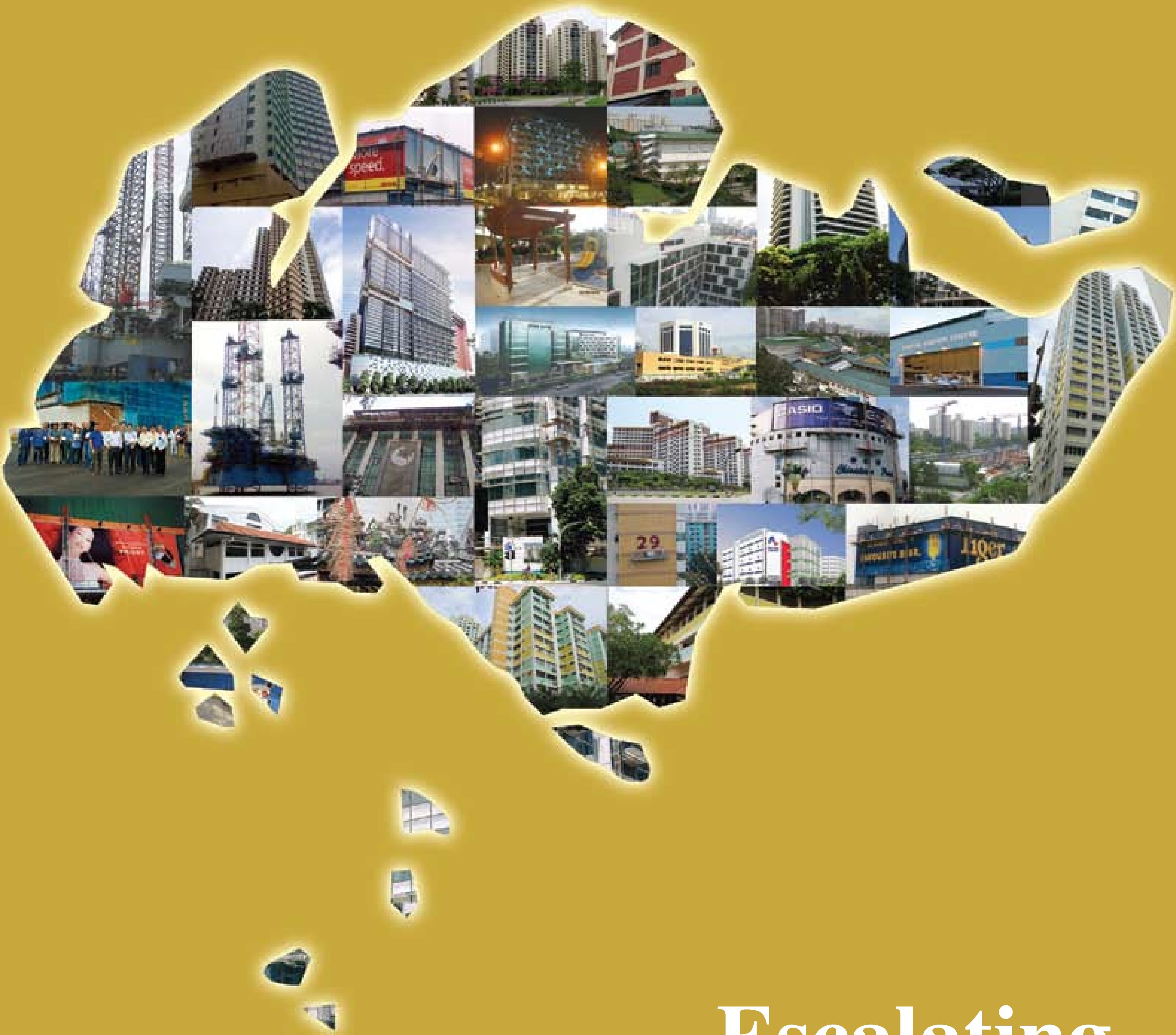
創建集團
CCM GROUP LIMITED



Escalating
Annual Report
2012

CCM Group Limited (the “Group”) is principally engaged in building and construction activities for the public and private sectors in Singapore.

The Group’s business can be categorised into three main segments – main building works, general building works as well as leasing and installation services.

Contents

Corporate Profile

Main building works

The Group is currently undertaking two main building projects to build (i) 491 residential units at Jurong West Neighbourhood 2 and (ii) a 23-storey residential flat with a five (5) storey multi-storey car park, swimming pool, communal facilities and a sky terrace on the sixth (6th) storey at 6 Jalan Ampas both of which were awarded in FY2011 and scheduled to be completed by FY2013.

The Group has further secured and is currently undertaking two main building projects namely, (i) a design and build contract for the proposed erection of a 4-storey single-user warehouse development with ancillary office on the 2nd to 4th mezzanine floors on Lot 4180N of Mukim 07 at Tuas Bay Drive (Tuas Planning Area) and (ii) proposed erection of a 32-storey commercial building, comprising shops on the 1st storey, 2 basement levels of car park, a 4-storey multi-storey car park podium, offices (lower tower), residential flats (upper tower with a total of 132 units) and 3-storeys of sky terrace on Lots 00415P & 1261A (PT) TS23 at 70 Shenton Way (Eon Shenton). The total contracted amount is approximately S$142.6 million and the estimated completion date of these projects will stretch from FY2013 to FY2015.

General building works

The Group undertakes general building works for residential and commercial buildings. Activities include addition and alteration (A&A) projects, refurbishment/repairs and redecoration (R&R) projects and lift-upgrading programmes.

R&R works involve the repainting and non-structural repair of buildings and existing structures. The Group's recently completed works include residential buildings under various town councils, and commercial buildings.

A&A works involve all kinds of building works in connection with structures such as multi-storey car parks, playgrounds, industrial plants and utility plants. The Group's recently completed A&A works include a Chinese temple at Toa Payoh, Orchard Road Presbyterian Church, the Radiotherapy Centre at National University Hospital and upgrading projects by various town councils.

The Group has been providing R&R works since 2004 and A&A works since 2005.

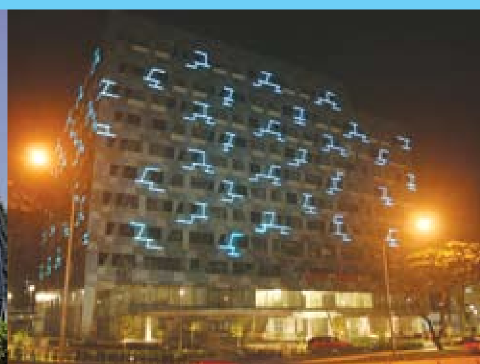
The Group has further secured three (3) new projects in R&R and A&A works amounting to S$9.6 million in FY2012.

Leasing and installation services

The Group has been providing leasing and installation services for access equipment systems, such as mast climbing work platforms and gondolas since 2001. Today, it is a leading player in this area with a fleet of more than 200 such systems. In FY2011, the Group also acquired 5 tower cranes to support our main building projects and leasing purposes.

These leasing and installation services have been rendered for building works to companies, to name a few, Hock United Engineering Pte. Ltd., Meida Construction Pte. Ltd., Permasteelisa Pacific Holdings Ltd and Keppel FELS Ltd. and at locations such as The Sail@ Marina Bay, Watermark @ Robertson Quay and Tower Fifteen.

We are an established general contractor with a proven track record specialising in main building works and general building works in the building and construction industry.



Corporate Structure

Chairman's Statement

Dear Shareholders,

2012 has been a resilient year for the construction sector; challenges such as the foreign workers' supply constraints,

cooling-off measures implemented by the Government and an increase in prices in construction materials had broadly affected the construction sector.

The financial year ended 31 December 2012 ("**FY2012**") was filled with many challenges and changes for CCM Group Limited (the "**Group**"). The highlight of FY2012 was undoubtedly our delivery of promise and continuing efforts to expand the award of successful tenders on a few major projects locally.

CCM Industrial Pte Ltd, the Group's wholly-owned subsidiary which engages in the Group's core business i.e. the construction segment, has recorded a net profit after tax of S$0.1 million in FY2012 compared to a loss after tax of S$3.8 million in the financial year ended 31 December 2011 ("**FY2011**"). With the expenditures incurred by other existing non-operating subsidiaries and listing costs from the Group, the Group's posted a net loss after tax of S$1.9 million compared to a net loss after tax of S$3.8 million in FY2011.

Full-year Group revenue increased by 18.5% year-on-year from S$45.5 million FY2011 to S$53.9 million in FY2012. The increase was mainly due to a significant portion of revenue being recognised in FY2012 from two of the new projects awarded at the end of FY2011 and an increase in revenue from access equipment segment, offset by a decrease from general building works segment in FY2012. Full-year Group's gross profit increased by 238%, from S$1.6 million in FY2011 to S$5.4 million in FY2012. This increase was mainly due to a better profit margin from the two new projects and a better cost control in general building works and access equipment segments.

The Group's administrative expenses rose 31% year-on-year mainly due to an increase in staff costs, an increase in depreciation expenses arising from the purchase of additional property, plant and equipment and bad debts written-off during FY2012.

We have further secured approximately S$142.6 million worth of new projects in FY2012, of which S$136.4 million of such projects were secured around the last quarter of FY2012 and the estimated completion date of these projects will stretch from FY2013 to FY2015.

Nevertheless, the prospects of the Group, as well as the construction industry, remains bright. Following our results in FY2012, the Group is determined to move forward with a clearer direction and be well-positioned for further business growth in FY2013 and beyond.

Growth strategy

Looking ahead, the Group will focus on strengthening our market position in Singapore. In addition, we will also look to expand our footprint in Asia-Pacific markets such as the People's Republic of China (the "**PRC**"), Hong Kong, Malaysia and Vietnam.

We will also aim for future growth by forming strategic alliances with other parties, thus generating business synergies by leveraging on their strengths.

We are rolling along with the strengthening of productivity challenges and tapping into the Productivity and Innovation Credit (PIC) Incentives granted by the Government. In so doing, not only can we achieve better gross margin but also support industry-wide collaboration.

Business prospects

According to the Building & Construction Authority (the "**BCA**") for 2013, Singapore's construction demand is projected to reach between S$26 billion to S$32 billion due to the strong demand. However, operating costs are expected to increase due to higher foreign workers levy and CPF contributions by employers.

The Group's financial grading for building development is currently A2 with the BCA. The Group is looking forward to upgrade its grading to A1 which will allow the Group to tender for larger Government projects. The higher financial grading will enable the Group to ride on the positive outlook for the construction sector demand, as projected by the BCA.

Chairman's Statement

As at 31 December 2012, the Group's order book, after taking into account completed projects, stands at approximately S$208.9 million.

Appreciation

On behalf of the Board of Directors of the Group, I would like to thank all our shareholders for their immense understanding, support and confidence in us. I would also like to take this opportunity to thank all our staff for their dedication and commitment, and our business partners for their support in the Group.

We may still be within the third year of our listing, but we are already looking forward to nurturing a long-term relationship with our shareholders. We aim to do this by continually striving to enhance shareholders' value, and making CCM Group Limited a company that you can be proud of.

Liew Sen Keong
Executive Chairman and Chief Executive Officer

We are an established general contractor

Group Revenue

The Group's total revenue generated in financial year ended 31 December 2012 ("FY2012") increased to S$53.9 million, an increase of S$8.4 million or 18.5% from S$45.5 million in financial year ended 31 December 2011 ("FY2011").

In FY2012, a significant portion of revenue was recognised from the main building works segment from two of the new projects awarded at the end of FY2011 ("New Projects").

Operating Costs and Expenses

Cost of sales in FY2012 increased by S$4.5 million or 10.2% from S$44.0 million in FY2011 to S$48.5 million in FY2012. Overall gross profit increased by S$3.8 million from S$1.6 million in FY2011 to S$5.4 million in FY2012 and the gross profit margin increased from 3.4% in FY2011 to 10.0% in FY2012. The increase in profit margin was mainly due to a better profit margin from the two New Projects and a better cost control in general building works segment and access equipment segment.

Marketing and administrative expenses increased by S$1.6 million or 30.0% from S$5.4 million in FY2011 to S$7.0 million in FY2012. The increase was mainly due to an increase in staff costs as a result of an increase in headcount for new main building works, an increase in the depreciation expenses incurred from the purchase of additional property, plant and equipment and bad debts written off in FY2012.

Finance costs rose by S$0.2 million from S$0.2 million in FY2011 to S$0.4 million in FY2012 which is in line with the higher bank borrowings in FY2012 for the New Projects.

