	–	100	–	100
Mr Chee Teck Kwong Patrick	–	–	100	–	100

The Company's staff remuneration policy is based on individual's rank and role, his/her individual's performance, Company's performance and industry benchmarking gathered from companies in comparable industries.

Details of remuneration paid to key executives of the Group (who are not Directors) for the financial year ended 30 June 2010 are set out below:

Remuneration Band & Name of Executive Officers	Variable Salary %	Bonus %	Benefits %	Total %
Below $250,000				
Mr Yow Hon Meng	74	18	8	100
Mr Tay Choon Wah	73	24	3	100
Mr Cheng Yao Tong	76	23	1	100
Mr Mohamad Jufri Erethinavelan	63	31	6	100
Mr Choo Yoon Kow	95	4	1	100
Mr Khaizar Abbas Nomanbhoy	75	19	6	100

Our Deputy CEO, Ms Cheng Li Chen, our Executive Director (Operations), Ms Cheng Li Hui and our Planning Manager, Mr Cheng Yao Tong are the children of Mr Cheng Buck Poh @ Chng Bok Poh.

Except as disclosed, no employee of the Group was an immediate family member of the Directors or substantial shareholders whose remuneration exceeds S$150,000 during the financial year ended 30 June 2010.

The Company does not have any employee shares option schemes.

3. ACCOUNTABILITY AND AUDIT

3.1 Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders as well as the prompt fulfillment of statutory requirements are ways to maintain shareholders' confidence and trust in the Board's capability and integrity.

Management is responsible to the Board and the Board itself is accountable to the shareholders. AGMs are held every year to obtain shareholders' approval for routine business, as well as the election of Directors.

In addition to its statutory responsibilities, the Board should also ensure that the principal risks of the Company's business are identified and appropriately managed.

3.2 Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee (the "AC") comprises entirely of Independent Directors and they are:

Mr Tan Sim Cheng	(Chairman)
Dr Low Seow Chay	(Member)
Mr Chee Teck Kwong Patrick	(Member)

The members have had many years of experience in accounting, legal, business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The AC shall meet periodically to perform the following functions:

(i) To review the audit plans of the internal and external auditors of the Company with the Chief Financial Officer (the "CFO"), the internal auditors' evaluation of the adequacy of the Company's system of accounting controls and the co-operation given by our Company's Management to the external and internal auditors;

(ii) To review significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance before their submission to the Board;

(iii) To review the adequacy and effectiveness of the Company's material internal controls with the CFO, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(iv) To review the effectiveness of the Company's internal audit functions;

(v) To meet with the external auditors, other Committees and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(vi) To review legal and regulatory matters with the CFO and the external auditors that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) To review the co-operation given by the Management to the auditors;

(viii) To consider the appointment and re-appointment of the external auditors and internal auditors;

(ix) To review the cost effectiveness and the independence and objectivity of the external auditors;

(x) To review the nature and extent of non-audit services provided by the external auditors;

(xi) To recommend to the Board the external auditors to be nominated, to approve the compensation of the external auditors and to review the scope and results of the audit;

(xii) To report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate;

(xiii) To review interested person transactions in accordance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"); and

(xiv) To generally undertake such other functions and duties, as may required by statute or the Listing Manual of the SGX-ST and by such amendments made thereto from time to time.

The AC has full access to and co-operation of the Management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and executive officer to attend its meetings.

The external auditors have unrestricted access to the AC. Both the external and internal auditors report directly to the AC in respect of their findings and recommendations. In the year, the AC met with the external auditors once without the presence of the Management.

The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, are satisfied that the nature and extent of such services are not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Directors the nomination of Messrs Ernst & Young LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

In 2008, the Company has given an undertaking to the SGX-ST to appoint an independent qualified accountant (the "Qualified Accountant") to conduct a full review of the Group's internal control and accounting system annually for two years and report the finding to the AC. Thereafter on a going basis, the AC will consider whether it is necessary for the Company to commission further reviews. Stone Forest Consulting Pte Ltd ("Stone Forest") was appointed as the Qualified Accountant.

The AC had reviewed, approved and implemented a Whistle Blowing Policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matter of financial reporting or other matters. The policy includes arrangements for independent investigation and appropriate follow-up of such matters. In the year under review, there was no report received through the whistle-blowing mechanism.

3.3 Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Group has developed internal control system to provide reasonable assurance in safeguarding assets, ensuring proper accounting records are maintained, and ensuring that financial information used with the business and for publication is reliable.

The Board believes that the system of internal controls maintained by the Management provides adequate assurance against material financial misstatements or losses. The AC reviews the report from Stone Forest to assess the effectiveness of the Group's internal control system in light of key businesses and financial risks affecting its operations.

3.4 Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

Stone Forest has adopted the Singapore Standard on Auditing and reported directly to the AC, with full and direct access to the members of the AC at all times.

The AC reviews and approves the annual internal audit plans and reviews the scope and results of internal audit procedures issued by the internal auditors.

4. COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

In line with the continuous disclosure obligations of the Company pursuant to the Listing Rules of the SGX-ST and the Singapore Companies Act, Cap. 50, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.

Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- Results and annual reports are announced or issued within the mandatory period;
- Material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the press; and
- Company's AGM.

All shareholders of the Company receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution.

Principle 15: Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders will be given the opportunity to voice their views and ask Directors or the Management questions regarding the Company in the forthcoming AGM.

The Chairmen of each Board Committee are required to be present to address questions at the AGM. External auditors are also present at such meeting to assist the Directors to address shareholders' queries, if necessary.

ADDITIONAL INFORMATION

5. DEALING IN SECURITIES

The Company has adopted and ensured compliance with the Rule 1207(18) of the Listing Manual of the SGX-ST on dealings in securities. The Company and its officers are prohibited from dealing in the securities of the Company (i) during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full financial results, and ending on the date of the announcements of the relevant results and (ii) when they are in possession of any unpublished price sensitive information on the Group.

In addition, the Directors and Management are expected not to deal in the Company's securitites on short term consideration.

6. MATERIAL CONTRACTS

Except as disclosed in the financial statements, there were no material contracts entered into by the Company or its subsidiaries, involving the interests of any Director or controlling shareholder subsisting at the end of the financial year ended 30 June 2010.

7. INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

The interested person transactions in respect of the financial year ended 30 June 2010 are disclosed in note 32 (Related Party Transactions) of the financial statements on page 59:-

Name of Interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Tele-Centre Services Pte Ltd	S$48,000	–

8. RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The significant risk management policies are as disclosed in the audited financial statements of this Annual Report.

9. UTILISATION OF WARRANT ISSUE PROCEEDS

On 26 November 2009, the Company had allotted and issued 130,000,000 Warrants and raised net proceeds of $1.2 million for working capital.

As at 30 June 2010, the Group has applied the proceeds as working capital in accordance with the announcement dated 26 August 2009.

10. PROPERTIES OWNED BY THE GROUP

The Group owns the following properties:

Location	Use	Land area/ Built-in area (sq m) (approximately)	Tenure
12 Tuas Drive 1 Singapore 638679	Warehousing and office premises	5,742 / 2,626	30 years commencing 1 July 1982 with an option to extend for a further 30 years
9 Tuas Avenue 1 Singapore 639494	Warehousing and office premises	4,703 / 3,032	30 years commencing 1 August 1993 with an option to extend for a further 30 years
47 Tuas View Circuit Singapore 637357	Workshop and office premises	24,161 / 11,683	30 years commencing 15 December 2007, subject to terms and conditions of JTC building agreement between JTC and Hai Leck Engineering (Private) Ltd dated 30 May 2008 being complied with

(Amounts in Singapore dollars)

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2010.

