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CCM GROUP LIMITED

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Foundation our Future

Annual Report 2010

Contents

Corporate Profile

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.

The Group's clients for main building and general building works include property developers, land owners and Government bodies. Main customers for the Group's leasing and installation services include construction companies, property developers, nominated external façade contractors as well as players in the marine and oil-rig industries.

Main building works

The Group undertook its first main building project in 2008, when it began constructing and developing Park Regis, a 7-storey hotel and office development at the junction of Merchant Road and Keng Cheow Street.

The Group is currently undertaking another main building project, which is a condominium housing development.

The Group has further secured another main building works which is a Hanger Project amounting to approximately $7.6 million as announced to the public since the first day listing with SGX-ST.

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 R&R works include residential buildings under various town councils, and commercial buildings such as Mitutoyo Building and Park Royal Hotel.

A&A works involve all types of building works in connection with structures such as multi-storey carparks, playgrounds, industrial plants and utility plants. The Group's recently completed A&A works include 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 four (4) more projects in R&R works amounting to approximately $7.4 million since the first day listing with SGX-ST.

Leasing and installation services

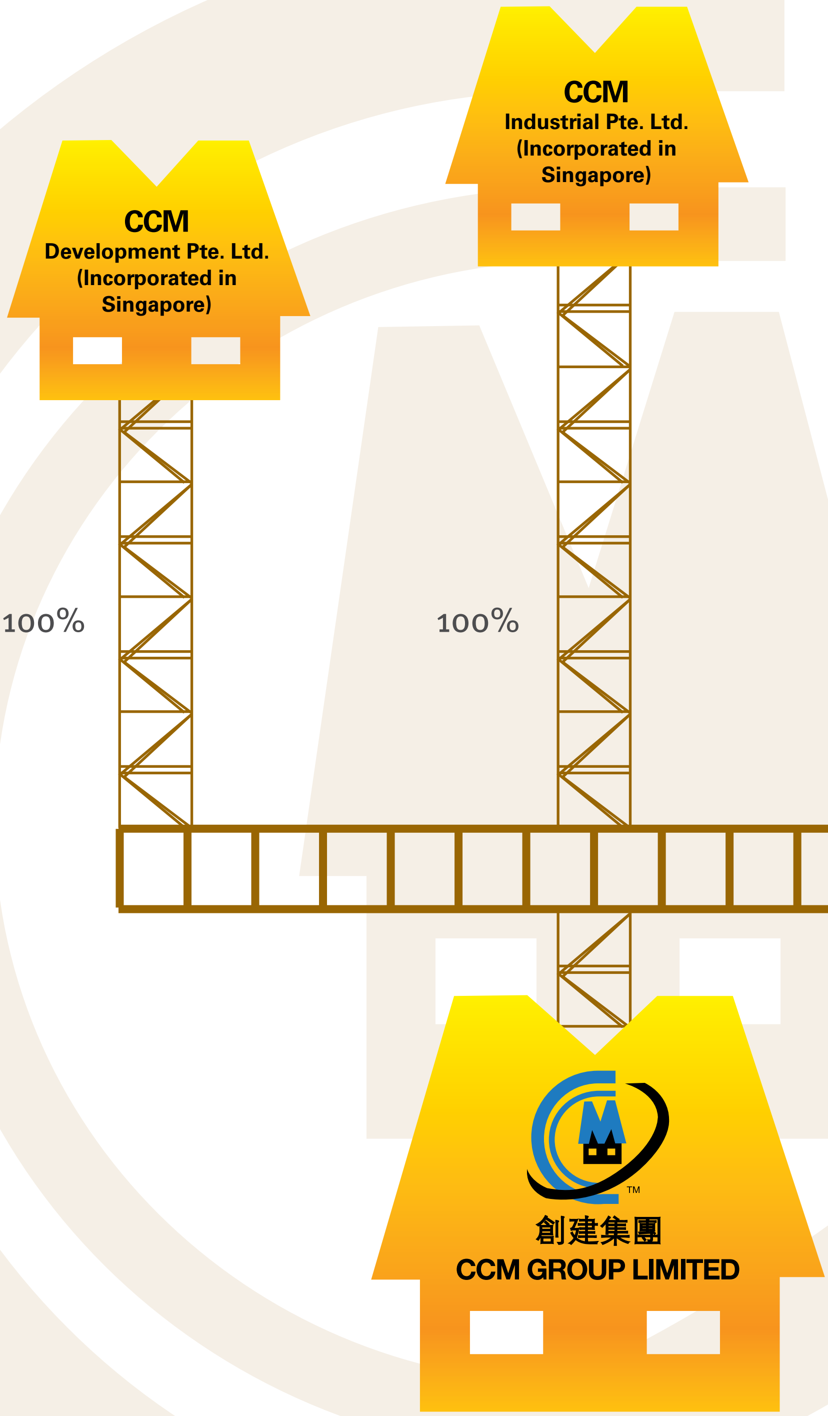
The Group has been providing leasing and installation services for access equipment systems, such as mast climbing work platforms and gondolas, since 2001. Today, it is a leading player in this area with a fleet of more than 200 such systems.