Financial and Operations Review

Loss for the Year

In view of the challenges faced by the Group, such as rising foreign workers' levies, increase in construction materials cost and also continuing listing costs, the Group posted a loss before interest, tax and depreciation of S$0.1 million in FY2012 as compared to a loss before interest, tax and depreciation in FY2011 of S$2.7 million.

The Group's net loss after taxation amounted to S$1.9 million in FY2012. The Group reported a net loss after taxation in the first half of FY2012 of S$1.6 million and reported a net loss after taxation of S$0.3 million in the second half of FY2012.

Financial Position

As at 31 December 2012, the Group recorded total cash and short-term deposits of S$2.4 million and shareholders' equity of S$4.4 million.

The Group's total assets as at 31 December 2012 increased by S$14.2 million or 59.7% from S$23.8 million as at 31 December 2011 to S$38.0 million, driven primarily by the increase in gross amount due from customers for contract work-in-progress and trade and other receivables. Total liabilities increased by S$16.0 million or 90.9% from S$17.6 million as at 31 December 2011 to S$33.6 million, attributed mainly to the increase in loans and borrowings in FY2012.

Cash Flow

The Group generated a negative net cash flow in operating activities of S$8.2 million in FY2012 arising mainly due to unbilled revenue portion of the recognised work done and an increase in gross amount due from customers for contract work-in-progress in FY2012. The Group recorded a net cash outflow from investing activities of S$0.5 million, arising mainly from the purchase of property, plant and equipment amounting to S$0.6 million and offset by proceeds from disposal of plant and equipment of S$0.1 million in FY2012.

There is a net cash inflow of S$3.7 million in financing activities, mainly due to the proceeds from loan and borrowings of S$5.4 million offset by repayment of bank loan and finance lease obligations of S$1.7 million.

As at 31 December 2012, the Group posted a positive working capital position of S$0.7 million.

We are a reputable player with a strong track record in providing main building works,

general building works as well as leasing and installation services for the building and construction industry.

Main Building Works 68%

The Group is currently undertaking two main building projects to build (i) 491 residential units at Jurong West Neighbourhood 2 and (ii) a 23-storey residential flat with a five (5) storey multi-storey car park, swimming pool, communal facilities and a sky terrace on the sixth (6th) storey at 6 Jalan Ampas both of which were awarded in FY2011 and scheduled to be completed by FY2013.

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General Building Works 30%

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R&R works involve the repainting and non-structural repair of buildings and existing structures. The Group's recently completed works include residential buildings under various town councils, and commercial buildings.

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The Group has been providing R&R works since 2004 and A&A works since 2005.

The Group has further secured three (3) new projects in R&R and A&A works amounting to S$9.6 million in FY2012.

Leasing and Installation Services 2%

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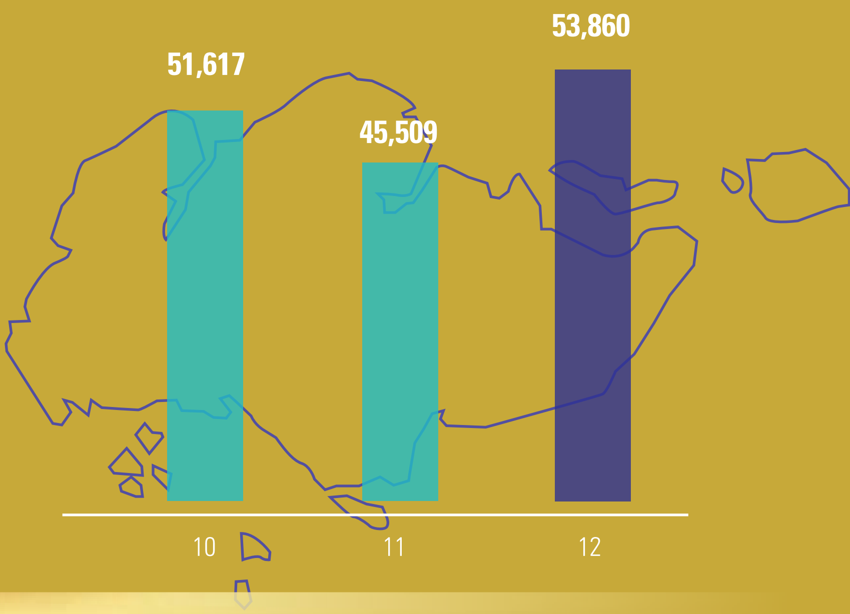
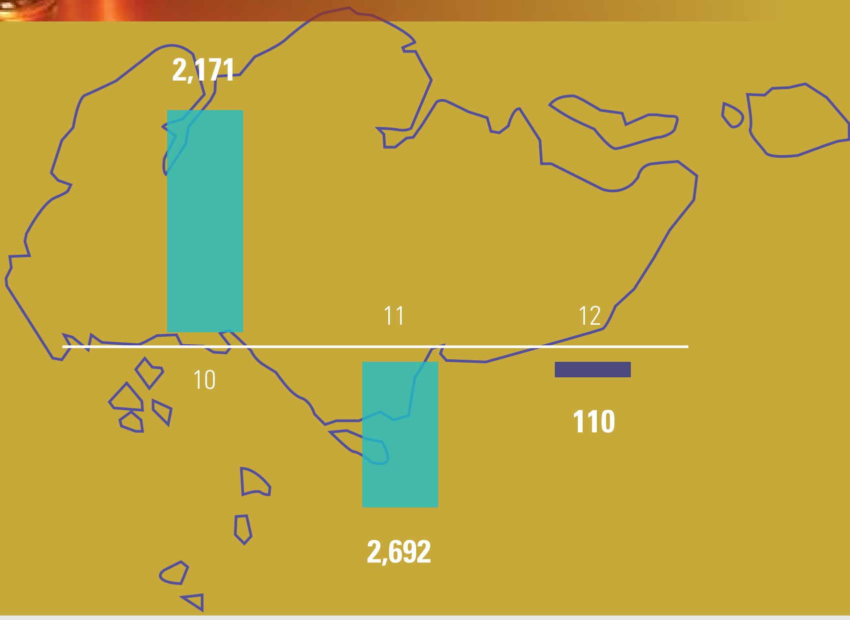
Financial Highlights

Revenue S$ ‘000



Ebitda S$ ‘000



Liew Sen Keong
Executive Chairman and Chief Executive Officer

Mr Liew Sen Keong is the Executive Chairman and Chief Executive Officer of our Group. He was appointed to the Board on 9 September 2009 and was last re-elected on 31 March 2011. As the Executive Chairman and Chief Executive Officer, he assumes overall responsibility for the Group's strategic direction, management, planning and business development. He also oversees all key aspects of our Group's operations including identifying, tendering for and securing new projects.

Mr Liew started his career with Vita Enterprise Pte. Ltd. in 1989 as a Project Manager, where he was responsible for supervising projects and managing the labour force on board vessels. In 1992, he joined CME Industries Pte. Ltd. as a Project Supervisor, where he started to gain experience in the construction industry and was tasked with project supervision. In 1996, he was promoted to General Manager of CME Industries Pte. Ltd. with overall responsibility for project and sales management. In 2000, he had a short stint with Sante Scaffolding Pte. Ltd. as a Project Director, where he had overall responsibility for project and sales management, before he set up CCM Industrial Pte. Ltd. and became its Managing Director in 2001.

As the founder of our Group, Mr Liew contributed significantly to the development and expansion of our Group over the years.

Mr Liew holds an Advanced Diploma in Engineering Management from Auston International College Australia, and a Bachelor of Engineering Management from the University of Western Sydney.

Chan Pui Yee
Executive Director

Ms Chan Pui Yee is the Executive Director (Human Resources and Administration) of our Group. She was appointed to the Board on 9 September 2009 and was last re-elected on 27 April 2012. She has more than 20 years of experience in accounting and administrative work.

Ms Chan joined our Group in June 2002 as Finance Manager and was responsible for the finance and administrative functions. In November 2006, she was appointed Executive Director (Administration and Human Resources) and currently oversees our Group's finance, human resources and administrative functions.

Prior to joining our Group, Ms Chan started her career as Accounts Assistant with Pacific International Lines (S) Pte. Ltd. from 1989 to 1991. Thereafter, she joined Calsource Shipping & Trading Pte. Ltd. as Accounts/Admin Executive in 1992. In 1996, she further advanced her career with a multi-national company ("MNC"), Krafts Foods (S) Pte. Ltd., and Stephan Machinery Singapore Pte. Ltd. in 1998 where she gained invaluable experience in corporate financial reporting in the MNC.

Ms Chan holds certificates and a Diploma in Accounting from The London Chamber of Commerce and Industry ("LCCI"). To further add value to our Group, she has participated in numerous courses related to the operation and administration of construction companies. Examples of these courses include construction law & contracts, internal quality auditor training courses for the ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007 certifications, as well as workplace safety and health management system courses.

Board of Directors

Chan Tien Chih

Executive Director

Mr Chan Tien Chih was appointed to our Board of Directors on 10 March 2010 as an Executive Director (Operations) and he was last re-elected on 31 March 2011. As Executive Director (Operations), he is responsible for overseeing the tendering, planning and budgeting for projects, leading project teams as well as monitoring work processes. He also provides assistance in the forecasting of claims and cashflows.

Mr Chan started his career with Vita Enterprise Pte. Ltd. in 1994 as a Project Coordinator, where he was responsible for coordinating work on the replacement of valves and pipes for oil tankers. From 1997 to 2002, he worked as a Senior Sales Executive with City Chain (S) Pte. Ltd.. In 2002, he joined CCM Industrial Pte. Ltd. as a Site Supervisor, where he led project teams and liaised with clients on the installation and dismantling of work platforms and gondolas. In 2004, he was promoted to the position of Project Director.

To further add value to our Group, Mr Chan has attended numerous courses related to the operation of construction companies and work safety. Examples of these courses include an internal quality auditor training course, a construction safety course for project managers, a lifting supervisor safety course, a suspended scaffold supervisors course and a building and construction safety supervisor course.

Lai Chin Yee

Lead Independent Director

Ms Lai Chin Yee was appointed on 10 March 2010 as our Lead Independent Director and she was last re-elected on 27 April 2012. She has more than 25 years of experience in auditing, taxation, finance and accounting and is currently the Finance Director of Qian Hu Corporation Limited, a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). She is also the Lead Independent Director of other companies listed on the SGX-ST, namely, China Sports International Limited and Ryobi Kiso Holdings Ltd. Prior to joining Qian Hu Corporation Limited in 2000, Ms Lai was an auditor with international public accounting firms since 1987. From December 2006 to August 2007, she was appointed by the Ministry of Finance as a Council Member of the Council on Corporate Disclosure and Governance (CCDG). She is a member of the CFO Committee of the Institute of Certified Public Accountants of Singapore ("ICPAS") from May 2009 to April 2012.

Ms Lai graduated with a Bachelor degree in Accountancy from the National University of Singapore and is a Fellow of the ICPAS. In 2009, she was named the Chief Financial Officer of the Year (for companies listed on the SGX-ST with less than $300 million in market capitalisation) at the Singapore Corporate Awards.

Aloysius Wee Meng Seng

Independent Director

Mr Aloysius Wee Meng Seng was appointed to our Board of Directors on 10 March 2010 as an Independent Director and was last re-elected on 31 March 2011. He has more than 10 years of experience in civil litigation, with an emphasis on intellectual property disputes, building and construction law, real estate transactions, landlord tenant disputes and management.

Mr Wee is currently the Managing Partner of Dacheng Central Chambers LLP, Singapore's first Singapore-China joint venture law firm. He also advises on cross-border joint ventures and transactions, as well as mergers and acquisitions, with a focus on China, India and ASEAN. In addition, he is the legal advisor to the Muscular Dystrophy Association (Singapore), The Entrepreneurs Club (Singapore), The Realm of Tranquility (a charity in Singapore) and the Dalian Shide Talent Development Football Club.

Currently, Mr Wee is also an Independent Director for Changjiang Fertilizer Holdings Limited, a company listed on the SGX-ST. In addition, he sits on the Board of Governors for Tay Leck Teck Foundation, a charitable foundation based in Singapore.

Mr Wee graduated with a Bachelor in Law & Economics (Honours) from the University of Kent. He is admitted to the Singapore Bar, as well as The Honourable Society of the Middle Temple.

Dr. Tan Eng Khiam

Independent Director

Dr. Tan Eng Khiam was appointed to our Board of Directors on 10 March 2010 as an Independent Director and was last re-elected on 31 March 2011.