Directors

The Directors of the Company in office at the date of this report are:

Cheng Buck Poh @ Chng Bok Poh
Lee See Kee
Cheng Li Chen
Cheng Li Hui
Tan Sim Cheng
Low Seow Chay
Chee Teck Kwong Patrick

Arrangements to enable Directors to acquire shares and debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Director's interests in shares, warrants and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 an interest in shares of the Company, as stated below:

	Direct interest as at		Deemed interest as at	
Name of Director	**1 July 2009**	**30 June 2010**	**1 July 2009**	**30 June 2010**
The Company				
Ordinary shares				
Cheng Buck Poh @ Chng Bok Poh	79,200,000	95,200,000	124,800,000	124,800,000
Lee See Kee	36,000,000	36,000,000	–	–
Low Seow Chay	500,000	541,000	–	72,000
Tan Sim Cheng	100,000	100,000	–	–
Chee Teck Kwong Patrick	100,000	100,000	–	–

Cheng Buck Poh @ Chng Bok Poh is deemed to have an interest in the shares of the Company's subsidiary companies in proportion to the Company's interest in the subsidiary companies by virtue of his interest in more than 20% of the issued share capital of the Company.

Director's interests in shares, warrants and debentures (cont'd)

Name of Director	Direct interest as at 1 July 2009	Direct interest as at 30 June 2010	Deemed interest as at 1 July 2009	Deemed interest as at 30 June 2010
The Company				
Warrants to subscribe for ordinary shares				
Cheng Buck Poh @ Chng Bok Poh	–	38,080,000	–	49,920,000
Lee See Kee	–	14,400,000	–	–
Tan Sim Cheng	–	40,000	–	–
Chee Teck Kwong Patrick	–	40,000	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 July 2010.

Except as disclosed in this report, no other Directors who held office at the end of the financial year had an interest in shares, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except that Cheng Buck Poh @ Chng Bok Poh, Lee See Kee, Cheng Li Chen and Cheng Li Hui have employment relationships with the subsidiary companies, and have received remuneration in those capacities.

Share options

No share options have been granted by the Company since its incorporation.

Warrants

On 26 November 2009, the Company had undertaken a renounceable non-underwritten rights issue of 130,000,000 warrants ("Warrants") at an issue price of S$0.01 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("New Share") at an exercise price of S$0.26 for each New Share during the exercise period on the basis of two (2) Warrants for every five (5) existing ordinary shares in the capital of the Company held by the entitled shareholders as at the books closure date, fractional entitlements to be disregarded.

The 130,000,000 Warrants allotted were listed and quoted on the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2009. The New Shares arising from the exercise of the Warrants will be listed and quoted on the Official List of SGX-ST.

On 21 December 2009, 14,000 Warrants were exercised to acquire 14,000 New Shares. As of 30 June 2010, 129,986,000 Warrants were outstanding. These Warrants will expire on 24 November 2011.

Audit Committee

The Audit Committee ("AC") comprises the following three Independent Directors:

Tan Sim Cheng (Chairman)
Low Seow Chay
Chee Teck Kwong Patrick

Audit Committee (cont'd)

The AC performs the functions set out in the Singapore Companies Act, the Listing Manual and Best Practices Guide issued by Singapore Exchange Securities Trading Ltd. In performing those functions, the AC reviewed the overall scope of the internal audit functions, external audit functions and the assistance given by the Company's officers to the auditors.

The AC met with the external auditors to discuss the results of their audit. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2010, as well as the external auditors' report thereon.

The AC held 4 meetings during the financial year ended 30 June 2010.

The AC, having reviewed all the non-audit services provided by the external auditors, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditors

Messrs Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
27 September 2010

We, Cheng Buck Poh @ Chng Bok Poh and Lee See Kee, being two of the Directors of Hai Leck Holdings Limited, do hereby state that, in the opinion of the Directors:

(i) the accompanying balance sheet, consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated cash flows statement together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2010, and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Cheng Buck Poh @ Chng Bok Poh
Director

Lee See Kee
Director

Singapore
27 September 2010

independent auditors' report

to the Members of Hai Leck Holdings Limited

We have audited the accompanying financial statements of Hai Leck Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheet of the Group and the Company as at 30 June 2010, the statement of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flows statement of the Group for the year then ended, 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 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 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,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
27 September 2010

consolidated income statement

for the financial year ended 30 June 2010

(Amounts in Singapore dollars)

	Note	Group 2010 S$'000	Group 2009 S$'000
Revenue	3	138,329	104,953
Cost of sales		(80,172)	(61,763)
Other income	4	1,915	2,578
Distribution and selling expenses		(1,285)	(785)
Administrative expenses		(28,641)	(21,986)
Other operating expenses		(14,026)	(9,809)
Interest expense	7	(29)	(15)
Profit before taxation	5	16,091	13,173
Taxation	8	(2,642)	(2,151)
Profit for the year		13,449	11,022
Attributable to:			
Equity holders of the Company		13,449	11,022
Earnings per share			
Basic (cents)	9	4.1	3.5
Fully diluted (cents)	9	4.0	3.5

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

consolidated statement of comprehensive income

for the financial year ended 30 June 2010

(Amounts in Singapore dollars)

	Group 2010 S$'000	Group 2009 S$'000
Profit net of tax	13,449	11,022
Other comprehensive income, net of tax:		
Net effect of exchange differences	85	26
Total comprehensive income for the year	13,534	11,048
Total comprehensive income attributable to:		
Equity holders of the Company	13,534	11,048

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts in Singapore dollars)

	Note	Group 2010 S$'000	Group 2009 S$'000	Company 2010 S$'000	Company 2009 S$'000
Non-current assets					
Property, plant and equipment	10	39,235	47,524	–	–
Investments in subsidiary companies	11	–	–	28,000	28,000
Intangible assets	13	228	242	–	–
Loan due from a subsidiary company	17	–	–	21,496	21,088
		39,463	47,766	49,496	49,088
Current assets					
Inventories	14	217	350	–	–
Trade receivables	15	22,409	27,466	–	–
Other receivables and deposits	16	2,396	2,657	–	–
Prepayments		102	216	–	–
Amounts due from subsidiary companies (non-trade)	18	–	–	–	408
Amounts due from subsidiary companies (trade)	18	–	–	3,017	826
Other investments	19	1,012	1,010	–	–
Gross amount due from customers for contract work-in-progress	20	–	1,410	–	–
Cash and cash equivalents	21	49,080	18,032	10,314	5,895
		75,216	51,141	13,331	7,129
Current liabilities					
Advances from customers		–	1,232	–	–
Trade and other payables	22	22,632	20,721	1,243	1,011
Amounts due to subsidiary companies (non-trade)	23	–	–	12	12
Loan due to a non-controlling interest	24	392	392	–	–
Gross amount due to customers for contract work-in-progress	20	1,500	–	–	–
Provision for taxation		2,942	1,268	6	3
Finance lease obligations, current portion	25	510	521	–	–
Provision for warranty	26	840	–	–	–
		28,816	24,134	1,261	1,026
Net current assets		46,400	27,007	12,070	6,103
Non-current liabilities					
Deferred taxation	27	2,702	2,705	–	–
Finance lease obligations, non-current portion	25	278	630	–	–
		2,980	3,335	–	–
Net assets		82,883	71,438	61,566	55,191
Equity attributable to equity holders of the Company					
Share capital	28	48,804	48,800	48,804	48,800
Capital reserve	29	1,157	–	1,157	–
Accumulated profits		33,113	22,914	11,605	6,391
Foreign currency translation reserve	30	(191)	(276)	–	–
Total equity		82,883	71,438	61,566	55,191

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

statement of changes in equity

for the financial year ended 30 June 2010

(Amounts in Singapore dollars)