In recent years, these leasing and installation services have been rendered for building works at locations such as The Sail @ Marina Bay, Watermark @ Robertson Quay and Tower Fifteen.

FOCUS

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,

It gives me great pleasure to present the inaugural Annual Report of CCM Group Limited ("CCM" and together with its subsidiaries, the "Group") since our successful listing on Catalist on 5 July 2010.

The financial year ended 31 December 2010 ("FY2010") was filled with challenges and changes for the Group. The highlight of the year was undoubtedly our listing exercise which raised net proceeds of approximately $3.7 million for our future expansion plans. We have been extremely pleased with the positive response from shareholders to our initial public offering ("IPO"), and would like to thank you for your confidence in the Group's future.

The Group performed reasonably well in FY2010 despite the uncertain business climate, higher material prices, the Government's measures to cool the Singapore property market and increased competition in the construction industry. Full-year Group's revenue ballooned 85 per cent year-on-year from $28.0 million for the financial year ended 31 December 2009 ("FY2009") to $51.6 million for FY2010. Gross profit increased by 2 per cent year-on-year, from $6.8 million in FY2009 to $6.9 million in FY2010.

However, due to the IPO expenses and an increase in staff and rental overheads, our administrative expenses rose 64 per cent year-on-year. This has impacted the Group's full-year net profit, which decreased from $3.1 million in FY2009 to $0.5 million in FY2010.

Nevertheless, the prospects for the Group as well as the construction industry remain resilient. Following our successful listing, the Group is now well-positioned for further business growth.

The Group has further secured approximately $15.0 million of new projects as announced to the public since the first day listing with SGX-ST.

Chairman's Statement

Growth strategy

Looking ahead, the Group will focus on strengthening our market position in Singapore. In addition, we are looking to expand our footprint in Asia-Pacific markets, especially in the People's Republic of China, Hong Kong and Vietnam.

We will also consider strategic alliances with other parties thus generating business synergies by leveraging on their strengths, as and when opportunities arise.

Business prospects

With our IPO proceeds, the Group recently established two wholly-owned subsidiaries – CCM Manufacturing Pte. Ltd., which will manufacture and distribute mast-climbing work platforms and hoists; and CCM Development Pte. Ltd., which will oversee local and overseas development projects.

The Group has also been leasing and installing access equipment systems such as gondolas and mast climbing work platforms. Our clients include construction companies, property developers, nominated external façade sub-contractors as well as marine and oil-rig industry players in Singapore. With the establishment of CCM Manufacturing Pte. Ltd., the Group will be able to manufacture our own mast climbing work platforms for sale not only to these local companies, but globally.

CCM Development Pte. Ltd. will undertake overseas projects for our construction business. This will allow the Group to capitalise on the regional economic recovery and expand into other Asia-Pacific markets.

The Group's financial grading for building development was raised from B2 to B1 with effect from 31 August 2010. This is a significant development as we can now tender for larger Government projects. The higher financial grading will enable the Group to leverage on the promising outlook for the construction sector as projected by the Building & Construction Authority (the "BCA").

According to the BCA, Singapore's construction demand in 2011 is projected to be between $22 billion and $28 billion, driven by the strong economic growth. However, costs are expected to increase due to higher construction material costs, higher foreign worker levies and Central Provident Fund contributions by employers.

Barring any unforeseen circumstances, the Group expects to remain profitable in the current financial year ending 31 December 2011.

Chairman's Statement

Appreciation

The Group started out in 2001 and the business has been growing tremendously over the past 10 years. I strongly believe that our steady progress over the past decade would not be possible without the invaluable contribution from all of our stakeholders.

I would like to express my gratitude to our staff for their hard work, commitment and dedication. Their excellence and commitment have allowed the Group to build an established track record and a strong foothold in the construction industry today.

My appreciation also goes to my fellow Board members for their invaluable counsel, and to our customers, partners and suppliers for their unwavering support. We have always looked to forge win-win partnerships with them, and will be looking forward to do so in future.

Last but not least, I would like to thank our shareholders for showing confidence in the Group. Despite it being less than a year after our listing, we are already looking forward to nurturing a long-term relationship with you. We aim to achieve this by continually striving to enhance shareholders' value, and make CCM a company that you can be proud of.