Dr. Tan is currently an Associate Professor with the School of Design and Environment, National University of Singapore. He also acts as an overseas consultant to SMM Pte. Ltd., which is the facilities management arm of JURONG International (a wholly-owned subsidiary of JTC Corporation). He started his career in 1977 as a Senior Architecture and New Towns Zonal Coordinator with the Housing and Development Board. Since then, he has held several senior project planning and management positions in local and overseas organisations including Wallace Floyd & Associates, Turrini and Brink, Rashid Hussain Bhd., Rashid Hussain Property Management Sdn. Bhd. Malaysia, Putrade Property Management Sdn. Bhd., Poh Lian Holdings Ltd and GIC Real Estate Pte. Ltd..

Dr. Tan also served as an Independent Director of Greatronic Ltd, a company which was listed on the SGX-ST, from 2003 to 2004.

Dr. Tan holds a Bachelor of Architecture from the University of Singapore, a Master of Science in Architecture Studies from the Massachusetts Institute of Technology, a Master in Landscape Architecture from the Graduate School of Design in Harvard University and a Master in City Planning from the Massachusetts Institute of Technology. In 2002, he was awarded a PhD in Business and Management from the University of South Australia. Dr. Tan is a registered architect with the Singapore Board of Architects.

Executive Officers

Goh Tuck Peng

Chief Financial Officer

Mr. Goh Tuck Peng is a Certified Public Accountant ("CPA") with the Institute of Certified Public Accountants of Singapore ("ICPAS") since 2001 and joined the Group in December 2009 as its Financial Controller. He resigned on June 2011 and returned as Chief Financial Officer ("CFO") of the Company in January 2012. He is responsible for the financial and accounting matters of the Group and to ensure compliance with the financial reporting and regulatory requirements of the Group. Mr Goh has more than 17 years of experience in the area of auditing, finance and accounting. Prior to joining the Group, he was the CFO of Zhejiang Red Sun Wool Technology Ltd and the Group Finance Manager of Shanghai Asia Holdings Limited, a company listed on the SGX-ST.

Mr Goh obtained his ACCA professional qualification from the Singapore Accountancy Academy, ICPAS in 1997 and started his finance and accounting career with KPMG LLP (formerly known as KPMG Peat Marwick).

Paul Poh Yock Meng

General Manager

Mr. Paul Poh Yock Meng is the General Manager of our Group since April 2012. He is responsible for the management of contract operation, sales and marketing and project works. He is also responsible to assist the Chairman/CEO for overseeing the strategic direction of the Group. He has more than 30 years of experience in the construction industry.

Prior to joining the Group, he was a Director/Project Director of an A1 construction firm from 1979 to 2008 and General Manager in another A1 construction firm from 2008 to 2012.

Mr. Paul Poh holds a Bachelor of Science in Management from Heriot-Watt University, Diploma in Building from Singapore Polytechnic and Diploma in Management Studies from the Singapore Institute of Management.

Low Eng What

Project Director

Mr. Low Eng What is the Project Director of our Group since April 2012. He is responsible for leading the teams in project management, planning and operations of construction projects. Mr. Low has more than 26 years of experience in administration, planning and management of building construction and civil engineering projects locally and overseas. His experience spans across various sectors from academic to engineering consultancy, construction and development, holding various senior positions and providing the much needed leadership in a project team setup and operations. Prior to joining the Group, Mr. Low served as Project Manager in Evan Lim & Co. Pte Ltd from 1996 to 2004 and in Greatearth Construction Pte Ltd from 2004 to 2007, as Assistant General Manager in Kay Lim Construction & Trading Pte Ltd from 2007 to 2008, as Senior Project Manager in Keppel Land International Ltd from 2008 to 2009, Ho Lee

Executive Officers

Construction Pte Ltd from 2009 to 2011 and Kim Seng Heng Engineering Construction (Pte) Ltd from 2011 to 2012.

Mr. Low holds a Bachelor of Science in Civil Engineering and a Master of Science in Structural Engineering from South Dakota State University, U.S.A., a Master of Engineering from National University of Singapore and a Postgraduate Diploma in Construction Management from Nanyang Technological University.

Ng Chee Seng
Project Manager

Mr. Ng Chee Seng is our Project Manager. He joined the Group since 2009 and is responsible for overseeing and leading construction projects and A&A works to ensure adherence to project schedules and to resolve any issues arising on the construction sites. Mr Ng has 37 years of experience in the construction industry. Mr Ng started his career with Tan Ghim Huat Construction Pte. Ltd. as a Site Agent serving from 1975 till 1989. His other experiences prior to joining our Group include serving as Project Manager with Lian Hock Huat Construction Pte. Ltd., Wan Soon Construction Pte. Ltd., Senior Construction Manager with Tobishima Corporation and Site Manager with Chip Eng Seng Contractors (1989) Pte. Ltd.

Tan Choon Siong
Project Manager

Mr. Tan Choon Siong is our Project Manager. He joined the Group since 2007 and is responsible for the control and management of our R&R projects. Mr Tan is responsible for the implementation of quality, environment, occupational health and safety ("QEHS") regulations and education of workers on safety measures at the work site. He is also in charge of liaising and coordinating with our clients, consultants and sub-contractors, as well as the deployment of workers. Prior to joining our Company, Mr Tan held the position of a supervisor in JNT Building Services Pte. Ltd. from 2005 to 2007, where he was responsible for liaising and coordinating with clients, consultants and sub-contractors, as well as the deployment of workers. He was with SLC Construction Pte. Ltd. from 2002 to 2005, where he was responsible for coordinating with clients, preparing work schedules and the deployment of workers.

Corporate Information

Directors

Liew Sen Keong
(Appointed on 9 September 2009)

Chan Pui Yee
(Appointed on 9 September 2009)

Chan Tien Chih
(Appointed on 10 March 2010)

Lai Chin Yee
(Appointed on 10 March 2010)

Aloysius Wee Meng Seng
(Appointed on 10 March 2010)

Dr. Tan Eng Khiam
(Appointed on 10 March 2010)

Company Secretary

Gwendolyn Gn Jong Yuh
(LLB Hons)

Share Registrar

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

Registered Office

64 Woodlands Industrial Park E9
Singapore 757833
Tel: (65) 6285 6565
Fax: (65) 6286 5656
Email: admin@ccmgroup.sg

Bankers

United Overseas Bank Limited
DBS Bank Limited

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Low Bek Teng
(Since financial year ended 31 December 2011)

Sponsor

PrimePartners Corporate Finance Pte. Ltd.
20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

Corporate Governance Report

The Board of Directors (the "**Board**" or the "**Directors**") and the management (the "**Management**") of CCM Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") are strongly committed to achieving a high standard of corporate governance which is essential to the stability and sustainability of the Group's performance, protection of shareholders' interests and maximisation of long-term shareholder value.

Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**") requires an issuer to outline the corporate governance practices adopted by the Company as set out in the Code of Corporate Governance 2005 (the "**Code**").

This report describes the Company's corporate governance practices with specific reference to the Code for the financial year ended 31 December 2012 ("**FY2012**").

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The primary function of the Board is to protect shareholders' interests and enhance long-term shareholder value and returns. The Board works with the Management to achieve this and the Management remains accountable to the Board.

Besides carrying out its statutory duties and responsibilities, the Board's other roles are to:

- provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables the identification, assessment and management of risks;
- review management performance;
- set the Company's values and standards, and to ensure that obligations to the shareholders and others are met;
- approve major investment funding and major increase/decrease in a subsidiary company's capital;
- approve the nomination of Directors to the Board; and
- oversee the business conduct of the Company and assume responsibility for corporate governance.

The Board is of the view that it has taken objective decisions in the interests of the Company.

To assist the Board in the execution of its responsibilities, specialised committees of the Board, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"), have been established and delegated certain functions (collectively, the "**Board Committees**"). If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee, such delegation is disclosed. These Board Committees operate within clearly defined terms of reference and operating procedures and these terms of reference and operating procedures are reviewed on a regular basis. Further details of the scope and functions of the various committees are provided under the sections on Principles 4, 5, 7, 8 and 11 of this report.

Corporate Governance Report

The Board meets regularly with at least two (2) scheduled meetings within each financial year to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Board members are provided with complete, adequate information in a timely manner, including half-yearly management reports and all relevant information on material events and transactions, to enable them to be fully cognisant of the decisions and actions of the Group's management team. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from the Management on financial, business and corporate issues and are normally circulated in advance of each meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be briefed before the meeting. Ad-hoc meetings are convened as and when deemed necessary.

Matters which are specifically reserved for Board's approval are those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, financial results and interested person transactions of a material nature.

The Company's Articles of Association provide for Board meetings to be conducted by means of conference telephone, video-conferencing, audio visual or other electronic means of communication.

The number of Board and Board Committee meetings, and the attendance of each Director, at the meetings for **FY2012** is as follows:

	Board		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
Name of Directors	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Liew Seng Keong	2	2	2	2 ^	1	1 ^	1	1 ^
Chan Pui Yee	2	2	2	2 ^	1	1 ^	1	1 ^
Chan Tien Chih	2	2	2	2 ^	1	1 ^	1	1 ^
Lai Chin Yee	2	2	2	2	1	1	1	1
Aloysius Wee Meng Seng	2	2	2	2	1	1	1	1
Dr. Tan Eng Khiam	2	2	2	2	1	1	1	1

Note:

^ : By invitation

All Directors are provided with regular updates on changes in the relevant laws and regulations and changes in company policies, risk management and accounting standards to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Company will ensure that incoming and newly appointed Directors are given guidance and an orientation (which may include management presentations) to allow the Director to understand the Group's business operations, strategic directions and policies, corporate functions and governance practices. If necessary, on-site visits to the Group's local and overseas places of operation will be arranged. Upon appointment, they will also be provided with formal letters, setting out their duties and obligations. There has been no appointment of new Directors since the Company's listing in 2010.

In addition, continuous and on-going training programmes are made available to the Directors, including courses on Directors' duties and responsibilities as well as seminars and talks on relevant subject fields.

The Directors are conscious of the importance of the continuing education in areas such as legal and regulatory responsibilities and accounting issues, and will regularly update and refresh themselves on matters that may affect their performance as a Board, or as a Board Committee member. Accordingly, further trainings for Directors will extend to relevant new laws, regulations and changing commercial risks from time to time.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

At the date of this report, the Board comprises six (6) Directors, out of which three (3) are Independent Directors and the remaining three (3) are Executive Directors. As such, the requirement of the Code that at least one-third of the Board comprises Independent Directors is satisfied. There is a strong and independent element on the Board, capable of exercising objective judgment on corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. The Independent Directors chair all Board Committees, which play a pivotal role in supporting the Board.

To strengthen the independence of the Board, the Board has appointed Ms Lai Chin Yee as its lead independent director ("**Lead Independent Director**"). Ms Lai is also the Chairperson of the AC.

The NC reviews and determines the independence of each Director annually. The NC adopts the Code's definition of what constitutes an Independent Director in its review. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs.

The Independent Directors, namely Mr Aloysius Wee Meng Seng, Ms Lai Chin Yee and Dr. Tan Eng Khiam, have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent.

The NC is of the view that the Board has the requisite blend of expertise, skills and attributes to oversee the Company's business. Collectively, they have competencies in areas which are relevant and valuable to the Group, such as accounting, corporate finance, business development, management, sales and strategic planning. In particular, our Executive Directors have many years of experience in the industries that we operate in.

The Board considers the Board's present size adequate for effective decision-making taking into account the nature and scope of the Company's operations. As the Company's activities continue to grow, the NC will continuously review the composition and size of the Board on an annual basis to ensure that it will have the necessary competencies for effective decision-making. The current Board members collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision-making process.

The NC reviews the performance of the Group and the effectiveness of the Board's processes and activities in meeting set objectives. The NC meets at least once a year without the presence of Management.

None of the Directors are appointed for any fixed term. Each Director shall retire from office at least once every three (3) years. Directors who retire are eligible to stand for re-election.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he or she has an interest in.

Information on the interests of Directors who held office at the end of the financial year in shares and debentures and share options in the Company and in related corporations (other than the wholly-owned subsidiaries) are set out in the Directors' Report on pages 32 to 34 of this Annual Report.

PRINCIPLE 3: EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In view of Mr Liew Seng Keong being the Executive Chairman and Chief Executive Officer ("**CEO**") of the Company, Ms Lai Chin Yee has been appointed as the Lead Independent Director of the Company, pursuant to the recommendations of the Code. In accordance with the recommendations of the Code, the Lead Independent Director will be available to address the concerns of the shareholders and employees in the event that contact through the normal channels of the Executive Chairman and CEO cannot satisfactorily resolve their concerns or where such contact or communication is considered inappropriate. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence.