Group	Share capital (Note 28) S$'000	Accumulated profits S$'000	Capital reserve (Note 29) S$'000	Foreign currency translation reserve (Note 30) S$'000	Total reserves S$'000	Total equity S$'000
	Attributable to equity holders of the Company					
Balance at 1 July 2009	48,800	22,914	–	(276)	22,638	71,438
Profit for the year	–	13,449	–	–	13,449	13,449
Other comprehensive income for the year	–	–	–	85	85	85
Total comprehensive income for the year	–	13,449	–	85	13,534	13,534
Issuance of ordinary shares	4	–	–	–	–	4
Issuance of warrants (Note 29)	–	–	1,300	–	1,300	1,300
Warrant issue expenses	–	–	(143)	–	(143)	(143)
Dividend on ordinary shares (Note 31)	–	(3,250)	–	–	(3,250)	(3,250)
Balance at 30 June 2010	48,804	33,113	1,157	(191)	34,079	82,883
Balance at 1 July 2008 as previously stated	28,000	15,483	–	(302)	15,181	43,181
Effects of withdrawal of Statement of Recommended Accounting Practice ("RAP") 9	–	(991)	–	–	(991)	(991)
Balance at 1 July 2008 as restated	28,000	14,492	–	(302)	14,190	42,190
Profit for the year	–	11,022	–	–	11,022	11,022
Other comprehensive income for the year	–	–	–	26	26	26
Total comprehensive income for the year	–	11,022	–	26	11,048	11,048
Issuance of ordinary shares	22,100	–	–	–	–	22,100
Share issue expenses	(1,300)	–	–	–	–	(1,300)
Dividend on ordinary shares (Note 31)	–	(2,600)	–	–	(2,600)	(2,600)
Balance at 30 June 2009	48,800	22,914	–	(276)	22,638	71,438

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(Amounts in Singapore dollars)

Company	Attributable to equity holders of the Company			
	Share capital (Note 28)	Accumulated profits	Capital reserve (Note 29)	Total equity
	S$'000	S$'000	S$'000	S$'000
Balance at 1 July 2009	48,800	6,391	–	55,191
Profit for the year	–	8,464	–	8,464
Total comprehensive income for the year	–	8,464	–	8,464
Issuance of ordinary shares	4	–	–	4
Issuance of warrants (Note 29)	–	–	1,300	1,300
Warrant issue expenses	–	–	(143)	(143)
Dividend on ordinary shares (Note 31)	–	(3,250)	–	(3,250)
Balance at 30 June 2010	48,804	11,605	1,157	61,566
Balance at 1 July 2008 as previously stated	28,000	6,936	–	34,936
Effects of withdrawal of RAP 9	–	(991)	–	(991)
Balance at 1 July 2008 as restated	28,000	5,945	–	33,945
Profit for the year	–	3,046	–	3,046
Total comprehensive income for the year	–	3,046	–	3,046
Issuance of ordinary shares	22,100	–	–	22,100
Share issue expenses	(1,300)	–	–	(1,300)
Dividend on ordinary shares (Note 31)	–	(2,600)	–	(2,600)
Balance at 30 June 2009	48,800	6,391	–	55,191

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

consolidated cash flows statement

for the financial year ended 30 June 2010

(Amounts in Singapore dollars)

	Group	
	2010	2009
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	16,091	13,173
Adjustments:		
Depreciation of property, plant and equipment	13,384	9,798
Property, plant and equipment written off	–	16
Amortisation of intangible assets	14	13
Impairment loss on other investments	–	200
Loss/(gain) on disposal of property, plant and equipment	8	(669)
Interest income	(19)	(60)
Interest expense	29	15
Currency realignment	97	17
Operating cash flows before working capital changes	29,604	22,503
Decrease/(increase) in trade and other receivables and deposits and prepayments	5,432	(6,155)
Decrease in inventories	133	699
Increase in trade and other payables, advances from customers and provision	1,519	5,324
Decrease/(increase) in gross amount due from/(to) customers for contract work-in-progress (net)	2,910	(132)
Cash generated from operations	39,598	22,239
Tax paid	(971)	(2,330)
Net cash flows generated from operating activities	38,627	19,909
Cash flows from investing activities		
Interest received	19	60
Purchase of property, plant and equipment	(5,129)	(33,600)
Proceeds from disposal of property, plant and equipment	240	2,740
Net cash flows used in investing activities	(4,870)	(30,800)
Cash flows from financing activities		
Net proceeds from issue of new shares	4	19,800
Net proceeds from issue of new warrants	1,157	–
Loan from a non-controlling interest of a subsidiary company	–	392
Interest paid	(29)	(15)
Repayment of finance lease obligations	(591)	(324)
Dividend paid	(3,250)	(2,600)
Net cash flows (used in)/generated from financing activities	(2,709)	17,253
Net increase in cash and cash equivalents	31,048	6,362
Cash and cash equivalents at the beginning of year	18,032	11,670
Cash and cash equivalents at end of year (Note 21)	49,080	18,032

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Hai Leck Holdings Limited (the "Company") is a limited liability company, domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company was located at 9 Tuas Avenue 1, Singapore 639494. During the financial year, the Company relocated its registered office and principal place of business to 47 Tuas View Circuit, Singapore 637357.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of the subsidiary companies are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "S$") which is the Company's functional currency and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 July 2009.

- FRS 1 Presentation of Financial Statements (Revised)
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008
- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfers of Assets from Customers

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

The principal effects of these changes are as follows:

FRS 1 *Presentation of Financial Statements – Revised presentation*

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

FRS 107 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 36 and Note 35 to the financial statements respectively.

FRS 108 *Operating Segments*

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group.

The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 38, including revised comparative information.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Improvements to FRSs issued in 2009:	
– Amendments to FRS 1 *Presentation of Financial Statements*	1 January 2010
– Amendments to FRS 7 *Statement of Cash Flows*	1 January 2010
– Amendments to FRS 17 *Leases*	1 January 2010
– Amendments to FRS 36 *Impairment of Assets*	1 January 2010
– FRS 39 *Financial Instruments: Recognition and Measurement*	1 January 2010
– Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2010
– Amendments to FRS 108 *Operating Segments*	1 January 2010
Amendments to FRS 102 *Share-based Payment – Group Cash-Settled share-based Payment Transactions*	1 January 2010
Amendments to FRS 32 *Financial Instruments: Presentation – Amendment relating to Classification of Rights Issues*	1 February 2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 *Related Party Disclosures*	1 January 2011
INT FRS 114 FRS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirements*	1 January 2011

The Directors expect that the adoption of the pronouncements will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 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.

- **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 is disclosed in Note 36 to the financial statements.

- **Impairment of non-financial assets**

  The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

  When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

- **Project and maintenance revenue**

  The Group recognises project and maintenance revenue to the extent of project and maintenance costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is determined based on surveys of work performed.

  Significant judgement is required in determining the stage of completion, the extent of the project and maintenance costs incurred, the estimated total project and maintenance revenues and costs, as well as the recoverability of the project and maintenance services. Total project and maintenance revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

  Revenue from project and maintenance revenue for the year ended 30 June 2010 was S$138,329,000 (2009: S$104,953,000).

- **Depreciation of property, plant and equipment**

  The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 33 years. The carrying amount of the Group's property, plant and equipment at 30 June 2010 was S$39,235,000 (2009: S$47,524,000). 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. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3% (2009: 2%) variance in the Group's profit for the year.

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgements (cont'd)

(ii) Critical judgements made in applying accounting policies

The following is the judgement made by management in the process of applying the Group's accounting policies.

- **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 payables and deferred tax liabilities at 30 June 2010 were S$2,942,000 (2009: S$1,268,000) and S$2,702,000 (2009: S$2,705,000) respectively.

- **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 income statement. The impairment loss for the year ended 30 June 2010 was S$Nil (2009: S$200,000).

2.5 Foreign currency

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 income statement 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 other comprehensive income and accumulated under foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary company. In the Company's separate financial statements, such exchange differences are recognised in the income statement.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

2.6 Subsidiary companies and principles of consolidation

(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.

2. Summary of significant accounting policies (cont'd)

2.6 Subsidiary companies and principles of consolidation (cont'd)

(ii) Principles of consolidation

The consolidated 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 used in the preparation of the consolidated financial statements 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is stated in Note 2.10 below. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.7 Related party

A related party is a company, not being a subsidiary or an associated company, in which the Directors or shareholders of the Company have a significant equity interest or exercise significant influence.