Liew Sen Keong
Executive Chairman and Chief Executive Officer

Operations Review

Revenue generated in the financial year ended 31 December 2010 ("FY2010") soared to approximately **$51.6 million**, an increase of approximately **$23.6 million or 84.3%** from approximately **$28.0 million** in financial year ended 31 December 2009 ("FY2009"). The increase was mainly due to the completion of the Group's hotel project and the commencement of several new projects during the financial year.

Operating Costs and Expenses

Cost of sales in FY2010 increased by approximately $23.5 million or 110.8% from approximately $21.2 million in FY2009 to approximately $44.7 million in FY2010. The increase was mainly due to an increase in the prices of construction materials during FY2010.

Gross Profit and Gross Profit Margin

Overall gross profit increased by approximately $0.1 million or 1.5% from approximately $6.8 million in FY2009 to $6.9 million in FY2010. The gross profit margin decreased from 24.2% in FY2009 to 13.4% in FY2010 mainly due to an increase in the prices of construction materials during FY2010.

Marketing expenses increased by approximately $0.1 million or 100.0% from approximately $0.1 million in FY2009 to approximately $0.2 million in FY2010. The increase was due to an increase in entertainment and travelling expenses incurred in the course of securing new contracts, and advertising expenses pursuant to the initial public offering ("IPO") of the Company.

Administrative expenses increased by approximately $2.0 million or 64.5% from approximately $3.1 million in FY2009 to approximately $5.1 million in FY2010. The increase was mainly due to the increase in staff costs as a result of an increase in head count for new main building works, an increase in the rental of foreign workers' dormitory, an increase in the upkeep of motor vehicles and IPO expenses incurred during the financial year.

Finance costs increased by approximately $0.03 million or 7.9% from approximately $0.38 million in FY2009 to approximately $0.41 million in FY2010. The increase was mainly due to an interest expense resulting from the convertible loan undertaken in FY2010. The increase was offset by a decrease in interest expenses on loans and borrowing, which was mainly due to repayment of a significant portion of the loan balances during the financial year.

Profit for the Year

Despite the current trend of rising costs due to an increase in the prices of construction materials and IPO expenses, the Group remained profitable at the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) level of approximately $2.2 million in FY2010. The Group's EBITDA in FY2009 was approximately $4.7 million.

Operations Review

The Group's net profit after taxation amounted to approximately $0.5 million in FY2010. The Group recorded net profit after tax for the first half of FY2010 of approximately $1.0 million and a net loss of approximately $0.5 million in the second half of FY2010. The loss in the second half of FY2010 was mainly due to an increase in the prices of construction materials and an increase in administrative expenses. The Group's net profit after taxation was derived after a corporate income taxation of approximately $0.5 million in FY2010.

Financial Position

As at 31 December 2010, the Group's balance sheet remains strong with total cash and bank balances of approximately $3.6 million and shareholders' equity of approximately $10.0 million.

The Group generated a positive net cash flow from operating activities of approximately $3.2 million, arising mainly from operating profit before working capital changes of approximately $3.5 million and a net working capital inflow of approximately $0.4 million, offset by income taxes and interest paid of approximately $0.7 million.

The Group recorded a net cash outflow from investing activities of approximately $0.5 million, arising from the purchase of fixed assets.

The net increase in cash flow from financing activities of approximately $1.1 million was mainly made up of proceeds from issuance of ordinary shares pursuant to the IPO exercise of approximately $5.0 million and proceeds received from the convertible loan of $1.0 million, partially offset by the repayment of loans and borrowings and obligations under finance leases of approximately $1.4 million and $0.8 million respectively, the payment of IPO expenses of approximately $1.4 million and the increase in fixed deposits pledged of approximately $1.3 million.

The Group's total assets as at 31 December 2010 increased by approximately $5.9 million or 36.6% from $16.1 million in FY2009 to approximately $22.0 million in FY2010 primarily attributable to the increase in cash balances and construction work-in-progress in excess of progress billings.

Total liabilities decreased by approximately $0.7 million or 5.5% from $12.7 million in FY2009 to approximately $12.0 million in FY2010, mainly attributable to the repayment of loans and borrowings in FY2010.

As at 31 December 2010, the Group posted a positive working capital position of approximately $7.7 million.

Operations Review

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

65%

Our first property development project is a 7-storey hotel and office development with one basement carpark at Merchant Road/New Market Road and Keng Cheow Street. In 2010, we were awarded another local property construction project for the construction of a condominium housing development. In January 2011, we have further secured a main building works involving the proposed erection of a 2-storey hangar.