The Chairman and CEO's duties include:

- setting out the corporate directions of the Company;
- leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
- ensuring accurate, timely and clear information flow to Directors;
- ensuring effective shareholder communication;
- encouraging constructive relations between the Board and Management;
- facilitating effective contribution of Non-Executive Directors;
- encouraging constructive relations between Executive Directors and Non-Executive Directors; and
- promoting high standards of corporate governance.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three (3) Independent Directors, namely, Mr Aloysius Wee Meng Seng (Chairman of NC), Ms Lai Chin Yee and Dr Tan Eng Khiam.

In accordance with the definition of the Code, the Chairman of the NC is not directly associated with the substantial shareholders of the Company.

The principal functions of the NC, which are set out in the written terms of reference and undertaken by the NC during the financial year, are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;
- establishing the terms of reference for NC;
- re-nominating Directors for re-election in accordance with the Articles of Association of the Company at each annual general meeting ("**AGM**");
- determining annually, the independence of Directors;
- deciding the assessment process and implementing a set of objective performance criteria for evaluation of the Board's performance; and
- evaluating the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted.

The process for selection and appointment of new Directors, which is led by the NC, is as follows:

(a) evaluating the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with Management, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(b) where necessary, external help may be used to source for potential candidates. The Board and Management may also make suggestions;

(c) meets with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required; and

(d) make recommendations to the Board for approval.

Under the Articles of Association of the Company, at each AGM at least one-third of the Directors for the time being are required to retire from office by rotation, provided always that all Directors are required to retire at least once in three (3) years. The NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers the attendance, level of preparedness, participation and candour of such Directors.

The NC recommended to the Board that Mr Chan Tien Chih and Dr Tan Eng Khiam be nominated for re-election at the forthcoming AGM. Dr Tan Eng Khiam will, upon re-election as a Director of the Company, remain as the Chairman of the RC and a member of the AC and NC. Dr Tan Eng Khiam will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. In making the recommendation, the NC has considered the Directors' overall contribution and performance.

All directors are required to declare their board representations. The NC determines the independence of Directors annually in accordance with the guidelines set out in the Code and the declaration form completed by each Director disclosing the required information.

The NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his or her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making the determination, and is satisfied that all the Directors have been able to devote sufficient time and attention to the Company, and had adequately carried out their duties notwithstanding their multiple board representations.

Key information regarding the Directors is disclosed under the section on "Board of Directors" on pages 11 to 13 of this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has implemented a formal board evaluation process to be carried out annually to assess the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board. The objective of the annual evaluation is to identify areas for improvement and to implement appropriate action.

The areas of assessment focused on:

(a) board's conduct of meetings;

(b) board's review of corporate strategy and planning;

(c) risk management and internal control;

(d) whistle-blowing matters;

(e) measuring and monitoring performance;

(f) recruitment and evaluation;

(g) compensation for board and key executives;

(h) succession planning;

(i) financial reporting; and

(j) communication with shareholders.

The areas of assessment under the evaluation process do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

As the Company was listed in 2010, the consideration of the Company's share price performance over a five-year period is not applicable. However, the Board will review this performance criterion when relevant.

During the financial year, Directors were requested to complete a self-assessment checklist based on the above areas of assessment to assess the overall effectiveness of the Board. The results of this checklist were considered by the NC which then made recommendations to the Board, aimed at helping the Board to discharge its duties more effectively.

The NC has assessed the current Board's performance to-date, its roles and responsibilities and is of the view that the performance of the Board as a whole was satisfactory.

The NC will continue to review formal assessment processes for evaluating Board performance, as well as the contribution of individual Directors to the effectiveness of the Board. The Chairman acts on the results of the performance evaluation, and where appropriate, will propose new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC.

PRINCIPLE 6: ACCESS TO INFORMATION

To assist the Board in fulfilling its responsibilities, Board members are provided with board papers for proposals and are given regular management information prior to each Board meeting and at such other times as necessary. Information provided to the Board includes background information relating to the matters to be brought before the Board. Relevant information on material events and transactions are circulated to Directors as and when they arise. The Board also receives regular reports pertaining to the operational and financial performance of the Group.

The Board members have separate and independent access to the Management as well as the Company Secretary at all times.

The Company Secretary attends all Board and Board Committees meetings and ensures that all Board procedures are followed. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and the Catalist Rules. Minutes of the Board and various Board Committees are circulated to the Board for information. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between senior management and the independent directors, as well as facilitating orientation and assisting with professional development where required.

The Board is fully involved in and responsible for the appointment and removal of the Company Secretary.

Where the Directors, either individually or collectively, in the furtherance of their duties, require professional advice, the Management will assist them in obtaining independent professional advice, at the Company's expense.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three (3) Independent Non-Executive Directors, namely Dr Tan Eng Khiam (Chairman of the RC), Ms Lai Chin Yee and Mr Aloysius Wee Meng Seng.

The RC recommends to the Board a framework of remuneration for the Directors and Management and determines specific remuneration packages and terms of employment for each Executive Director and the Management. The Company sets out remuneration packages that are able to attract, retain and motivate employees without being excessive, thereby maximising shareholders' value.

The RC's recommendations in respect of the Directors' remunerations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind are covered by the RC.

Each member of the RC will abstain from voting and discussion on any resolutions in respect of his or her own remuneration package.

If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration matters. The expenses of such services shall be borne by the Company.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise.

The Company adopts a remuneration policy for staff comprising a fixed and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus which is linked to individual's performance which is assessed based on their respective key performance indicators allocated to them. Staff appraisals are conducted once a year.

The Executive Directors do not receive Directors' fees. The performance-related elements of remuneration are designed to align interests of Executive Directors with those of the shareholders and link rewards to the Group's financial performance.

The service agreements of the Executive Directors do not contain onerous renewal clauses and may be terminated by giving six (6) months' prior written notice or an amount equal to six (6) months' salary in lieu of such notice.

Under the service agreements, each of the Executive Directors and one of the key executives will be paid an incentive bonus based on the profit before taxation of the Group, when it exceeds S$5,000,000 for the financial year.

Independent and Non-Executive Directors are paid Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and the responsibilities of the Directors. Such fees are pro-rated if the Directors serve for less than one (1) year on the Board. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at each AGM of the Company.

The Company has no long-term incentive schemes such as offer of shares or granting of options in place as it considers that it is not cost effective to administer such schemes currently.

In setting remuneration packages, the Company considers the remuneration and employment conditions within the industry. If required, the Company will engage professional advice to provide guidance on remuneration matters.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

A breakdown showing the level and mix of the remuneration of the Directors and Key Executives during FY2012 is as follows:

		Salary %	Variable Bonus %	Director's Fees %	Total %
(a)	**Directors** **Above S$250,000 but below S$500,000**				
	Liew Sen Keong	100	–	–	100
	Below S$250,000				
	Chan Pui Yee	100	–	–	100
	Chan Tien Chih	100	–	–	100
	Lai Chin Yee	–	–	100	100
	Aloysius Wee Meng Seng	–	–	100	100
	Dr. Tan Eng Khiam	–	–	100	100
(b)	**Key Executives** **Below S$250,000**				
	Goh Tuck Peng	100	–	–	100
	Poh Yock Meng	100	–	–	100
	Low Eng What	100	–	–	100
	Teo Wee Khoon*	100	–	–	100
	Tan Choon Siong	100	–	–	100
	Ng Chee Seng	100	–	–	100

* Teo Wee Khoon has left and ceased to be a key executive of the Company with effect from 2 March 2013.

The Company does not have any employee who is an immediate family member of any Director or the CEO whose remuneration exceeded $150,000 during FY2012.

The Company does not have any employee share options scheme or performance share plans in place.

Corporate Governance Report

PRINCIPLE 10: ACCOUNTABILITY

The Board is responsible for presenting to shareholders a balanced and clear assessment of the Company's performance, position and prospects.

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the interests of the Company.

Financial reports and other price sensitive information, press releases and presentations made are disseminated to shareholders through SGXNET on a timely basis. The Company's annual report is sent to all shareholders and is accessible at the Company's website.

Management provides the Board with management accounts on a half yearly basis or as and when required, that keep the Board informed of the Group's performance, position and prospects. The management accounts consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit with variance analyses.

PRINCIPLE 11: AUDIT COMMITTEE

The AC comprises three (3) Independent Non-Executive Directors, namely Ms Lai Chin Yee (Chairperson of the AC), Dr Tan Eng Khiam and Mr Aloysius Wee Meng Seng.

All members of the AC have extensive management and financial experience. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibilities in the AC.

The AC has full access to, and cooperation from the Management, and has full discretion to invite any Director, executive officer or other persons to attend its meetings. It may require any such Director, officer or other person in attendance to leave the proceedings (temporarily or otherwise) to facilitate open discussion.

The duties and responsibilities of the AC are contained in a written terms of reference, which mainly assists the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management. Under the terms of reference of the AC, the AC performed the following main functions:

- recommending to the Board, the appointment or re-appointment of the external auditors and approving the remuneration and terms of engagement of external auditors;
- reviewing the scope, changes, results and cost effectiveness of the external and internal audit plan and process;
- reviewing the Group's half-year and full year financial statements and related notes and announcements relating thereto; accounting principles adopted, and the external auditors' reports prior to recommending to the Board for approval;
- reviewing and evaluating, having regard to input from external and internal auditors, the adequacy of the system of internal controls and compliance functions, which include internal financial controls, operational and compliance controls and risk management policies and systems;

- reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;
- reviewing any significant financial reporting issues and judgements and estimates made by Management, so as to ensure the integrity of the financial statements of the Company;
- reviewing any effectiveness of the Company's internal audit functions; and
- reviewing the interested person transactions falling within the scope of Chapter 9 of the Catalist Rules reported by the Management to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of shareholders.

The AC also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The AC has met with the external auditors and internal auditors without the presence of Management in February 2013.

The AC has reasonable resources to enable it to discharge its functions properly.

The AC will review the independence of the external auditors annually. There is no non-audit service provided by the external auditors, Ernst & Young LLP in FY2012. The AC has recommended that Ernst & Young LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM.

The Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

Details of the activities of the AC are also provided under Principles 12 and 13 of this Report.

Whistle-blowing policy

The Company has put in place a whistle-blowing policy. The policy is intended to conform to the guidance set out in the Code which encourages employees to raise concerns, in confidence, about possible irregularities to Ms Lai Chin Yee, Chairperson of the whistle-blowing committee. It aims to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith within the limits of the law.

The whistle-blowing committee, which comprises Ms Lai Chin Yee, Mr Liew Sen Keong and Ms Chan Pui Yee reports to the AC. The AC oversees the administration of the policy. Periodic reports will be submitted to the AC stating the number and the complaints received, the results of the investigations, follow up actions and the unresolved complaints.

PRINCIPLE 12: INTERNAL CONTROLS

The Board is committed to maintaining a robust and effective system of internal controls to safeguard shareholders' investments and the Group's assets. The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Board recognises the benefit of an internal audit function and has appointed BDO Consultants Pte Ltd ("**BDO**") as its internal auditor to conduct the internal audit review for FY2012. The internal auditor reports directly to the Chairman of the AC on all internal audit matters.

The AC reviews on an annual basis the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the Management. The system of internal controls and risk management established by the Company are designed to manage, rather than eliminate the risk of failure in achieving the Company's strategic objectives. Management is involved in regular reviews of the risks that are significant to the fulfilment of the objectives of the business. However, it should be recognised that such systems are designed to provide reasonable assurance, but not an absolute guarantee against material misstatement or loss.

During the financial year, the Group's external and internal auditors had conducted an annual review of the effectiveness of the Group's internal controls. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management and various Board Committees, the Board, with the concurrence of the AC, is of the opinion that, the Group's internal controls, addressing financial, operational and compliance risks were adequate as at 31 December 2012.

PRINCIPLE 13: INTERNAL AUDIT

The internal audit function is currently outsourced to BDO, which reports directly to the AC on audit matters and the Executive Chairman and CEO on administrative matters. BDO has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit plans are approved by the AC, with the outcome of the internal audit presented to and reviewed by the Management, AC and the Board.

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of BDO's internal audit plan and their evaluation of the system of internal controls, the AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

The annual conduct of audit by the internal auditor assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

We believe in regular and timely communication with shareholders as part of our organisation's development to build systems and procedures that will enable us to operate transparently.

In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis, all material developments that impact the Group.

Communication with shareholders is managed by the Board.