2.8 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. 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 consolidated 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.

2.9 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 can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. 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.

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Rate of depreciation (%)
Scaffolding materials	20 or over project duration*
Machineries	10
Motor vehicles	20
Office equipment	10
Truck, cranes and forklifts	20
Leasehold premises	3
Workshop tools and equipment	20 - 30
Computers	33 - 100
Electrical appliances, air-conditioners, furniture and fittings and renovation	10 - 33

* Certain scaffolding materials designated for specific projects are depreciated over the duration of the projects.

Improvements to leasehold premises are depreciated over the remaining life of the lease. Capital work-in-progress is not depreciated as this asset is not available for use.

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 income statement in the year the asset is derecognised.

2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the 'other operating expenses' line item in the income statement.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

- **Club memberships**

  Club memberships were acquired separately and are amortised on a straight-line basis over 12 to 30 years.

2. Summary of significant accounting policies (cont'd)

2.11 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 expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.12 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 instrument.

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 other comprehensive income is recognised in the income statement.

Except for loans and receivables and available-for-sale financial assets, the Company does not have any other financial assets.

(i) 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 income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

(ii) 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 such financial assets are recognised directly in other comprehensive income, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are at cost less impairment loss.

2.13 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 income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value 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.

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 income statement.

(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 income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in income statement. Reversals of impairment losses on debt instruments are recognised in the income statement 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 income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials – purchase costs on a first-in, first-out basis; and
- Finished goods – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Allowance is made for deteriorated, damaged, obsolete and slow-moving stocks.

2.16 Contract work-in-progress

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 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 contract is recognised as an expense immediately when it is 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 extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract work-in-progress are presented in the balance sheet as "gross amount due from/(to) customers for contract work-in-progress" as applicable.

2.17 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 are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

2.18 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 income statement 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 income statement.

2. Summary of significant accounting policies (cont'd)

2.19 Borrowing costs

Borrowing costs are recognised in the income statement 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.

2.20 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 reliably.

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.

2.21 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.22 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 income statement. 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 income statement 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.

2. Summary of significant accounting policies (cont'd)

2.23 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. The following specific recognition criteria must also be met before revenue is recognised:

(i) Project and maintenance revenue

Revenue from project and maintenance 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 project and maintenance outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Revenue from sale of goods/services rendered

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

Group turnover excludes intercompany transactions.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.24 Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in income statement except to the extent that the tax relating to items recognised outside income statement, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income statement;

- In respect of temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

2. Summary of significant accounting policies (cont'd)

2.24 Income taxes (cont'd)

(ii) Deferred tax (cont'd)

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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 by 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.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.25 Segment reporting

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 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 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.

3. Revenue

	Group 2010 S$'000	Group 2009 S$'000
Project revenue	93,427	69,895
Maintenance revenue	44,902	35,058
	138,329	104,953

4. Other income

	Group 2010 S$'000	Group 2009 S$'000
Interest income		
- fixed deposits	18	59
- others	1	1
Gain on disposal of property, plant and equipment	–	669
Rental income	79	145
Test-centre income	19	25
Job credits	405	257
Income from project management to sub-contractors	922	728
Incentives from customers	196	88
Sale of consumables and tools	175	358
Others	100	248
	1,915	2,578

5. Profit before taxation

Profit before taxation are determined after (crediting)/charging the following:

	Group 2010 S$'000	Group 2009 S$'000
Depreciation of property, plant and equipment (Note10)	13,384	9,798
Property, plant and equipment written off	–	16
Amortisation of intangible assets	14	13
Loss/(gain) on disposal of property, plant and equipment	8	(669)
Impairment loss on other investments	–	200
Allowance for doubtful receivables	583	50
Employee benefits (Note 6)	35,000	29,115
Transaction costs for Initial Public Offering	–	9
Foreign exchange loss	110	7

6. Employee benefits

	Group 2010 S$'000	Group 2009 S$'000
Employee benefits expense (including executive directors)		
Wages, salaries, bonuses	29,697	24,347
Central Provident Fund contributions	613	698
Others	4,690	4,070
	35,000	29,115

Employee benefits include the amount of Directors' remuneration as shown in Note 32(b).

7. Interest expense

	Group 2010 S$'000	Group 2009 S$'000
Interest expense		
- hire purchase	27	13
- others	2	2
	29	15

8. Taxation

	Group 2010 S$'000	Group 2009 S$'000
Current taxation		
- current year	2,592	995
- under/(over)provision in respect of prior year	53	(535)
Deferred taxation		
- origination and reversal of temporary differences	(3)	1,748
- effect of change in tax rate	–	(57)
	(3)	1,691
Tax expense	2,642	2,151

8. Taxation (cont'd)

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate is as follows:

	Group 2010 S$'000	Group 2009 S$'000
Accounting profit before income tax	16,091	13,173
Tax at Singapore statutory tax rate of 17% (2009: 17%)	2,735	2,239
Adjustments:		
- Effect of partial tax exemption	(52)	(26)
- Non-deductible expenses in determining taxable income	344	276
- Income not subject to tax	(162)	(164)
- Deferred tax asset not recognised	–	156
- Utilisation of previously unrecognised tax losses	(120)	–
- Under/(over) provision in respect of prior year's taxation	53	(535)
- Effect of change in tax rate	–	(57)
- Effect of different tax rates in foreign jurisdictions	17	104
- Others	(173)	158
	2,642	2,151

As at 30 June 2010, the Group had unutilised tax losses of approximately S$213,000 (2009: S$918,800) and unutilised donations of approximately S$500,000 (2009: S$Nil) available for offset against future taxable profits of the companies in which these losses were incurred and donations were made. No deferred tax assets are recognised due to the uncertainty of its recoverability. The use of these tax losses and unutilised donations is subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Singapore Income Tax Act.

9. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June 2010 and 2009:

	Group 2010 S$'000	Group 2009 S$'000
Profit for the year attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings per share	13,449	11,022
Weighted average number of ordinary shares for basic earnings per share computation ('000)	325,008	310,833
Effects of dilution:		
- warrants ('000)	14,846	–
Weighted average number of ordinary shares adjusted for dilution ('000)	339,854	310,833

10. Property, plant and equipment

Group	Leasehold premises S$'000	Capital work-in-progress S$'000	Machineries and scaffold materials S$'000	Motor vehicles S$'000	Office equipment S$'000	Workshop tools and equipment S$'000	Truck, cranes and forklifts S$'000	Computers S$'000	Electrical appliances, air-conditioners, furniture and fittings and renovation S$'000	Total S$'000
Cost										
At 1 July 2008	9,057	3,761	17,859	2,125	612	1,221	2,349	417	658	38,059
Additions	11,347	–	18,170	1,245	1	443	3,407	103	306	35,022
Disposals	(3,493)	–	–	(405)	–	–	(62)	–	(3)	(3,963)
Written off	–	–	–	–	–	–	–	–	(40)	(40)
Transfer of capital work-in-progress	3,761	(3,761)	–	–	–	–	–	–	–	–
Translation differences	–	–	–	8	–	–	–	–	–	8
At 30 June 2009 and 1 July 2009	20,672	–	36,029	2,973	613	1,664	5,694	520	921	69,086
Additions	1	–	3,270	447	150	698	488	224	79	5,357
Disposals	–	–	(255)	(16)	(1)	(3)	–	–	–	(275)
Translation differences	–	–	–	4	–	–	–	–	–	4
At 30 June 2010	20,673	–	39,044	3,408	762	2,359	6,182	744	1,000	74,172
Accumulated depreciation										
At 1 July 2008	3,760	–	4,720	1,567	253	751	1,731	388	506	13,676
Depreciation charge for the year	319	–	8,192	417	27	336	326	63	118	9,798
Disposals	(1,424)	–	–	(405)	–	–	(62)	–	(1)	(1,892)
Written off	–	–	–	–	–	–	–	–	(24)	(24)
Translation differences	52	–	(48)	–	–	–	–	–	–	4
At 30 June 2009 and 1 July 2009	2,707	–	12,864	1,579	280	1,087	1,995	451	599	21,562
Depreciation charge for the year	702	–	10,450	499	56	491	947	177	62	13,384
Disposals	–	–	(24)	(2)	–	(1)	–	–	–	(27)
Translation differences	19	–	–	(1)	–	–	–	–	–	18
At 30 June 2010	3,428	–	23,290	2,075	336	1,577	2,942	628	661	34,937
Net carrying value										
At 30 June 2010	17,245	–	15,754	1,333	426	782	3,240	116	339	39,235
At 30 June 2009	17,965	–	23,165	1,394	333	577	3,699	69	322	47,524

10. Property, plant and equipment (cont'd)

Assets held under finance leases

During the year, the Group acquired property, plant and equipment with an aggregate cost of S$5,357,000 (2009: S$35,022,000), of which S$228,000 (2009: S$1,422,000) was acquired by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $5,129,000 (2009: $33,600,000).