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CCM GROUP LIMITED

General Building Works

32%

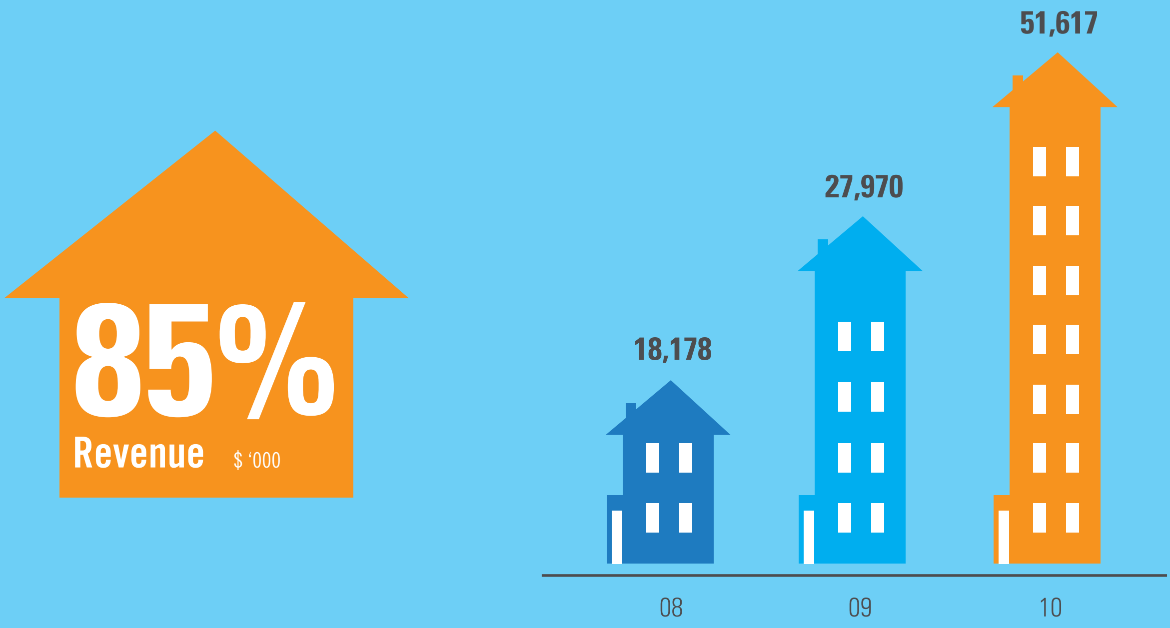
We perform general building works for residential and commercial buildings, which include additions and alterations (A&A), refurbishment/repairs and redecoration works (R&R) and lift-upgrading programmes. A&A works involve all types of building works with structural changes, while R&R works involve the repainting and non-structural repair of buildings and existing structures. We have been offering A&A services since 2005 and R&R services since 2004. The Group has further secured four (4) more projects in R&R works amounting to approximately $7.4 million since the first day listing with SGX-ST.

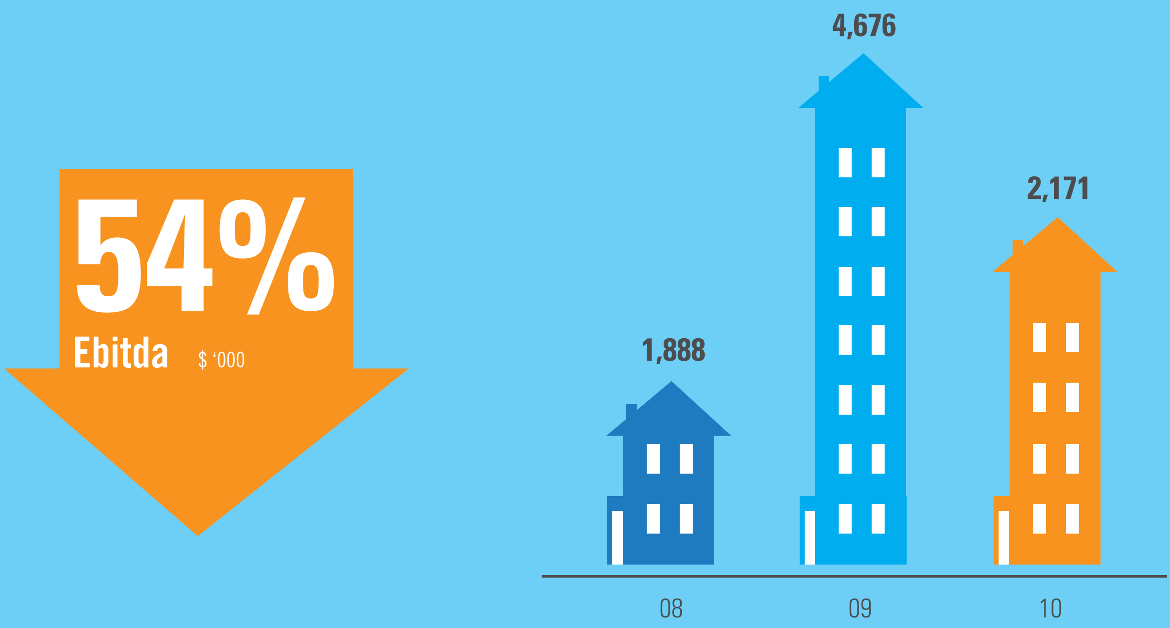
Leasing and Installation of Access Equipment Systems