All announcements are released via SGXNET including the half-year and full-year financial results, distribution of notices, press release, analyst briefings, presentations, announcements on acquisitions and other major developments. The Company does not practice selective disclosure and price sensitive information to its shareholders is publicly released on an immediate basis where required under the Catalist Rules. In addition, all shareholders will receive the Annual Report together with the Notice of AGM, which is also accessible through SGXNET. In the event that inadvertent disclosure is made to a selected group, the Company will make the same disclosure publicly to all shareholders as soon as practicable.

PRINCIPLE 15: SHAREHOLDER PARTICIPATION

The Board supports the Code's principle to encourage shareholder participation at AGMs and to allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Board encourages shareholders to attend the AGMs to ensure a greater level of shareholders' participation and to meet with the Board and key management staff so as to stay informed of the Company's developments. All shareholders of the Company receive the Notice of AGM. The notice is also advertised in the newspapers and made available at the SGX-ST's website. At the AGM, shareholders will be given opportunities to raise issues and direct questions regarding the Group to the Directors or the Management. The Directors, including the Chairpersons of each of the Board Committees, the Management, as well as the Company's external auditors will be present at the AGM to address shareholders' queries.

Shareholders can vote in person or appoint not more than two proxies to attend and vote on their behalf. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company practises having separate resolutions at general meetings on each substantially separate issue.

The Company will make available minutes of general meetings to shareholders upon their request.

Corporate Governance Report

RISK MANAGEMENT

The Management oversees the Company's risk management policies and processes and reports to the Board on areas of significant risk to the Company's operations. In addressing and managing the risks faced by the Company, the Management is also supported by the AC, the NC and the RC.

The Company seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant mattes to the Board and the AC.

MATERIAL CONTRACTS

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman and CEO or any Directors or controlling shareholders which are either still subsisting as at the end of FY2012 or if not then subsisting, entered into since the end of the previous financial year.

DEALING IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by Directors and executives of the Company.

The Company has adopted an internal compliance code to guide and advise Directors and all executives of the Company with regard to dealing in the Company's securities. The Directors and executives shall not deal in the Company's shares on short-term considerations or if they are in possession of price sensitive information and during the period commencing one (1) month prior to each announcement of half-year and full-year financial results by the Company and ending on the date of the announcement of the results. Directors and executives are also expected to observe insider-trading laws all times even when dealing in securities within permitted trading periods.

NON-SPONSOR FEE

There was no non-sponsor fee paid to the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2012.

AUDIT AND NON-AUDIT FEES

The aggregate amount of fees paid to the external auditors of the Company, broken down into audit and non-audit services during FY2012 are as followed:

Audit fees	:	S$66,000
Non-audit fees	:	S$ Nil

TREASURY SHARES

There were no treasury shares at the end of the financial year ended 31 December 2012.

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 that these transactions are conducted at arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions entered into during FY2012, pursuant to Rule 907 of the Catalist Rules.

The Group does not have a general mandate for recurring interested person transactions.

UPDATE ON USE OF IPO PROCEEDS

Purpose	Amount allocated S$'000	Amount used as at 31 December 2012 S$'000	Amount Unutilised as at 31 December 2012 S$'000
Purchase of new equipment and machinery	800	(800)	–
Exploration of strategic alliances and/or joint ventures to manufacture access equipment for sale and distribution and/or internal use	500	(161)	339
Expansion of business into the Asia-Pacific region	500	(500)	–
Obtaining a higher financial grading for building development	800	(800)	–
Exploring opportunities in mergers and acquisitions, joint ventures and strategic alliances	500	–	500
Working Capital	597	*(597)	–
	3,697	(2,858)	839

Note:

* Amount for working capital purposes has been utilised for the payment of operating expenses.

The above utilisation is in accordance with the intended use of the IPO proceeds as stated in the Offer Document dated 25 June 2010.

Directors' report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of CCM Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2012.

Directors

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

Liew Sen Keong
Chan Pui Yee
Chan Tien Chih
Lai Chin Yee
Aloysius Wee Meng Seng
Dr. Tan Eng Khiam

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares or 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 and related corporations as stated below:

	Direct interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company		
Liew Sen Keong	47,200,000	42,700,000
Chan Pui Yee	5,900,000	5,900,000
Chan Tien Chih	5,900,000	5,900,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2013.

By virtue of Section 7 of the Companies Act, Liew Sen Keong is deemed to be interested in the shares held by the Company in its subsidiaries.

Liew Sen Keong is the husband of Chan Pui Yee. As both Liew Sen Keong and Chan Pui Yee are directors, by virtue of Section 164 (15)(a) of the Companies Act, they are not deemed to be interested in the shares held by the other.

Directors' interests in shares or debentures (cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, 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 period, 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.

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 31 December 2012, there are no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Audit committee

The Audit Committee comprises the following members, who are all non-executive and Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

Lai Chin Yee (Chairperson)
Aloysius Wee Meng Seng
Dr. Tan Eng Khiam

The Audit Committee performs the functions specified in Section 201B (5) of the Act. In performing those functions, the Audit Committee reviewed the audit plans and the overall scope of examination by the external auditors of the Group and of the Company. The Audit Committee also reviewed the independence of the external auditors of the Company and the nature and extent of the non-audit services provided by the external auditors.

The Audit Committee also reviewed the assistance provided by the Company's officers to the external auditors and the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as well as the Independent Auditors' Report thereon prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual – Rules of Catalist of the Singapore Exchange Securities Trading Limited.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Ernst & Young LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors prior to recommending their recommendation.

Directors' report

Auditor

In appointing the auditing firms for the Company and its subsidiaries, the Directors have complied with Listing Rules 712 and 715.

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Liew Sen Keong
Director

Chan Pui Yee
Director

Singapore
26 March 2013

Statement by Directors

We, Liew Sen Keong and Chan Pui Yee, being two of the directors of CCM Group Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results of the business, 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:

Liew Sen Keong
Director

Chan Pui Yee
Director

Singapore
26 March 2013

Independent Auditor's Report

To the Members of CCM Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of CCM Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 82, which comprise the balance sheets of the Group and the Company as at 31 December 2012, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's 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 about 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 of the Company as at 31 December 2012 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.

Independent Auditor's Report

To the Members of CCM Group Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries 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

26 March 2013

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2012

(Amounts in Singapore dollars)

	Note	2012 $	2011 $
Revenue	5	53,860,195	45,509,148
Cost of sales		(48,466,752)	(43,958,606)
Gross profit		5,393,443	1,550,542
Other items of income			
Finance income	7	9,458	10,031
Other income/(expense)	6	116,209	42,548
Other items of expense			
Marketing expenses		(172,050)	(154,802)
Administrative expenses		(6,800,362)	(5,212,251)
Finance costs	7	(414,611)	(188,369)
Loss before tax	8	(1,867,913)	(3,952,301)
Income tax (expense)/credit	10	(235)	179,136
Loss net of tax, representing total comprehensive income for the year attributable to owners of the Company		(1,868,148)	(3,773,165)
Loss per ordinary share (cents per share)			
- Basic and diluted	25	(2.03)	(4.09)

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

Balance Sheets

As at 31 December 2012
(Amounts in Singapore dollars)

	Note	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Assets					
Non-current assets					
Property, plant and equipment	11	5,255,881	6,053,324	–	–
Investment in subsidiaries	12	–	–	14,740,603	14,769,162
		5,255,881	6,053,324	14,740,603	14,769,162
Current assets					
Gross amount due from customers for contract work-in-progress	13	12,206,406	7,225,327	–	–
Trade and other receivables	14	17,520,431	6,883,615	87,271	140,170
Prepaid operating expenses		576,476	175,653	600	7,950
Bank deposits pledged	15	2,319,806	2,310,366	1,310,758	1,306,277
Cash and short-term deposits	15	96,574	1,153,405	61,574	336,697
		32,719,693	17,748,366	1,460,203	1,791,094
Total assets		37,975,574	23,801,690	16,200,806	16,560,256
Equity and liabilities					
Current liabilities					
Trade and other payables	16	20,756,089	12,817,320	7,514,325	5,696,796
Accrued operating expenses		982,009	501,458	131,136	151,875
Loans and borrowings	17	10,283,198	1,806,498	169,747	157,423
Income tax payable		–	13,110	–	–
		32,021,296	15,138,386	7,815,208	6,006,094
Net current assets/(liabilities)		698,397	2,609,980	(6,355,005)	(4,215,000)
Non-current liabilities					
Loans and borrowings	17	1,597,572	2,438,450	135,399	305,146
		1,597,572	2,438,450	135,399	305,146
Total liabilities		33,618,868	17,576,836	7,950,607	6,311,240
Net assets		4,356,706	6,224,854	8,250,199	10,249,016
Equity attributable to owners of the Company					
Share capital	18	9,564,592	9,564,592	9,564,592	9,564,592
Merger reserves		(2,569,162)	(2,569,162)	–	–
Retained earnings		(2,638,724)	(770,576)	(1,314,393)	684,424
Total equity		4,356,706	6,224,854	8,250,199	10,249,016
Total equity and liabilities		37,975,574	23,801,690	16,200,806	16,560,256

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

Statements of Changes in Equity

For the financial year ended 31 December 2012

(Amounts in Singapore dollars)

	Attributable to owners of the Company			
	Share capital (Note 18)	**Retained earnings**	**Merger reserves**	**Equity total**
	$	$	$	$
Group				
2012				
Opening balance at 1 January 2012	9,564,592	(770,576)	(2,569,162)	6,224,854
Loss net of tax, representing total comprehensive income for the year	–	(1,868,148)	–	(1,868,148)
Closing balance at 31 December 2012	9,564,592	(2,638,724)	(2,569,162)	4,356,706
2011				
Opening balance at 1 January 2011	9,564,592	3,002,589	(2,569,162)	9,998,019
Loss net of tax, representing total comprehensive income for the year	–	(3,773,165)	–	(3,773,165)
Closing balance at 31 December 2011	9,564,592	(770,576)	(2,569,162)	6,224,854

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

Statements of Changes in Equity

For the financial year ended 31 December 2012

(Amounts in Singapore dollars)

	Share capital (Note 18) $	Retained earnings $	Equity total $
Company			
2012			
Opening balance at 1 January 2012	9,564,592	684,424	10,249,016
Loss net of tax, representing total comprehensive income for the year	–	(1,998,817)	(1,998,817)
Closing balance at 31 December 2012	9,564,592	(1,314,393)	8,250,199
2011			
Opening balance at 1 January 2011	9,564,592	(1,820,292)	7,744,300
Profit net of tax, representing total comprehensive income for the year	–	2,504,716	2,504,716
Closing balance at 31 December 2011	9,564,592	684,424	10,249,016

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2012
(Amounts in Singapore dollars)

	Note	2012 $	2011 $
Operating activities			
Loss before tax		(1,867,913)	(3,952,301)
Adjustments for:			
Depreciation of property, plant and equipment		1,343,349	1,072,126
Gain on disposal of property, plant and equipment		(20,584)	(12,590)
Write-off of gross amount due from customer for contract work-in-progress		621,390	–
Write-off of doubtful receivables		117,519	232,112
Impairment losses on gross amount due from customer for contract work-in-progress		642,499	–
Finance costs		414,611	188,369
Finance income		(9,458)	(10,031)
Total adjustments		3,109,326	1,469,986
Operating cash flows before changes in working capital		1,241,413	(2,482,315)
Changes in working capital:			
Increase in trade and other receivables		(11,375,727)	(821,904)
Increase in prepaid operating expenses		(400,823)	(126,640)
(Increase)/decrease in gross amount due from customers for contract work-in-progress		(5,623,578)	1,498,570
Increase in trade and other payables		7,938,769	4,510,707
Increase/(decrease) in other liabilities		480,551	(143,521)
Total changes in working capital		(8,980,808)	4,917,212
Cash flows (used in)/generated from operations		(7,739,395)	2,434,897
Interest received		9,458	10,031
Interest paid		(414,611)	(188,369)
Income tax paid		(13,345)	(474,384)
Net cash flows (used in)/generated from operating activities		(8,157,893)	1,782,175
Investing activities			
Purchase of property, plant and equipment	11	(625,295)	(1,689,965)
Proceeds from disposal of property, plant and equipment		86,870	113,000
Net cash flows used in investing activities		(538,425)	(1,576,965)
Financing activities			
Proceeds from loans and borrowings		5,428,856	2,676,000
Increase in bank deposits pledged		(9,440)	(1,010,366)
Repayments of loans and borrowings		(999,108)	(1,548,610)
Repayments of obligations under finance leases		(683,024)	(967,137)
Net cash flows generated from/(used in) financing activities		3,737,284	(850,113)
Net decrease in cash and cash equivalents		(4,959,034)	(644,903)
Cash and cash equivalents at 1 January		1,038,377	1,683,280
Cash and cash equivalents at 31 December	15	(3,920,657)	1,038,377

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

1. Corporate information

CCM Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 64, Woodlands Industrial Park E9, Singapore 757833.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 12.