The carrying amount of motor vehicles and trucks, cranes and forklifts held under finance leases at the balance sheet date were S$380,000 (2009: S$364,000) and S$1,309,000 (2009: S$1,487,000) respectively.

Leased assets are pledged as security for the related finance lease liabilities.

11. Investments in subsidiary companies

These comprise:

	Company	
	2010	2009
	S$'000	S$'000
Unquoted equity shares, at cost	28,000	28,000

Details of subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group	
			2010	2009
			%	%
Held by the Company				
Hai Leck Engineering (Private) Limited*	Scaffolding, corrosion prevention, mechanical services and complementary general civil engineering services	Singapore	100	100
Allied Construction Pte Ltd*	Civil engineering services	Singapore	51	51
Held by a subsidiary company				
Industrial Services Pte Ltd*	Trading and contracting for thermal insulations, refractories and fire-protection for steel structures	Singapore	100	100
Hai Leck (VN) Engineering Co., Ltd**	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Vietnam	100	100
Hai Leck Corporation Sdn. Bhd.***	Scaffolding, corrosion prevention, thermal insulation, steelworks fabrication and complementary general civil engineering services	Malaysia	100	100

* Audited by Ernst & Young LLP, Singapore

** Audited by Audit & Informatic Services Company, Vietnam

*** Audited by Gow & Tan, Malaysia

12. Joint venture

The Group has a joint venture agreement with the other shareholder in Thailand that provides both parties with joint control over the financial and operating policies of Logthai – Hai Leck Engineering Co. Ltd.

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Percentage of equity held by the Group 2010 %	2009 %
Held by a subsidiary company				
Logthai – Hai Leck Engineering Co.,Ltd*	Scaffolding, corrosion prevention, thermal insulation and complementary general civil engineering services	Thailand	49	49

* Audited by Audit Teams, Thailand

The Group recognises its interest in the joint venture using proportionate consolidation.

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:

	2010 S$'000	2009 S$'000
Joint venture		
Assets and liabilities:		
Current assets	1,758	1,954
Non-current assets	808	447
Total assets	2,566	2,401
Current and total liabilities	1,096	1,037
Results:		
Revenue	2,230	2,268
Profit for the year	87	554

13. Intangible assets

	Club memberships S$'000
Cost	
At 1 July 2008, 30 June and 1 July 2009 and 30 June 2010	258
Accumulated amortisation	
At 1 July 2008	3
Amortisation for the year	13
At 30 June and 1 July 2009	16
Amortisation for the year	14
At 30 June 2010	30
Net carrying amount	
At 30 June 2010	228
At 30 June 2009	242

14. Inventories

	Group	
	2010	2009
	S$'000	S$'000
Raw materials	38	41
Finished goods	179	309
	217	350

During the year, inventories recognised as an expense in the income statement under cost of sales amounted to S$14,905,000 (2009: S$11,504,000) for the Group.

15. Trade receivables

	Group	
	2010	2009
	S$'000	S$'000
Trade receivables - external	22,850	27,516
Amount due from a joint venture (trade)	192	–
Less: Allowance for doubtful receivables	(633)	(50)
	22,409	27,466

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days 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$9,791,000 (2009: S$12,721,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2010	2009
	S$'000	S$'000
Trade receivables past due for:		
- 1 – 30 days	641	6,668
- 31 – 60 days	2,250	2,770
- More than 60 days	6,900	3,283
	9,791	12,721

15. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance account used to record the impairment are as follows:

	Group	
	Individually impaired	
	2010	2009
	S$'000	S$'000
Trade receivables - nominal	658	245
Less : Allowance for doubtful receivables	(633)	(50)
	25	195
Movement in allowance		
At beginning of the year	50	115
Charge for the year	583	50
Written off	–	(115)
At end of the year	633	50

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 debtors are not secured by any collateral or credit enhancements.

16. Other receivables and deposits

	Group	
	2010	2009
	S$'000	S$'000
Other receivables	1,390	1,917
Deposits	983	639
Tax recoverable	23	24
Amount due from a joint venture (non-trade)	–	77
	2,396	2,657

17. Loan due from a subsidiary company

The loan due from a subsidiary company is unsecured, interest-free and not expected to be repaid within the next twelve months from the balance sheet date.

18. Amounts due from subsidiary companies (trade and non-trade)

The amounts due from subsidiary companies (trade and non-trade) are unsecured, interest-free, repayable on demand and to be settled in cash.

19. Other investments

	Group 2010 S$'000	Group 2009 S$'000
Available-for-sale:		
Debentures (quoted), at fair value	212	210
Shares (quoted), at fair value	1,000	1,000
Less: impairment loss	(200)	(200)
	1,012	1,010

Quoted shares

The quoted shares are non-redeemable and non-cumulative preference shares.

Quoted debentures

The quoted debentures bear interest at 6.25% (2009: 6.25%) per annum.

Impairment of assets

In the financial year ended 30 June 2009, the Group recognised an impairment loss of S$200,000 (2010: S$Nil) on the shares carried at fair value, reflecting the write-down in the carrying value of these quoted shares.

20. Gross amount due from/(to) customers for contract work-in-progress

	Group 2010 S$'000	Group 2009 S$'000
This comprises:		
Aggregate project costs incurred and recognised profits (less recognised loses) to-date	46,635	49,237
Less: Progress billings	(48,135)	(47,827)
	(1,500)	1,410
Presented as:		
Gross amount due from customers for contract work-in-progress	–	1,410
Gross amount due to customers for contract work-in-progress	1,500	–

21. Cash and cash equivalents

	Group 2010 S$'000	Group 2009 S$'000	Company 2010 S$'000	Company 2009 S$'000
Cash and bank balances	44,666	14,942	10,314	5,895
Fixed deposits	4,414	3,090	–	–
	49,080	18,032	10,314	5,895

Fixed deposits are made for varying periods of between 1 month and 12 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Interest of fixed deposits is at rates ranging from 0.2% to 0.3% (2009: 0.2% to 1.4%) per annum, which are also the effective interest rates.

22. Trade and other payables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	S$'000	S$'000	S$'000	S$'000
Trade payables	9,654	13,861	–	–
Other payables	790	587	143	41
Accrued operating expenses	12,188	6,273	1,100	970
	22,632	20,721	1,243	1,011

Trade payables

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

Other payables

Other payables are non-interest bearing and have an average term of 2 months.

23. Amounts due to subsidiary companies (non-trade)

The amounts due to subsidiary companies are unsecured, interest-free, repayable on demand and to be settled in cash.

24. Loan due to a non-controlling interest

The loan due to a non-controlling interest is unsecured, interest-free, repayable on demand and to be settled in cash.