3%

We started out as a general contractor in leasing and installation of access equipment systems like gondolas and mast climbing work platforms. We are MOM Approved Scaffold Contractors (Suspended Scaffolds and Metal Scaffolds). We are also a registered HDB Approved Supplier.

Financial Highlights





Board of Directors

Liew Sen Keong
Executive Chairman and Chief Executive Officer

Mr Liew Sen Keong is the Executive Chairman and Chief Executive Officer of our Group. 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 has more than 20 years of experience in accounting and administrative work.

Ms Chan joined our company 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 advances her career with a Multi-National Company, Krafts Foods (S) Pte. Ltd. and followed by Stephan Machinery Singapore Pte. Ltd. in 1998 where she gained invaluable experience in MNC corporate financial reporting.

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 in March 2010 as an Executive Director (Operations). 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 in March 2010 as our Lead Independent Director. She has more than 22 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 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 Accountant of Singapore ("ICPAS") since May 2009.

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.

Board of Directors

Aloysius Wee Meng Seng

Independent Director

Mr Aloysius Wee Meng Seng was appointed to our Board of Directors in March 2010 as an Independent Director. 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 in March 2010 as an Independent Director.

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

Financial Controller

Mr Goh Tuck Peng is a Certified Public Accountant with Institute of Certified Public Accountants of Singapore ("ICPAS") since 2001 and joined the Group in December 2009 as its Financial Controller. 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 15 years of experience in areas of auditing, finance and accounting. Prior to joining the Group, he was the Chief Financial Officer of Zhejiang Red Sun Wool Technology Ltd from January 2008 to January 2009 and the Group Finance Manager of Shanghai Asia Holdings Limited, a company listed on the SGX-ST from March 2005 to May 2007.

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).

Lee Kong Honn

General Manager

Mr Lee Kong Honn is the General Manager of our Group since April 2010 and has 16 years of experience in the administration, coordination and management of building construction projects. His current job scope includes overseeing projects, contracts and the operations of the Group. Mr Lee started his construction career in 1994 after serving six (6) years with the Singapore Armed Forces from 1986 to 1991 and three (3) years as an instructor in the Bukit Batok Driving Centre from 1991 to 1993. He began his career in the construction industry as a site supervisor when he joined B.K. Lim Stone Industries & Construction Pte. Ltd. from 1994 to 1995 and worked his way up to a Managerial position while he was with Kwan Yong Construction Pte. Ltd. from 2003 to 2008, after leaving Greatearth Construction Pte. Ltd. in the year 2003.

Mr Lee graduated from Heriot Watt University with a Bachelor of Science in Construction Management in 2008 after he obtained his Diploma from the BCA Academy in 2006.

Soo Koh Wah

Finance Manager

Mr Soo Koh Wah is a Certified Public Accountant with ICPAS since 2010 and joined the Group in September 2009 as our Finance Manager where he assists Financial Controller with the financial reporting function of our Group. Prior to joining our Group, Mr Soo was with Moore Stephen LLP from March 2007 to September 2009 as a senior associate. He has more than seven (7) years of experience in areas in auditing, finance and accounting.

Mr Soo obtained his ACCA profession qualification in 2008.

Teo Wee Khoon

Project Manager

Mr Teo Wee Khoon is our Company's Project Manager where his responsibilities include managing R&R projects and compliance with building rules and regulations. Mr Teo has more than six (6) years of experience in site operations and safety. Mr Teo started his career with ISO-Team Corporation Pte. Ltd. where he served as a Project Supervisor from March 2004 to September 2005. Subsequently, he was with JNT Building Services Pte. Ltd. in October 2005 as a Project Coordinator from October 2005 to November 2006. He joined 19-ANC Enterprise Pte. Ltd. as Assistant Project Manager from December 2006 till February 2008.