2. Fundamental accounting concept

The Group incurred a net loss of $1,868,148 (2011: $3,773,165) and recorded net decrease in cash and cash equivalents of $4,959,034 (2011: $644,903) during the financial year ended 31 December 2012. However, as at 31 December 2012, the Group has net assets and net current assets of $4,356,706 (2011: $6,224,854) and $698,397 (2011: $2,609,980) respectively.

The ability of the Group to continue as a going concern is dependent on the continued support from the bankers in continuing to provide financing to the Group and the ability of the Group to generate sufficient cash flows from operations. The Directors are of the view that the Group has sufficient stand-by credit facilities to meet its working capital requirements and will continue to enjoy the support of its bankers.

Based on the Board's assessment of the cash flow projections for the Group for the next twelve months, the Board believes that the Group will be able to pay its debts as and when they fall due. Accordingly, the going concern basis of preparation remains appropriate for these financial statements.

3. Summary of significant accounting policies

3.1 *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").

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 $).

3.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2012

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

3.3 ***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**
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013
Amendments to FRS 107 Financial Instruments: *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	1 January 2013
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
– Amendment to FRS 34 *Interim Financial Reporting*	1 January 2013
– Amendment to FRS 101 *First-time Adoption of International Financial Reporting Standards*	1 January 2013
Amendments to FRS 101 *Government Loans*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 110, FRS 111 and FRS 112 *Amendments to the Transition Guidance of FRS 110 Consolidated Financial Statements, FRS111 Joint Arrangements and FRS 112 Disclosure of Interest in Other Entities*	1 January 2014

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

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

3.4 ***Basis of consolidation and business combinations***

(A) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are 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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
– de-recognises the carrying amount of any non-controlling interest;
– de-recognises the cumulative translation differences recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss; and
– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(B) *Business combinations*

<u>Business combinations from 1 January 2010</u>

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Notes to the Financial Statements

For the financial year ended 31 December 2012

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

3.4 *Basis of consolidation and business combinations (cont'd)*

(B) *Business combinations (cont'd)*

Business combinations from 1 January 2010 (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

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

3.5 ***Functional and foreign currency***

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Company and its subsidiaries and are recorded on initial recognition in SGD at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. 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 end of the reporting period are recognised in profit or loss.

3.6 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 3.15. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Years
Access equipment systems	7
Yard equipment	5
Motor vehicles	10
Furniture and fittings	5
Office equipment	3-5
Plant equipment	10
Dormitory	6

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

3.6 ***Property, plant and equipment (cont'd)***

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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 on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

3.7 ***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 assessment 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. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. 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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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

3.8 *Subsidiaries*

A subsidiary 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, investment in subsidiaries are accounted for at cost less impairment losses.

3.9 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

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.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Notes to the Financial Statements

For the financial year ended 31 December 2012

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

3.10 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

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 profit or loss.

3.11 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand 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. These also include bank overdrafts that form an integral part of the Group's cash management.

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

3.12 ***Construction contracts***

The Group principally enters into fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, the stage of completion is determined by reference to professional surveys of work performed.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any 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 costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

– Separate proposals have been submitted for each asset
– Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset
– The costs and revenues of each asset can be identified

A group of contracts are treated as a single construction contract when:

– The group of contracts are negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin
– The contracts are performed concurrently or in a continuous sequence

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

3.13 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.15 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that 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 incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

3.16 ***Employee benefits***

Defined contribution plans

The Group makes contribution to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution schemes are recognised as an expense in the period in which the related service is performed.

3.17 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

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 profit and loss. 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.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.18(b). Contingent rents are recognised as revenue in the period in which they are earned.

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

3.18 *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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Construction contract income*

Revenue from construction contracts is recognised by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to professional surveys of work performed. Please refer to Note 3.12 to the financial statements for more details.

(b) *Rental income*

Rental income arising on access equipment systems is accounted for on a straight-line basis over the lease terms.

(c) *Rendering of services*

Revenue arising from installation of equipments is determined by reference to labour hours incurred.

3.19 *Taxes*

(a) *Current income tax*

Current income 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

3.19 *Taxes (cont'd)*

(b) *Deferred tax*

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

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

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

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductiable temporary diffences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary differnece 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 not taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

For the financial year ended 31 December 2012

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

3.19 ***Taxes (cont'd)***

(c) *Sales tax*

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

– Where the sales tax incurred on 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.

3.20 ***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 Group 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 25, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.21 ***Share capital and share issuance 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.

3.22 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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

3.23 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies :

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

4. Significant accounting judgments and estimates (cont'd)

4.1 ***Judgments made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Income taxes*

The Group has exposure to income taxes in Singapore. Significant judgment is involved in determining the 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 current tax payable and deferred tax liabilities as at 31 December 2012 are $Nil (2011: $13,110) and $Nil (2011: $Nil) respectively.

(b) *Capitalisation of contract costs*

Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. However, costs that relate directly to a contract and which are incurred in securing the contract are also included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

During the financial year ended 31 December 2012, the Company capitalised approximately $12,000 (2011: $609,000) as deferred contract costs in relation to cost incurred in the course of securing construction contracts. However, the Company has written off the deferred contract costs been capitalised approximately $621,000 during the financial year. In making this judgment, the Group evaluates the probability of securing the contract.

(c) *Contingent liabilities*

The Group has exposure to legal claims with third parties. Significant judgment is involved in determining the probability of an outflow of resources embodying economic benefits and the amount required to settle the obligation.

Contingent liabilities arising from legal claims are disclosed in Note 26.

4.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4. Significant accounting judgments and estimates (cont'd)

4.2 ***Key sources of estimation uncertainty (cont'd)***

(a) *Useful lives of property, plant and equipment*

All items of property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of these assets of the Group at the end of each reporting period is disclosed in Note 11 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4% (2011: 1%) variance in the Group's loss for the year.

(b) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period 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.

When 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 Group's loans and receivables at the end of the reporting period is disclosed in Note 14.

(c) *Construction contracts*

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method depending on whether the outcome of the contract can be measured reliably. The stage of completion is measured by reference to professional surveys of work performed. Estimation is required in determining the estimated total contract revenue and estimated total contract cost, as well as the recoverability of the contract cost incurred.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgment, the Group relies on past experience and/or the work of relevant professionals.

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation on construction and material costs as well as its past experience.

The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in Note 13.

Notes to the Financial Statements

For the financial year ended 31 December 2012

5. Revenue

	Group 2012 $	Group 2011 $
Revenue from construction contracts	52,557,408	44,550,558
Revenue from rental of access equipment systems	1,302,787	958,590
	53,860,195	45,509,148

6. Other income/(expense)

	Group 2012 $	Group 2011 $
Project management income	–	18,280
Gain on disposal of property, plant and equipment	20,584	12,590
Foreign exchange (loss)/gain	(4,031)	5,539
Refund of tender submission fee	44,400	–
Rebate from tax authority	22,000	–
Insurance compensation	11,800	–
Others	21,456	6,139
	116,209	42,548

7. Finance income and costs

	Group 2012 $	Group 2011 $
Financial income:		
Interest income from bank balance	9,458	10,031
Financial costs:		
Interest expense on:		
- Bank overdraft	264,471	75,201
- Obligations under finance leases	47,679	77,286
- Bank loans	102,461	35,882
	414,611	188,369

8. Loss before tax

The following items have been included in arriving at loss before tax:

	Note	Group 2012 $	Group 2011 $
Audit fees paid to auditors of the Group			
– Audit services		66,000	66,000
– Audit-related services		–	5,000
Depreciation of property, plant and equipment		1,343,349	1,072,126
Employee benefits *	9	5,402,872	4,071,320
Operating lease expense		210,508	186,324
Impairment loss on gross amount due from customer for contract work-in-progress		642,499	–
Write-off of gross amount due from customer for contract work-in-progress		621,391	–
Write-off of doubtful receivables		117,518	232,112

* Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 19(b) to the financial statements.

9. Employee benefits

	Group 2012 $	Group 2011 $
Salaries, wages and bonuses	4,994,005	3,774,083
Central Provident Fund contributions	408,867	297,237
	5,402,872	4,071,320

Notes to the Financial Statements

For the financial year ended 31 December 2012

10. Income tax

Major components of income tax credit

The major components of income tax expenses/(credit) for the financial years ended 31 December 2012 and 2011 are:

	Group 2012 $	Group 2011 $
Consolidated statement of comprehensive income:		
Current income tax		
- Under provision in respect of previous years	235	14,974
Deferred income tax		
- Origination and reversal of temporary differences	–	(194,110)
Income tax expense/(credit) recognised in profit or loss	235	(179,136)

Relationship between tax expense/(credit) and accounting loss

A reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group 2012 $	Group 2011 $
Loss before tax	(1,867,913)	(3,952,301)
Tax at the applicable domestic tax rate of 17%	(317,545)	(671,891)
Adjustments:		
- Non-deductible expenses	316,836	280,888
- Expenses disallowed	195,254	1,195
- Income not subject to taxation	(3,499)	(2,140)
- Effect of partial tax exemption	–	(645)
- Under provision in respect of previous years	235	14,974
- Deferred tax assets not recognised	–	198,233
- Benefits from previously unrecognised tax losses	(183,885)	–
- Others	(7,161)	250
Income tax expense/(credit) recognised in profit or loss	235	(179,136)

10. Income tax (cont'd)

The tax effect of the nature of expenses that are not deductible for income tax purpose are as follows:

	Group	
	2012	**2011**
	$	$
Non-statutory expenses	143,310	170,058
Depreciation expenses for non-qualifying assets	41,887	41,400
Bad debts expenses	109,225	39,459
Private car expenses	16,182	20,997
Others	6,232	8,974
	316,836	280,888

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $84,000 (2011: $1,166,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation in Singapore.

Notes to the Financial Statements

For the financial year ended 31 December 2012

11. Property, plant and equipment

Group	Motor vehicles	Furniture and fittings	Office equipment	Yard equipment	Access equipment systems	Plant equipment	Dormitory	Total
	$	$	$	$	$	$	$	$
Cost								
At 1 January 2011	1,903,687	70,787	232,543	214,729	3,306,761	–	264,603	5,993,110
Additions	74,450	11,010	193,757	403,810	–	2,333,164	845,974	3,862,165
Disposals	(168,367)	–	–	–	–	–	–	(168,367)
At 31 December 2011 and 1 January 2012	1,809,770	81,797	426,300	618,539	3,306,761	2,333,164	1,110,577	9,686,908
Additions	10,980	–	41,455	331,295	–	238,960	2,605	625,295
Disposals	(115,796)	–	–	–	–	(44,400)	–	(160,196)
At 31 December 2012	1,704,954	81,797	467,755	949,834	3,306,761	2,527,724	1,113,182	10,152,007
Accumulated depreciation								
At 1 January 2011	567,435	61,476	56,777	154,109	1,789,618	–	–	2,629,415
Depreciation charge for the year	180,213	6,983	104,300	102,596	463,618	32,448	181,968	1,072,126
Disposals	(67,957)	–	–	–	–	–	–	(67,957)
At 31 December 2011 and 1 January 2012	679,691	68,459	161,077	256,705	2,253,236	32,448	181,968	3,633,584
Depreciation charge for the year	172,839	4,643	116,747	135,575	454,339	273,967	185,239	1,343,349
Disposals	(68,227)	–	–	–	–	(12,580)	–	(80,807)
At 31 December 2012	784,303	73,102	277,824	392,280	2,707,575	293,835	367,207	4,896,126
Net carrying amount								
At 31 December 2011	1,130,079	13,338	265,223	361,834	1,053,525	2,300,716	928,609	6,053,324
At 31 December 2012	920,651	8,695	189,931	557,554	599,186	2,233,889	745,975	5,255,881

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

Assets held under finance lease

(a) During the financial years ended 31 December 2012 and 2011, the cash outflows on purchase of plant and equipment were as follows:

	Group	
	2012	**2011**
	$	$
Aggregate cost of plant and equipment acquired	625,295	3,862,165
Less: Acquired by means of finance lease	–	(2,172,200)
Cash outflow on acquisition of plant and equipment	625,295	1,689,965

(b) As at 31 December 2012 and 2011, the carrying amount of plant and equipment held under finance leases were as follows:

	Group	
	2012	**2011**
	$	$
Motor vehicles	903,519	1,127,924
Plant equipment	1,890,000	2,100,000
	2,793,519	3,227,924

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

12. Investment in subsidiaries

	Company	
	2012	**2011**
	$	$
Unquoted equity shares, at cost	14,769,162	14,769,162
Issuance of shares for acquisition of subsidiary	1,000,000	–
Impairment losses	(1,028,559)	–
	14,740,603	14,769,162

Notes to the Financial Statements

For the financial year ended 31 December 2012

12. Investment in subsidiaries (cont'd)

The Company had the following subsidiaries as at 31 December:

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2012	**2011**
Held by the Company				
CCM Industrial Pte. Ltd. ^	Singapore	Supply and installation of access equipment systems as well as general building works for residential and commercial buildings	100	100
CCM Development Pte. Ltd. ^	Singapore	Investment holding for the Group's overseas development projects	100	100
CCM Manufacturing Pte. Ltd. ^	Singapore	Manufacturing and distribution of access equipment system	100	100

^ Audited by Ernst & Young LLP, Singapore

Impairment testing of investment in subsidiaries

During the last financial year, management performed an impairment test for the investment in CCM Development Pte. Ltd. and CCM Manufacturing Pte. Ltd. as these subsidiaries had been persistently making losses. An impairment losses of $1,028,559 (2011:$Nil) was recognised for the year ended 31 December 2012 to write down to its expected recoverable amount.