25. Finance lease obligations

The Group has finance leases for certain items of plant and equipment and furniture and fittings. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease. The average discount rate implicit in the leases is 2.2% (2009: 2.1%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Group	**Minimum payments**	**Present value of payments**	**Minimum payments**	**Present value of payments**
	2010	**2010**	**2009**	**2009**
	S$'000	S$'000	S$'000	S$'000
Not later than one year	535	510	545	521
Later than one year but not later than five years	291	278	658	630
Total minimum lease payments	826	788	1,203	1,151
Less : Amounts representing finance charges	(38)	–	(52)	–
Present value of minimum lease payments	788	788	1,151	1,151

26. Provision for warranty

	Group 2010 S$'000
Provided during the year and at end of the year	840

The Group provides a 5 years warranty to its customers for painting works. The amount of the provision for warranty is estimated based on past experience of operations management. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

27. Deferred taxation

Deferred tax liabilities relate to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2010	2009	2010	2009
	S$'000	S$'000	S$'000	S$'000
Deferred tax liabilities				
Differences in depreciation for tax purposes	2,956	2,790	166	1,686
Deferred tax assets				
Provisions	(254)	(85)	(169)	5
	2,702	2,705		
Deferred income tax expense			(3)	1,691

28. Share capital

	Group		Company	
	No. of shares ('000)	S$'000	No. of shares ('000)	S$'000
2010				
At beginning of the year	325,000	48,800	325,000	48,800
Issuance of ordinary shares	14	4	14	4
At end of the year	325,014	48,804	325,014	48,804
2009				
At beginning of the year	28,000	28,000	28,000	28,000
Share split	212,000	–	212,000	–
Issuance of ordinary shares	85,000	22,100	85,000	22,100
Share issue expenses	–	(1,300)	–	(1,300)
At end of the year	325,000	48,800	325,000	48,800

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. The ordinary shares have no par value.

29. Capital reserve

On 26 November, the Company had undertaken a renounceable non-underwritten rights issue of 130,000,000 warrants ("Warrants") at an issue price of S$0.01 for each Warrant, each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("New Share") at an exercise price of S$0.26 for each New Share during the exercise period on the basis of two (2) Warrants for every five (5) existing ordinary shares in the capital of the Company held by the entitled shareholders as at the books closure date, fractional entitlements to be disregarded.

The 130,000,000 Warrants allotted were listed and quoted on the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 November 2009. The New Shares arising from the exercise of the Warrants will be listed and quoted on the Official List of SGX-ST.

The value ascribed to the Warrants less issue expenses is credited as a reserve in equity under capital reserve and an appropriate amount is transferred to the share capital account as and when the Warrants are exercised.

The Warrants issued by the Company do not entitle the holders of the Warrants, by virtue of such holdings, to any right to participate in any share issue of any other subsidiary companies.

On 21 December 2009, 14,000 Warrants were exercised to acquire 14,000 New Shares. As of 30 June 2010, 129,986,000 Warrants were outstanding. These Warrants will expire on 24 November 2011.

	Group		Company	
	2010	**2009**	**2010**	**2009**
	S$'000	S$'000	S$'000	S$'000
Issuance of warrants and at end of the year	1,157	–	1,157	–

30. Foreign currency translation reserve

The foreign currency 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.

	Group	
	2010	**2009**
	S$'000	S$'000
At beginning of the year	(276)	(302)
Net effect of exchange differences arising from translation of financial statements of foreign operations	85	26
At end of the year	(191)	(276)

31. Dividend

	Group and Company	
	2010	**2009**
	S$'000	S$'000
Declared and paid during the year:		
Dividend on ordinary shares:		
Interim tax exempt (one-tier) dividend paid in respect of the current financial year of S$0.10 (2009: S$0.008) per share	3,250	2,600

32. Related party information

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Sales and purchase of services and equipments

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:

	Group	
Related parties	**2010**	**2009**
	S$'000	S$'000
Purchases of equipment from a related party	–	108
Provision of service by a related party	48	53

(b) Compensation of key management personnel

	Group	
	2010	**2009**
	S$'000	S$'000
Central Provident Fund contributions	60	22
Directors' remuneration	2,684	1,524
Directors' fees	131	151
Total compensation paid to key management personnel	2,875	1,697
Comprise amounts paid to:		
- Directors of the Company	2,875	1,697

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

33. Operating lease commitments

The Group has various operating lease agreements for leasehold premises and office equipment. These leases have an average tenure of between 1 and 3 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2010	**2009**
	S$'000	S$'000
Future minimum lease payments		
- not later than one year	2,888	2,815
- one year through five years	9,519	711
	12,407	3,526

Minimum lease payments recognised as an expense in the income statement for the financial year ended 30 June 2010 amounted to S$4,174,000 (2009: S$2,848,000) for the Group.

34. Contingent liability

The Company has provided corporate guarantees amounting to approximately S$677,000 (2009: S$6,854,720) in favour of certain financial institutions for banking and finance lease facilities granted to subsidiary companies.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise investment securities, finance leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, credit risk and market risk. The Board reviews and agrees policies for managing these risks and they are summarised below:

(a) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposure.

The Group is also exposed to currency translation risks arising from its net investments in foreign operations including Malaysia, Thailand and Vietnam. The Group's net investments in these operations are not hedged as these are considered to be long-term in nature.

Foreign exchange risk is deemed not significant by management as the Group's transactions are mainly in SGD. It is the Group's policy not to trade in derivative contracts.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company'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 and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on the contractual undiscounted repayment obligations.

	2010			2009		
	Within 1 year S$'000	1 to 5 years S$'000	Total S$'000	Within 1 year S$'000	1 to 5 years S$'000	Total S$'000
Group						
Financial assets:						
Other investments	1,012	–	1,012	1,010	–	1,010
Trade and other receivables	24,805	–	24,805	30,123	–	30,123
Cash and cash equivalents	49,080	–	49,080	18,032	–	18,032
Total undiscounted financial assets	74,897	–	74,897	49,165	–	49,165
Financial liabilities:						
Trade and other payables	22,632	–	22,632	20,721	–	20,721
Loan due to a non-controlling interest	392	–	392	392	–	392
Finance lease obligations	535	291	826	545	658	1,203
Total undiscounted financial liabilities	23,559	291	23,850	21,658	658	22,316
Total net undiscounted financial assets /(liabilities)	51,338	(291)	51,047	27,507	(658)	26,849

	2010				2009			
	Within 1 year S$'000	1 to 5 years S$'000	More than 5 years S$'000	Total S$'000	Within 1 year S$'000	1 to 5 years S$'000	More than 5 years S$'000	Total S$'000
Company								
Financial assets:								
Cash and cash equivalents	10,314	–	–	10,314	5,895	–	–	5,895
Loan due from a subsidiary company	–	–	21,496	21,496	–	–	21,088	21,088
Amounts due from subsidiary companies (non-trade)	–	–	–	–	408	–	–	408
Amounts due from subsidiary companies (trade)	3,017	–	–	3,017	826	–	–	826
Total undiscounted financial assets	13,331	–	21,496	34,827	7,129	–	21,088	28,217
Financial liabilities:								
Trade and other payables	1,243	–	–	1,243	1,011	–	–	1,011
Amounts due to subsidiary companies (non-trade)	12	–	–	12	12	–	–	12
Total undiscounted financial liabilities	1,255	–	–	1,255	1,023	–	–	1,023
Total net undiscounted financial assets	12,076	–	21,496	33,572	6,106	–	21,088	27,194

35. Financial risk management objectives and policies (cont'd)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the credit control team.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amounts of investment securities, trade and other receivables, fixed deposits and cash and bank balances. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade receivables based upon expected collectability of all trade debts.
- A nominal amount of S$11,600,000 (2009: S$6,854,720) relating to corporate guarantees provided by the Company in favour of certain financial institutions for banking and finance lease facilities granted to subsidiary companies.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	2010 S$'000	2009 S$'000
By country:		
Singapore	21,521	27,014
Thailand	888	452
	22,409	27,466

At the balance sheet date, approximately 9% (2009: 39%) of the Group's trade receivables were due from 5 major customers who are multi-national corporations located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, other investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions 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 (Trade receivables) and Note 19 (Other investments).