Executive Officers

Tan Choon Siong

Project Manager

Mr Tan Choon Siong is a Project Manager in our Company 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 onsafety measures at the work site. He is also in charge of liaising and coordinating with our clients, consultants and sub-contractors, as well as 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; and in SLC Construction Pte. Ltd. from 2002 to 2005, where he was responsible for coordinating with clients, preparation of work schedules and the deployment of workers.

Ng Chee Seng

Project Manager

Mr Ng Chee Seng is our Project Manager. He joined the Group since July 2009 and is responsible for overseeing and leading construction projects to ensure adherence to project schedules and to resolve any issues that arise on the construction sites. His last post with the Group was Deputy Project Manager. He has approximately 35 years of experience in the construction industry. Mr Ng started his career with Tan Gim Huat Construction Pte. Ltd. as a Site Agent serving from October 1975 till September 1989. His other experiences prior to joining our Group includes serving as Project Manager with Lian Hock Huat Construction Pte. Ltd., Wan Soon Construction Pte. Ltd., Senior Construction Manager with Tobishima Corporatoion and Site Manager with Chip Eng Seng Contractors (1989) Pte .Ltd..

Chit Shwe

Safety Manager

Mr Chit Shwe is our Safety Manager. He joined the Group since July 2009 and is responsible for ensuring the compliance of our work sites with all workplace safety and health regulations and requirements, as well as all environmental regulations and requirements. His last post with the Group was WSHO and ECO. He has more than 15 years of experience in workplace safety and health, and environment regulations compliance work. He started his career as a mechanical engineer with the Ministry of Industry 1 and as a project engineer with the Ministry of Industry 2 in Myanmar from 1980 to 1994. Thereafter, he joined Singapore Technologies Marine Ltd in 1994 as a safety supervisor and associate safety engineer where he was responsible for, inter alia, conducting safety briefing and safety inspection, assessment of hazardous areas, accident/incident investigation and assisting in the conduct of internal safety audit. Subsequently, Mr Chit went on to join PPL Shipyard Pte. Ltd. in 2001 as a safety officer and Damen Shipyards Pte. Ltd. in 2006 as a WSHO and Fire Safety Manager. Thereafter, Mr Chit went on to join the construction industry and has since held the position of WSHO and ECO in numerous construction companies, such as Santarli Construction Pte. Ltd., Kim Seng Heng Engineering Construction Pte. Ltd., Lian Soon Construction Pte. Ltd., Sato Kogyo (S) Pte. Ltd. and Gammon Pte. Ltd., prior to joining CCM Industrial Pte. Ltd..

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)

Dr. Tan Ah Mee
(Resigned on 20 January 2011)

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 Juh
(LLB Hons)

Registered Office

64 Woodlands Industrial Park E9
Singapore 757833

Bankers

United Overseas Bank Limited
DBS Bank Limited
Overseas-Chinese Banking Corporation Limited
Standard Chartered Bank

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in charge: Max Loh Khum Whai
(Date of appointment: since financial year ended 31 December 2008)

Sponsor

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

Corporate Governance Report

The Board of Directors (the "**Board**") of CCM Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are committed to achieving a high standard of corporate governance within the Group. The Company continues to evaluate and to put in place effective self regulatory corporate practices to protect its shareholders' interests and enhance long-term shareholders' value, and is guided by the principles and guidelines of the Singapore Code of Corporate Governance 2005 (the "**Code**") issued by the Singapore Council on Corporate Disclosure and Governance.

This report describes the Company's corporate governance practices with specific reference to the Code for the financial year ended 31 December 2010 ("**FY2010**").

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.

Besides carrying out its statutory duties and responsibilities, the Board performs the following functions:

- 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 Group's values and standards, and to ensure that obligations to 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, the Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, have been established and delegated certain functions. 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.

The Board meets at least every half-yearly 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 of the Company ("**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 adequately briefed before each meeting. Ad-hoc meetings are convened as and when deemed necessary.

Corporate Governance Report

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.

Since the listing of the Company to the end of the financial year under review, the number of Board and Board Committee meetings and the attendance of each Director at the meetings were 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 Sen Keong	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Pui Yee	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Tien Chih	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Dr. Tan Ah Mee	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lai Chin Yee	1	1	1	1	1	1	1	1
Aloysius Wee Meng Seng	1	1	1	1	1	1	1	1
Dr. Tan Eng Khiam	1	1	1	1	1	1	1	1

All Directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decision 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 orientation (which may include management presentation) 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, the Director will also be provided with formal letters, setting out their duties and obligations.

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 responsibility and accounting issues, and will regularly update and refresh themselves on matters that affect their performance as a Board, or as a Board Committee Member. Accordingly, further training for Directors will extend to relevant new laws, regulations and changing commercial risks from time to time. The majority of Directors joined the Board in FY2010 and our Non-executive Directors have experience in being a director of listed companies.