13. Gross amount due from customers for contract work-in-progress

	Group	
	2012	**2011**
	$	$
Aggregate contract costs incurred and recognised profits (less recognised losses) to-date	157,426,104	118,856,534
Less: Progress billings	(145,219,698)	(111,631,207)
	12,206,406	7,225,327
Presented as:		
Gross amount due from customers for contract work	12,206,406	7,225,327
Retention sums on construction contract included in trade receivables	1,722,728	1,675,411

14. Trade and other receivables

	Note	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Trade and other receivables (current)					
Trade receivables		15,170,274	4,588,260	–	–
Other receivables		1,348,497	1,615,123	2,630	3,765
Refundable deposits		1,001,660	680,232	–	–
Amount due from a subsidiary (non-trade)		–	–	84,641	136,405
Total trade and other receivables		17,520,431	6,883,615	87,271	140,170
Add: Cash and short-term deposits	15	2,416,380	3,463,771	1,372,332	1,642,974
Total loans and receivables		19,936,811	10,347,386	1,459,603	1,783,144

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables

Other receivables mainly relate to advances made for material and labour costs to the Group's sub-contractors.

Refundable deposits

Refundable deposits mainly relate to non-interest bearing cash collateral placed with insurers for the Group's performance bonds.

Amount due from a subsidiary

Amount due from a subsidiary is non-trade related, unsecured, non-interesting bearing, repayable on demand and are to be settled in cash.

14. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $552,743 (2011: $1,192,162) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2012	**2011**
	$	$
Trade receivables past due but not impaired:		
Lesser than 30 days	181,581	950,815
30 days to 60 days	5,939	15,327
61 days to 90 days	77,297	101,329
More than 90 days	287,926	124,691
	552,743	1,192,162

Trade receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2012	**2011**
	$	$
Trade receivables - nominal amounts	–	3,422
Less: Allowance for doubtful trade receivables	–	(3,422)
	–	–
Movement in allowance accounts:		
At 1 January	(3,422)	(3,422)
Written off for the year	3,422	–
At 31 December	–	(3,422)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

There has been a written off of $3,422 in this allowance account for the account for the financial year ended 31 December 2012 (2011: Nil).

15. Cash and short-term deposits

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Cash and bank balances	96,574	1,153,405	61,574	336,697
Bank deposits pledged	2,319,806	2,310,366	1,310,758	1,306,277
Cash and short-term deposits	2,416,380	3,463,771	1,372,332	1,642,974

Bank deposits pledged as at 31 December 2012 of the Group and the Company amounting to $2,319,806 (2011: $2,310,366) and $1,310,758 (2011: $1,306,277) respectively are held in a designated bank account as a security for bank facilities. The weighted average effective interest rates as at 31 December 2012 for the Group and the Company were 0.39% (2011: 0.30%) and 0.46% (2011: 0.38%) respectively.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at the end of reporting period:

	Note	Group 2012 $	Group 2011 $
Cash and short-term deposits		2,416,380	3,463,771
Less: Bank overdraft	17	(4,017,231)	(115,028)
Less: Bank deposits pledged		(2,319,806)	(2,310,366)
Cash and cash equivalents		(3,920,657)	1,038,377

16. Trade and other payables

	Note	Group 2012 $	Group 2011 $	Company 2012	Company 2011 $
Trade payables		16,375,140	7,600,000	–	–
Other payables		4,235,203	5,195,563	19,572	35,663
Amount due to a director (non-trade)		145,746	21,757	–	–
Amounts due to subsidiaries (non-trade)		–	–	7,494,753	5,661,133
		20,756,089	12,817,320	7,514,325	5,696,796
Add: Accrued operating expenses		982,009	501,458	131,136	151,875
Add: Loans and borrowings	17	11,880,770	4,244,948	305,146	462,569
Total financial liabilities carried at amortised costs		33,618,868	17,563,726	7,950,607	6,311,240

Notes to the Financial Statements

For the financial year ended 31 December 2012

16. Trade and other payables (cont'd)

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 to 90 days' terms while other payables are normally settled on 30 to 60 days' terms.

Related party balances

Amount due to a director and subsidiaries are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

17. Loans and borrowings

		Group		Company	
	Maturity	**2012**	**2011**	**2012**	**2011**
		$	$	$	$
Current:					
DBS term loan	(*)	–	429,070	–	–
DBS trade facility	(*)	1,923,648	–	–	–
SCB trade facility	(*)	–	412,615	–	–
SCB term loan	(*)	3,505,208	–	–	–
Ethoz Capital term loan	(*)	169,747	157,423	169,747	157,423
Obligations under finance leases (Note 20)	(*)	667,364	692,362	–	–
Bank overdraft (Note 15)	On demand	4,017,231	115,028	–	–
		10,283,198	1,806,498	169,747	157,423
Non-current:					
Ethoz Capital term loan	2014	135,399	305,146	135,399	305,146
Obligations under finance leases (Note 20)	2013 - 2018	1,462,173	2,133,304	–	–
		1,597,572	2,438,450	135,399	305,146
Total loans and borrowings		11,880,770	4,244,948	305,146	462,569

(*) The maturity dates of the loans and borrowings are within twelve months from the financial year end.

17. Loans and borrowings (cont'd)

DBS term loan

This loan was fully settled on 30 January 2012, bears interest at Nil (2011: 5.25%) per annum. Of the year end balances $Nil (2011: $420,000) was secured by corporate guaranteed by CCM Group Limited (Note 26) and the remaining $Nil (2011: $9,070) was secured by several joint guaranteed by three directors (Note 19(a)).

DBS trade facility

The trade facility for financing invoices bears interest at 0.75% to 1.00% per annum above prevailing prime rate for Singapore Dollar bills and 3.25% per annum above cost of funds for foreign currency denominated bills. It is secured by corporate guarantee by CCM Group Limited (Note 26) and all receivables related to the Project as well as the current account opened and maintained with DBS.

SCB trade facility

This trade facility for financing invoices bears interest at 0.5% per annum above Singapore Base Finance Rates ("SBFR") for Singapore dollar bills and 2.25% per annum above SBFR for foreign currency bills. It is secured by bank fixed deposits and a corporate guarantee by CCM Group Limited (Note 26).

SCB term loan

As at 31 December 2012, the SCB Overdraft Facility bear interest of 1.00% per annum above at the bank's Prime Lending Rate for the remaining amount of the facility. It is secured by bank fixed deposits and corporate guarantee by CCM Group Limited (Note 26). The Company has terminated the SCB bank overdraft during the financial year, and converted the bank overdraft into short-term loan repayable with 6 monthly instalments commencing from January 2013.

Ethoz Capital term loan

This loan is fully repayable on 27 September 2014, bears interest at 3.80% per annum and is secured by corporate guarantee by CCM Industrial Pte. Ltd.

Bank overdraft

As at 31 December 2012, the DBS Overdraft Facility bear interest range of 1.25% to 1.50% per annum above at the prevailing prime rate. It is secured by corporate guarantee by CCM Group Limited (Note 26) and all receivables related to the Projects as well as the current accounts opened and maintained with DBS.

As at 31 December 2012, the UOB Overdraft Facility bears interest at the bank's Prime Lending Rate for the first $300,000 and 1.00% per annum above the bank's Prime Lending Rate for the remaining amount of the facility. It is secured by bank deposits and a corporate guarantee by CCM Group Limited. (Note 26)

Obligations under finance leases

These obligations are secured by a charge over the leased plant and equipment (Note 11). The average discount rate implicit in the leases is 2.20% (2011: 2.70%) per annum.

18. Share capital

	Group and Company			
	2012		2011	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares :				
At 1 January and 31 December	92,220,000	9,564,592	92,220,000	9,564,592

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 restrictions. The ordinary shares have no par value.

19. Related party transactions

During the financial year, the Group had the following transactions with related parties, on terms agreed between the respective parties:

(a) Personal guarantees by directors

As at 31 December 2012, certain directors of the Company have provided personal guarantees amounting to approximately $Nil (2011: $9,070) to secure certain loans and borrowings of the Company as disclosed in Note 17.

As at 31 December 2012, certain directors of the Company have provided personal guarantees amounting to approximately $911,000 (2011: $911,000) to secure performance bonds and paint warranties of the Group.

(b) Compensation of key management personnel

	Group	
	2012	2011
	$	$
Short-term employee benefits	1,390,023	1,254,002
Central Provident Fund contributions	122,480	95,465
	1,512,503	1,349,467
Comprises amounts paid to:		
Directors of the Company	734,000	780,922
Other key management personnel	778,503	568,545
	1,512,503	1,349,467

20. Commitments

(a) Operating lease commitments - as lessee

On 30 April 2010, the Group entered into an operating lease relating to the rental of Canon copier machine for 60 months. On 5 July 2011, the Group entered into a commercial lease relating to the rental of an office premise. Future minimum lease payments under the operating lease at the end of the reporting period are as follows:

	Group 2012 $	Group 2011 $
Not later than one year	210,572	214,919
Later than one year but not later than five years	118,236	342,853
	328,808	557,772

The lease of office premise has tenure of three years with a renewal option. The Group is restricted from subleasing the office premise to third parties without prior written consent of the landlord. In addition, either party may terminate the operating lease by giving three months' notice in writing to the other party.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2012 amounted to approximately $211,000 (2011: $186,000).

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

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

	Group			
	2012		2011	
	Minimum lease payments $	Present value of payments (Note 17) $	Minimum lease payments $	Present value of payments (Note 17) $
Not later than one year	735,232	667,364	788,218	692,362
Later than one year but not later than five years	1,540,251	1,462,173	2,279,858	2,133,304
Total minimum lease payments	2,275,483	2,129,537	3,068,076	2,825,666
Less: Amounts representing finance charges	(145,946)	–	(242,410)	–
Present value of minimum lease payments	2,129,537	2,129,537	2,825,666	2,825,666

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For the financial year ended 31 December 2012

21. Financial risk management policies and objectives

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The board of directors reviews and agrees policies and procedures for the management of these risks. 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 Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises 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.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 14 to the financial statements.

