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**CHANGE IN USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING**

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The Board of Directors of Hock Lian Seng Holdings Limited (the “**Company**”) refers to the Company’s prospectus dated 10 December 2009 in relation to the Initial Public Offering (“**IPO**”) of the Company and the subsequent announcements on the usage of the IPO proceeds.

The last update on the use of IPO proceeds was provided on 7 May 2015 in the Company’s first quarter result announcement as follows:

Intended Use	Amount allocated \$’000	Amount utilized \$’000	Balance \$’000
Acquisition of central workshop	4,000	1,400	2,600
Acquisition of equipment and machinery	8,000	6,273	1,727
Working capital	13,600	13,600	-
Total	25,600	21,273	4,327

The Company wishes to reallocate the unutilised proceeds for the acquisition of the central workshop amount to \$2.6 million to working capital requirement.

The workshop unit acquired at Ark@KB was smaller than initially planned at the time of the IPO, therefore the amount unutilised for this purpose amounted to \$2.6 million.

The Audit Committee of the Company has considered the impact of this proposed re-allocation in use of IPO proceeds on the the Group’s business and is of the view that such change would not have a detrimental effect and is in the best interest of the Group.

The other unutilised IPO proceeds of approximately \$1.7 million will continue to be used for their intended purpose as outlined above.

The Company will continue to make periodic announcements via SGXNET on the utilisation of the balance of the proceeds from the IPO as and when such proceeds are materially disbursed and will provide status report on the use of the balance net proceeds in the quarterly result announcement.

**By Order of the Board**

Chew Kok Liang  
Company Secretary  
29 Jun 2015