Corporate Governance Report

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises six (6) Directors, out of which three (3) are Independent Directors and the other three (3) are Executive Directors. The requirement of the Code that at least one third of the Board comprises Independent Directors is satisfied. The Independent Directors chair all the Board Committees, which play a pivotal role in supporting the Board.

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

The Nominating Committee (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 judgment 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 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 NC 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 competency for effective decision-making.

The NC provides constructive advice on the Group's strategic and business plans. They also review 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 the Management.

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

Corporate Governance Report

PRINCIPLE 3: EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In view of Mr Liew Sen Keong's appointment as both the Executive Chairman and Chief Executie 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 on the Code, the Lead Independent Director will be available to address the concerns of the shareholders and employees in the event normal interactions with the Executive Chairman and CEO cannot satisfactorily resolve their concerns or where such channel of communications is considered inappropriate. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable of power and influence.

The Chairman and CEO's duties include:

- 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 MEMEBERSHIP

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 a substantial shareholder of the Company.

The principal functions of the NC, which are regulated by 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 the 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.

Corporate Governance Report

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

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

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

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

(d) makes 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 past Directors although re-nomination or replacement does not necessarily reflect the Directors' performance or contributions to the Board.

The NC recommended to the Board that Mr Liew Sen Keong, Mr Chan Tien Chih, Ms Lai Chin Yee, Mr Aloysius Wee Meng Seng and Dr. Tan Eng Kham be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC considered the Directors' overall contribution and performance.

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. It is of the opinion that the Board is able to exercise objective judgement on corporate affairs independently and that the Board's decision making process is not dominated by any individual or small group of individuals.

The NC also determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his 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 and have adequately carried out their duties notwithstanding their multiple board representations.

Key information regarding the Directors is disclosed under the section on "Board of Directors" in this Annual Report.

Corporate Governance Report

PRINCIPLE 5: BOARD PERFORMANCE

The NC implements a formal board evaluation process 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.

As the Company was recently listed, 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 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 checklist focused on the evaluation of factors such as the size and composition of the Board, the Board's conduct of meeting, the Board's access to information, the Board's review and approval on the corporate strategy and planning, the Board's efforts in ensuring the adequacy of risk management and internal control of the Company and the Board's performance in relation to its principal functions, communication with senior management and shareholders.

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

Corporate Governance Report

PRINCIPLE 6: ACCESS TO INFORMATION

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 Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Rules of Catalist**"). Minutes of the Board and various Board Committees are circulated to the Board for information.

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 members of the Remuneration Committee (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 the Management and determines specific remuneration packages and terms of employment for each Executive Director and the Management. The Company sets remuneration packages which will be able to attract, retain and motivate 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 of all Directors.

Corporate Governance Report

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

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 Executive Directors have each entered into a service agreement with the Company in which terms of their employment are stipulated. Their initial term of employment is for a period of three (3) years from the date of admission of the Company to Catalist. After the initial term, their employment will be automatically renewed annually. The service agreements do not contain onerous renewal clauses.

Save in respect of the initial term of the service agreement of the Executive Directors, the service agreement may be terminated by giving six (6) months' prior written notice or an amount equal to six months' salary in lieu of such notice.

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

Independent and Non-executive Directors are paid a base fee. Such fees are pro-rated if the Directors serve for less than one year. Such fees are subject to approval by the shareholders of the Company at the AGM of the Company.

In settling 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 FY2010 is as follows:

		Salary %	Variable Bonus %	Director's Fees %	Benefits %	Total %
(a)	**Directors**					
	Above $250,000 but below $500,000					
	Liew Sen Keong	100	–	–	–	100
	Below $250,000					
	Chan Pui Yee	100	–	–	–	100
	Chan Tien Chih	100	–	–	–	100
	Dr. Tan Ah Mee	100	–	–	–	100
	Lai Chin Yee	–	–	100	–	100
	Aloysius Wee Meng Seng	–	–	100	–	100
	Dr. Tan Eng Khiam	–	–	100	–	100

Corporate Governance Report

	Salary %	Variable Bonus %	Director's Fees %	Benefits %	Total %
(b) Key Executives					
Below $250,000					
Goh Tuck Peng	100	–	–	–	100
Lee Kong Honn	100	–	–	–	100
Soo Koh Wah	100	–	–	–	100
Teo Wee Khoon	100	–	–	–	100
Tan Choon Siong	100	–	–	–	100
Ng Chee Seng	100	–	–	–	100
Chit Shwe	100	–	–	–	100

The Company does not have any employee who is an immediate family member of the Directors or the CEO and whose remuneration exceeds $150,000 during FY2010.