35. Financial risk management objectives and policies (cont'd)

(d) 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 investments in quoted shares and debentures. These instruments are quoted on the SGX-ST and Stock Exchange of Thailand ("SET") and are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

It is the Group's policy not to engage in shares speculation or trading for profit purpose. The Group's objective is to invest in shares of companies with growth potential.

Sensitivity analysis for equity price risk

At the balance sheet date, if the Straits Times and SET index had been 20% (2009: 20%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been S$200,000 (2009: S$200,000) lower/higher, arising as a result of a decrease/increase in the fair value of equity instruments classified as available-for-sale.

36. Fair value of financial instruments

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
2010				
Financial assets:				
Available-for-sale financial assets				
Shares (quoted)	1,000	–	–	1,000
Debentures (quoted)	212	–	–	212
	1,212	–	–	1,212

36. Fair value of financial instruments (cont'd)

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

(b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount approximates fair value due to their nature and liquidity.

Trade receivables, other receivables and deposits, trade and other payables, loan due to a non-controlling interest and amounts due from/(to) subsidiary companies

The carrying amounts approximate fair values because these assets and liabilities are of short-term maturity.

Quoted investments

The fair values of quoted investments are estimated based on quoted market prices for these investments. The carrying value of quoted investments approximates their fair values.

Loan due from a subsidiary company

The loan due from a subsidiary company is quasi-equity in nature, has no repayment term and is only repayable when the cash flows of that subsidiary company permit. Therefore the fair value of the loan is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

Lease obligations

It is not practicable to estimate the fair value of the Group's long-term finance leases because of the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amount recorded at the balance sheet date approximates its fair value.

Set out below is the carrying amount of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

	Loans and receivables	Available for sale	Liabilities at amortised cost
	S$'000	S$'000	S$'000
Group			
2010			
Assets			
Trade receivables (Note 15)	22,409	–	–
Other receivables and deposits (Note 16)	2,396	–	–
Other investments (Note 19)	–	1,012	–
Cash and cash equivalents (Note 21)	49,080	–	–
Total	73,885	1,012	–
Liabilities			
Trade and other payables (Note 22)	–	–	22,632
Loan due to a non-controlling interest (Note 24)	–	–	392
Finance lease obligations (Note 25)	–	–	788
Total	–	–	23,812

36. Fair value of financial instruments (cont'd)

	Loans and receivables S$'000	Available for sale S$'000	Liabilities at amortised cost S$'000
Group (cont'd)			
2009			
Assets			
Trade receivables (Note 15)	27,466	–	–
Other receivables and deposits (Note 16)	2,657	–	–
Other investments (Note 19)	–	1,010	–
Cash and cash equivalents (Note 21)	18,032	–	–
Total	48,155	1,010	–
Liabilities			
Trade and other payables (Note 22)	–	–	20,721
Loan due to a non-controlling interest (Note 24)	–	–	392
Finance lease obligations (Note 25)	–	–	1,151
Total	–	–	22,264

	Loans and receivables S$'000	Liabilities at amortised cost S$'000
Company		
2010		
Assets		
Loan due from a subsidiary company (Note 17)	21,496	–
Amounts due from subsidiary companies (trade) (Note 18)	3,017	–
Cash and cash equivalents (Note 21)	10,314	–
Total	34,827	–
Liabilities		
Trade and other payables (Note 22)	–	1,243
Amounts due to subsidiary companies (non-trade) (Note 23)	–	12
Total	–	1,255
2009		
Assets		
Loan due from a subsidiary company (Note 17)	21,088	–
Amounts due from subsidiary companies (non-trade) (Note 18)	408	–
Amounts due from subsidiary companies (trade) (Note 18)	826	–
Cash and cash equivalents (Note 21)	5,895	–
Total	28,217	–
Liabilities		
Trade and other payables (Note 22)	–	1,011
Amounts due to subsidiary companies (non-trade) (Note 23)	–	12
Total	–	1,023

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2010 and 2009.

The Group monitors capital using the gearing ratio, calculated as gross debt over total equity. The Group's policy is to keep the gearing ratio between 10% to 50%. Gross debt includes all trade and other payables, loan due to a non-controlling interest and finance lease obligations. Total equity means equity attributable to equity holders of the Company.

	Group	
	2010	**2009**
	S$'000	S$'000
Trade and other payables	22,632	20,721
Loan due to a non-controlling interest	392	392
Finance lease obligations	788	1,151
Gross debts	23,812	22,264
Equity attributable to equity holders of the Company	82,883	71,438
Gross debt equity ratio	28.73%	31.12%

38. 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:

(i) Project services

Project services comprise scaffolding, corrosion prevention and mechanical services, complemented by general civil engineering services and thermal insulation services, comprising thermal insulation, refractory and passive fireproofing services.

Scaffolding services pertain to erection of scaffolds which are a temporary framework used to support workmen in the construction or repair of buildings and other large structures.

Corrosion prevention involves using high pressure blasting equipment and cleaning processes to remove surface contaminants ("Surface Preparation") before the application of a coat of paint onto clean surfaces of metal structures ("Coating").

Mechanical services refer to engineered solutions in structural steel and piping fabrication and installation, plant equipment installation, maintenance, modifications and repairs to oil refinery, petrochemical, chemical and power plants.

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

(ii) Maintenance services

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

38. Segment information (cont'd)

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 operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Project services		Maintenance services		Adjustments and eliminations		Notes	Consolidated financial statements	
	2010	2009	2010	2009	2010	2009		2010	2009
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000	S$'000
Revenue:									
External customers	93,427	69,895	44,902	35,058	–	–		138,329	104,953
Inter-segment sales	13,145	8,045	6,004	3,973	(19,149)	(12,018)	A	–	–
Total revenue	106,572	77,940	50,906	39,031	(19,149)	(12,018)		138,329	104,953
Results:									
Interest income	11	35	8	25	–	–		19	60
Depreciation and amortisation	10,181	6,674	3,125	3,137	92	–		13,398	9,811
Segment profit before tax	18,030	12,706	8,635	7,453	(10,574)	(6,986)	B	16,091	13,173
Assets:									
Additions to non-current assets	3,721	23,881	1,636	11,141	–	–	C	5,357	35,022
Segment assets	82,101	69,821	34,237	35,012	(1,659)	(5,926)	D	114,679	98,907
Segment liabilities	39,096	32,766	15,572	15,966	(22,872)	(21,263)	E	31,796	27,469

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Inter-segment revenues are eliminated on consolidation.

B. The following items are deducted from segment profit before tax to arrive at profits before tax presented in consolidated income statement:

	2010	2009
	S$'000	S$'000
Inter-segment income and expenses	(10,482)	(6,986)
Others	(92)	–
	(10,574)	(6,986)

C. Additions to non-current assets consist of additions to property, plant and equipment.

D. Inter-segment assets are eliminated on consolidation.

38. Segment information (cont'd)

E. The following items are (deducted from)/added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2010 S$'000	2009 S$'000
Inter-segment liabilities	(28.516)	(25.236)
Provision for taxation	2,942	1,268
Deferred taxation	2,702	2,705
	(22,872)	(21,263)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2010 S$'000	2009 S$'000	2010 S$'000	2009 S$'000
Singapore	136,099	102,361	38,426	47,524
Others	2,230	2,592	1,037	242
Total	138,329	104,953	39,463	47,766

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

Revenue from one major customer amounted to S$49,894,426 (2009: S$33,910,417) arising from the project and maintenance segments.

39. Authorisation of financial statements

The financial statements for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of the Directors on 27 September 2010.