Credit risk concentration profile

At the end of the reporting period, approximately 79% (2011: 82%) of the Group's trade receivables relates to five major customers located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

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

(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.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with various banks. In addition, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. At the end of the reporting period, approximately 86% (2011: 43%) of the Group's loans and borrowings (Note 17) will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturity

The following tables summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less	**One to five years**	**Total**
	$	$	$
Group			
2012			
Financial assets:			
Trade and other receivables	17,520,431	–	17,520,431
Cash and short-term deposits	2,416,380	–	2,416,380
Total undiscounted financial assets	19,936,811	–	19,936,811
Financial liabilities:			
Trade and other payables	20,756,089	–	20,756,089
Other liabilities	982,009	–	982,009
Loans and borrowings	10,283,198	1,679,501	11,962,699
Total undiscounted financial liabilities	32,021,296	1,679,501	33,700,797
Total net undiscounted financial liabilities	(12,084,485)	(1,679,501)	(13,763,986)

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

(b) *Liquidity risk (cont'd)*

	One year or less $	One to five years $	Total $
Group			
2011			
Financial assets:			
Trade and other receivables	6,883,615	–	6,883,615
Cash and short-term deposits	3,463,771	–	3,463,771
Total undiscounted financial assets	10,347,386	–	10,347,386
Financial liabilities:			
Trade and other payables	(12,817,320)	–	(12,817,320)
Other liabilities	(501,458)	–	(501,458)
Loans and borrowings	(1,806,498)	(2,604,774)	(4,411,272)
Total undiscounted financial liabilities	(15,125,276)	(2,604,774)	(17,730,050)
Total net undiscounted financial liabilities	(4,777,890)	(2,604,774)	(7,382,664)
Company			
2012			
Financial assets:			
Trade and other receivables	87,271	–	87,271
Cash and short term deposits	1,372,332	–	1,372,332
Total undiscounted financial assets	1,459,603	–	1,459,603
Financial liabilities:			
Trade and other payables	7,514,325	–	7,514,325
Other liabilities	131,136	–	131,136
Loans and borrowings	169,747	139,250	308,997
Total undiscounted financial liabilities	7,815,208	139,250	7,954,458
Total net undiscounted financial liabilities	(6,355,605)	(139,250)	(6,494,855)

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

(b) *Liquidity risk (cont'd)*

	One year or less	One to five years	Total
	$	$	$
Company			
2011			
Financial assets:			
Trade and other receivables	140,170	–	140,170
Cash and short term deposits	1,642,974	–	1,642,974
Total undiscounted financial assets	1,783,144	–	1,783,144
Financial liabilities:			
Trade and other payables	(5,696,796)	–	(5,696,796)
Other liabilities	(151,875)	–	(151,875)
Loans and borrowings	(157,423)	(324,917)	(482,340)
Total undiscounted financial liabilities	(6,006,094)	(324,917)	(6,331,011)
Total net undiscounted financial liabilities	(4,222,950)	(324,917)	(4,547,867)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and cash at bank balances. The Group's policy is to obtain the most favourable interest rates available.

Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2011: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $38,000 higher/lower (2011: $12,000 lower/higher), arising mainly as a result of lower/higher interest expense on bank term loans and higher/lower interest income on cash at bank. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility compared to prior years.

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For the financial year ended 31 December 2012

22. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair values***

Trade and other receivables (Note 14), Trade and other payables (Note 16), Accrued operating expenses and Loans and borrowings except for non-current obligations under finance leases (Note 17)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Note	2012 Carrying amount $	2012 Fair value $	2011 Carrying amount $	2011 Fair value $
Group					
Financial liabilities:					
Loans and borrowings (non-current)	17				
- Obligations under finance leases		1,462,173	1,438,615	2,133,304	2,089,525
- Term loan		135,399	136,335	305,146	309,975

Determination of fair value

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

23. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, loans and borrowings, other current liabilities, less cash and short term deposits. Capital includes equity attributable to owners of the Group.

		Group	
	Note	**2012**	**2011**
		$	$
Trade and other payables	16	20,756,089	12,817,320
Accrued operating expenses		982,009	501,458
Loans and borrowings	17	11,880,770	4,244,948
Total debt		33,618,868	17,563,726
Less: Cash and short term deposits	15	(2,416,380)	(3,463,771)
Net debt		31,202,488	14,099,955
Equity attributable to the owners of the Company		4,356,706	6,224,854
Capital and net debt		35,559,194	20,324,809
Gearing ratio		88%	69%

24. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(a) Main building works which involve the construction and development of hotel and office developments;

(b) General building works for residential and commercial buildings, such as additions and alterations, refurbishment, repairs and renovation works for residential and commercial building, lift-upgrading programmes; and

(c) Leasing and installation of access equipment system, such as metal scaffolding, gondolas, passenger hoist, tower cranes and mast climbing work platforms, for the building, marine and oil rig industries.

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For the financial year ended 31 December 2012

24. Segment reporting (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 is measured differently from operating profit or loss in the financial statements. Company financing (including finance costs) and income taxes are managed on a Company basis and are not allocated to operating segments.

The chief operating decision maker reviews the results of the segment using segment gross profit, segment assets, liabilities and other expenses are not disclosed as they are not regularly provided to the chief operating decision maker.

Geographical segments

There is no geographical segment information provided as the Group operates entirely in Singapore for the financial years ended 31 December 2012.

<u>Information about major customers</u>

Revenue from one major customer amounted to $23,379,000 (2011: $8,110,000), being 64% (FY2011: 40%), arising from sales by the main building works segment.

Revenue from one major customer amounted to $5,573,000 (2011: $15,827,349), being 35% (FY2011: 66%), arising from sales by the general building works segment.

	Main building works $	General building works $	Access Equipment $	Total $
2012				
Revenue	36,580,520	15,976,888	1,302,787	53,860,195
Results				
Segment gross profit	3,878,556	1,102,062	412,825	5,393,443
2011				
Revenue	20,410,689	24,139,869	958,590	45,509,148
Results				
Segment gross profit/(loss)	2,786,012	(1,137,325)	(98,145)	1,550,542

25. Loss per share

Basic and diluted loss per share are calculated by dividing the Group's loss net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

	Group	
	2012	**2011**
	$	$
Loss net of tax attributable to owners of the Company for the year	(1,868,148)	(3,773,165)
Weighted average number of ordinary ('000)	92,220	92,220
Basic and diluted loss per share ($ cents)	(2.03)	(4.09)

As there were no dilutive potential ordinary shares during the financial years, the diluted loss per share were equivalents to basic loss per share.

26. Contingent liabilities

Legal claims

In the previous financial year, a customer lodged a legal claim against CCM Industrial Pte Ltd ("CCM Industrial") for the alleged overpayment of construction work and variation orders performed amounting to approximately $5,208,000. Subsequently, CCM Industrial filed a legal suit against the customer on the retention amount due, variation order claims and additional expenses incurred amounting to approximately $5,442,000.

In the similar project, a sub-contractor has also lodged a legal claim against CCM Industrial in relation to retention sum and additional work done amounting to approximately $3,013,000 (2011: $3,269,000). CCM Industrial has countersued the sub-contractor in relation to delay and defects of the work performed amounting to approximately $4,036,000 (2011: $4,691,000).

The net carrying amount due from the customer and sub-contractor amounts to approximately $2,220,000 (2011: $2,101,000). The proceeding with the customers is now under arbitration and the Directors are confident that the outcome of the arbitration will be in the favour of the Group. The case with the sub-contractor is subject to court hearing.

Guarantees

The Company has provided the following corporate guarantees to one of its subsidiary at the end of the reporting period:

– Bank overdraft of $4,017,231 (2011: $115,028) (Note 17);
– Bank loan of $5,428,856 (2011: $832,616) (Note 17);
– Foreign workers indemnity of $1,265,000 (2011: $1,190,000); and
– Performance bond and financial bond for various projects of $12,056,865 (2011: $2,465,044).

Notes to the Financial Statements

For the financial year ended 31 December 2012

27. Reverse takeover

On 14 December 2012, the Company had entered into a non-legally binding memorandum of understanding (MOU) with Canasea Petrogas Group Holdings to acquire the entire issued share capital of Canasea Oil and Gas Ltd., which upon completion is expected to result in a reverse take-over of the Company.

28. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 26 March 2013.

Statistics of Shareholdings

As at 28 March 2013

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2	0.59	1,000	0.00
1,000 – 10,000	67	19.59	441,000	0.48
10,001 – 1,000,000	263	76.90	25,377,000	27.52
1,000,001 AND ABOVE	10	2.92	66,401,000	72.00
TOTAL	342	100.00	92,220,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	LIEW SEN KEONG	42,700,000	46.30
2.	CHAN PUI YEE	5,900,000	6.40
3.	CHAN TIEN CHIH (CHEN TIANCI)	5,900,000	6.40
4.	LIM CHWEE KIM	2,854,000	3.09
5.	OCBC SECURITIES PRIVATE LTD	2,055,000	2.23
6.	KANG YEE YIN (JIANG YIYUN)	1,970,000	2.14
7.	YAP SAM MUI	1,410,000	1.53
8.	CITIBANK CONSUMER NOMINEES PTE LTD	1,409,000	1.53
9.	LOCKSON HYDRAULICS & ENGINEERING PTE LTD	1,110,000	1.20
10.	TAY HAN TUNG	1,093,000	1.19
11.	KANG WEI FEN (JIANG HUIFEN)	932,000	1.01
12.	WU BO	900,000	0.98
13.	LIM TIONG KHENG STEVEN	749,000	0.81
14.	SUN TIAN	680,000	0.74
15.	NEO KENG HUA	611,000	0.66
16.	YEAP LAM WAH	609,000	0.66
17.	FRANCIS LEE FOOK WAH	589,000	0.64
18.	QUEK HAN BOON	565,000	0.61
19.	TAN BOAK WAH	450,000	0.49
20.	MRS CHAU-CHAN SUI YUNG	367,000	0.40
	TOTAL	72,853,000	79.01

Statistics of Shareholdings

As at 28 March 2013

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 28 March 2013, approximately 40.9% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Liew Sen Keong[(1)]	42,700,000	46.3	5,900,000	6.40
Chan Pui Yee[(1) (2)]	5,900,000	6.40	48,600,000	52.70
Chan Tien Chih[(2) (3)]	5,900,000	6.40	5,900,000	6.40

Notes:

(1) Our Executive Director, Chan Pui Yee is the spouse of our Executive Chairman and Chief Executive Officer, Liew Sen Keong. Accordingly, Liew Sen Keong and Chan Pui Yee are each deemed to be interested in the other's respective shareholdings.

(2) Our Executive Director, Chan Pui Yee is the sister of our Executive Director, Chan Tien Chih. Accordingly, Chan Pui Yee and Chan Tien Chih are each deemed to be interested in the other's respective shareholdings.

(3) Our Executive Director, Chan Tien Chih is the brother of our Executive Director, Chan Pui Yee and is the brother-in-law of our Executive Chairman and Chief Executive Officer, Liew Sen Keong.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CCM Group Limited (the "**Company**") will be held at **Peach Garden @ Orchid Country Club, 1 Orchid Club Road, #02-35 Social Club House, Singapore 769162** on **Tuesday, 30th April 2013** at **9.30 a.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 31 December 2012 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 93 of the Company's Articles of Association:

   Mr Chan Tien Chih **(Resolution 2)**
   Dr Tan Eng Khiam **(Resolution 3)**

   *Dr Tan Eng Khiam will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**").*

3. To approve the payment of Directors' fees of S$96,000 for the financial year ended 31 December 2012 (2011: S$96,000). **(Resolution 4)**

4. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. 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 resolution as Ordinary Resolution, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company - Share Issue Mandate**

   "That, pursuant to Section 161 of the Companies Act, Chapter 50. of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:-

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

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

   (b) notwithstanding that 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 while this Resolution is in force,

Notice of Annual General Meeting

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), to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the time this Resolution is passed after adjusting for:-

   (i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

   (ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

   (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore and the Articles of Association for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. *[See Explanatory Note (i)]*. **(Resolution 6)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 15 April 2013

Notice of Annual General Meeting

Explanatory Note:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares) of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting.

Notes:

1. A Member entitled to attend and vote at the AGM 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.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 64 Woodlands Industrial Park E9, Singapore 757833 not less than forty-eight (48) hours before the time appointed for holding the AGM.

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CCM GROUP LIMITED

(Company Registration Number: 200916763W)
(Incorporated in Singapore with limited liability)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy CCM Group Limited's shares, this Annual 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.

*I/We, ____ (Name)

of ____ (Address)

being *a member/members of CCM GROUP LIMITED (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at **Peach Garden @ Orchid Country Club, 1 Orchid Club Road, #02-35 Social Club House, Singapore 769162** on **Tuesday, 30th April 2013** at **9.30 a.m.** and at any adjournment thereof. The proxy is to vote on the business before the AGM as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM:

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

		To be used on a show of hands		**To be used in the event of a poll**	
No.	**Ordinary Resolutions relating to:**	**For**	**Against**	**Number of Votes For**	**Number of Votes Against**
1	Directors' Report and Audited Accounts for the financial year ended 31 December 2012				
2	Re-election of Mr Chan Tien Chih as a Director of the Company				
3	Re-election of Dr Tan Eng Khiam as a Director of the Company				
4	Approval of Directors' fees amounting to S$96,000 for the financial year ended 31 December 2012				
5	Re-appointment of Ernst & Young LLP as Auditors of the Company				
6	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate				

Dated this __________ day of ____________________ 2013

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

____

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

* Delete accordingly.

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 two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **64 Woodlands Industrial Park E9, Singapore 757833** not less than **48** hours before the time appointed for the Meeting.

5. 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.

6. 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.

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CCM GROUP LIMITED

Wholly-owned Subsidiaries:

CCM Industrial Pte. Ltd.

CCM Manufacturing Pte. Ltd.

CCM Development Pte. Ltd.

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