SHAREHOLDERS' INFORMATION

Issued and fully paid-up capital	:	S$50,103,640
Total Number of Shares	:	325,014,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares)
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	345	24.98	7,927	0.00
1,000 - 10,000	572	41.42	2,337,355	0.72
10,001 - 1,000,000	450	32.59	33,993,829	10.46
1,000,001 and above	14	1.01	288,674,889	88.82
TOTAL	**1,381**	**100.00**	**325,014,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Cheng Capital Holdings Pte Ltd	124,800,000	38.40
2	Cheng Buck Poh @ Chng Bok Poh	95,200,000	29.29
3	Lee See Kee	36,000,000	11.08
4	Violetbloom Investment Pte. Ltd.	16,746,000	5.15
5	UOB Kay Hian Pte Ltd	2,927,005	0.90
6	DBS Nominees Pte Ltd	2,573,226	0.79
7	OCBC Securities Private Ltd	2,566,910	0.79
8	Quek Chiau Beng	1,341,000	0.41
9	Soon Sing	1,165,000	0.36
10	Phillip Securities Pte Ltd	1,129,740	0.35
11	Yee Chia Hsing	1,128,000	0.35
12	Ong Eng Loke	1,067,000	0.33
13	Thomas Dennis William	1,031,000	0.32
14	CIMB Securities (Singapore) Pte Ltd	1,000,008	0.31
15	Lim & Tan Securities Pte Ltd	999,050	0.31
16	Mayban Nominees (S) Pte Ltd	937,004	0.29
17	DMG & Partners Securities Pte Ltd	750,000	0.23
18	M Rajaram	737,000	0.23
19	Teng Hoo Poo	717,000	0.22
20	Teo Soon Seng	650,000	0.20
	Total	**293,464,943**	**90.31**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 14 September 2010)

	Direct Interest	%	Deemed Interest	%
Cheng Capital Holdings Pte Ltd (1)(2)	124,800,000	38.40	–	–
Cheng Buck Poh @ Chng Bok Poh (1)(2)(3)	95,200,000	29.30	124,800,000	38.40
Lee See Kee	36,000,000	11.08	–	–
Violetbloom Investment Pte Ltd	16,271,000	5.01	–	–
Goo Guik Bing @ Goh Guik Bing (1)(3)	–	–	220,000,000	67.70
MTQ Corporation Limited (4)	–	–	16,271,000	5.01

The percentage of shareholding above is computed based on the total issued shares of 325,014,000 excluding treasury shares.

Notes:

(1) Cheng Capital Holdings Pte Ltd ("Cheng Capital Holdings") is held by Messrs. Cheng Buck Poh @ Chng Bok Poh (52 shares (52%)), Goo Guik Bing @ Goh Guik Bing (10 shares (10%)), Cheng Yao Tong (10 shares (10%)), Cheng Li Peng (7 shares (7%)), Cheng Li Chen (7 shares (7%)), Cheng Li Hui (7 shares (7%)), and Cheng Wee Ling (7 shares (7%)). Mr Cheng Buck Poh @ Chng Bok Poh and Mdm Goo Guik Bing @ Goh Guik Bing are husband and wife and our Executive Directors, Ms Cheng Li Chen and Ms Chen Li Hui, our Planning Manager, Mr Cheng Yao Tong, as well as Ms Cheng Li Peng and Cheng Wee Ling, are their children.

(2) Mr Cheng Buck Poh @ Chng Bok Poh is deemed to be interested in the 124,800,000 shares held by Cheng Capital Holdings by virtue of his 52% shareholdings in Cheng Capital Holdings.

(3) Mdm Goo Guik Bing @ Goh Guik Bing is deemed to be interested in the 124,800,000 shares held by Cheng Capital Holdings by virtue of her husband's 52% shareholdings in Cheng Capital Holdings and 95,200,000 shares held by her husband.

(4) MTQ Corporation Limited is deemed to be interested in the 16,271,000 shares held by Violetbloom Investment Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

15.84% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	292	34.47	11,689	0.01
1,000 - 10,000	351	41.44	1,489,526	1.15
10,001 - 1,000,000	198	23.38	16,317,064	12.55
1,000,001 and above	6	0.71	112,167,721	86.29
TOTAL	**847**	**100.00**	**129,986,000**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	Cheng Capital Holdings Pte Ltd	49,920,000	38.40
2	Cheng Buck Poh @ Chng Bok Poh	38,080,000	29.30
3	Lee See Kee	14,400,000	11.08
4	Violetbloom Investment Pte. Ltd.	6,698,400	5.15
5	Mayban Nominees (S) Pte Ltd	2,067,001	1.59
6	OCBC Securities Private Ltd	1,002,320	0.77
7	DBS Nominees Pte Ltd	888,890	0.68
8	UOB Kay Hian Pte Ltd	795,002	0.61
9	Soon Sing	747,600	0.58
10	Foo Tuan Gee	716,000	0.55
11	CIMB Securities (Singapore) Pte Ltd	633,551	0.49
12	Phillip Securities Pte Ltd	511,478	0.39
13	Yeap Lam Wah	441,000	0.34
14	Lim & Tan Securities Pte Ltd	430,020	0.33
15	Quek Chiau Beng	409,400	0.31
16	Ong Hock Siong @ Benny Ong Hock Siong	377,000	0.29
17	Cheng Wa Sing	375,000	0.29
18	Tay Buan Chuan Michael	370,000	0.28
19	DMG & Partners Securities Pte Ltd	308,000	0.24
20	Ong Eng Loke	300,000	0.23
	Total	**119,470,662**	**91.90**

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hai Leck Holdings Limited will be held at 47 Tuas View Circuit, Singapore 637357 on Friday, 22 October 2010 at 10.00 a.m. for the following purposes: -

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 30 June 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt (one tier) Final Dividend of 0.8 Singapore cents per ordinary share for the financial year ended 30 June 2010. **(Resolution 2)**

3. To declare a Tax Exempt (one tier) Special Dividend of 0.2 Singapore cents per ordinary share for the financial year ended 30 June 2010. **(Resolution 3)**

4. To re-elect the following Directors of the Company retiring pursuant to Article 92 and Article 93 of the Articles of Association of the Company:

   Ms Cheng Li Hui (Retiring under Article 92) **(Resolution 4)**

   Mr Lee See Kee (Retiring under Article 93) **(Resolution 5)**

5. To re-appoint Mr Tan Sim Cheng, a Director of the Company who is over 70 years of age, pursuant to section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this annual General Meeting until the next annual General Meeting of the Company.
   [See Explanatory Note (i)] **(Resolution 6)**

6. To approve the payment of Directors' Fees of S$140,000 (FY2010: S$131,750) for the financial year ending 30 June 2011 to be paid quarterly in arrears. **(Resolution 7)**

7. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolution with or without any modifications:

9. **Authority to issue shares in the capital of the Company pursuant to section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. [See Explanatory Note (ii)] **(Resolution 9)**

BY ORDER OF THE BOARD

Chew Kok Liang
Company Secretary

Singapore,
7 October 2010

Explanatory Notes:

(i) The effect of the Oridinary Resolution 6 in item 5 above, is to re-appoint the Director of the Company who is over 70 years of age. Mr Tan Sim Cheng will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee respectively and will be considered independent.

(ii) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 47 Tuas View Circuit, Singapore 637357 not less than 48 hours before the time appointed for the Annual General Meeting.

HAI LECK HOLDINGS LIMITED

[Company Registration No. 199804461D]
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Hai Leck Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of Hai Leck Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 47 Tuas View Circuit, Singapore 637357 on Friday, 22 October 2010 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Auditors' Report for the year ended 30 June 2010		
2	Payment of proposed Final Dividend		
3	Payment of proposed Special Dividend		
4	Re-election of Ms Cheng Li Hui as Director		
5	Re-election of Mr Lee See Kee as Director		
6	Re-appointment of Mr Tan Sim Cheng as Director		
7	Approval of Directors' Fees amounting to S$140,000 for the financial year ending 30 June 2011		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9	Authority to issue new shares		

Dated this ________ day of ____________________ 2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If the proportion of shareholding is not indicated, the second proxy will be deemed as alternate.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 47 Tuas View Circuit, Singapore 637357 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.