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 and are also available on the Company's website at www.ccmgroup.sg. The Company's annual report is sent to all shareholders and its half and full year financial results are available on request.

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

Corporate Governance Report

PRINCIPLE 11: AUDIT COMMITTEE

The 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 co-operation 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 are mainly to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance, business and financial risk management. During the financial year under review, the AC performed the following main functions:

- establishing the terms of reference for AC;
- recommending to the Board, the appointment or re-appointment of the 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;
- 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 the Management, so as to ensure the integrity of the financial statements of the Company;
- reviewing the effectiveness of the Company's internal audit functions; and
- reviewing the interested person transactions falling within the scope of Chapter 9 of the Rules of Catalist 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 has met with the external auditors and the internal auditors without the presence of the Management in February 2011.

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

Details of the activities of the AC are also provided under Principle 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 policy 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 AC exercises the overseeing functions over the administration of the policy. Periodic report 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 sound system of internal controls to safeguard shareholders' interests and the Group's assets.

The AC reviews on an annual basis the adequacy of the Company's internal financial controls, operational and compliance controls, 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. The Management is involved in regular reviews of the risks that are significant to the fulfilment of these objectives. 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 under review, in connection with the initial public offering (the "**IPO**") of the Company, a pre-IPO internal audit was carried out by Ethos Advisory Pte. Ltd..

In August 2010, the Company appointed BDO Consultants Pte. Ltd. ("**BDO**") as its internal auditor to conduct the internal audit review for FY2010.

The Board believes that, in the absence of any evidence to the contrary, existing internal controls, including financial, operational and compliance controls and risk management systems that were in place from the date of listing up to the date of this report, are adequate to meet the needs of the Group in its current business environment. The Company will review the adequacy and effectiveness of its internal controls on an on-going basis and address any specific issues or risks whenever necessary.

Corporate Governance Report

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 on administrative matters.

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 audits by the internal auditors 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

In line with the continuous disclosure obligations of the Company, pursuant to the Rules of Catalist 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, and they are assisted via the provision of third party investor relation services by Mileage Communications Pte. Ltd..

All announcements are released via SGXNET including the half year and full year financial results, distribution of notices, press release, analyst briefing, presentations, announcement on acquisitions and other major developments. Price sensitive information to its shareholders is publicly released on an immediate basis where required under the Rules of Catalist. In addition, all shareholders will receive the Annual Report together with the Notice of AGM, which is also accessible through SGXNET.

PRINCIPLE 15: SHAREHOLDER PARTICIPATION

The Board supports the Code's principle to encourage shareholder participation at AGMs.

The Board encourages shareholders to attend 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. At the AGM, shareholders will be given the opportunity 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 committee, and the Management as well as 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. There is no provision in the Company's Articles of Association that limits the number of proxies for nominee companies.

The Company will practise having separate resolutions at general meetings on each distinct issue.

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

Corporate Governance Report

MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements and the service agreements between the Executive Directors and the Company, 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 subsisting during FY2010.

DEALING IN SECURITIES

In line with Rule 1204(18) of the Rules of Catalist, the Group has adopted a policy with respect to dealings in securities by the Directors and its Executive Officers. The Directors, the Management and officers of the Group are prohibited from dealing in the Company's shares while in possession of price-sensitive information and on short-term considerations. All Directors and employees are also prohibited from dealing in the securities of the Company for a period of one month prior to the release of the half year and full year results of the Company.

NON-SPONSOR FEE

The nature of non-sponsor services that were rendered by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., to the Group and their related fees for the FY2010 are as follows:-

Fees to act as the issue manager and sponsor pursuant to the Company's IPO amounted to $240,000.

NON-AUDIT FEES

There were no non-audit services rendered to the Company by our Auditors, Ernst & Young LLP for the financial year ended 31 December 2010.

Corporate Governance Report

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

Save for the updated listed of ongoing interested person transactions set out below, there were no interested person transactions entered into during FY2010 pursuant to Rule 907 of the Rules of Catalist:

Financial Institution and Borrower	Guarantor	Date of Guarantee	Details of Facilities	Largest Amount Guaranteed ($)	Amount Outstanding as at 21 February 2010 ($)
Oversea-Chinese Banking Corporation Limited in favour of CCM Industrial Pte. Ltd. ("**CCM Industrial**")	Liew Sen Keong[(1)]	25 September 2006	A personal guarantee of $120,000 – Business Term Loan	120,000	22,711
ECICS Limited in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih[(2)] and Chan Pui Yee[(2)]	–	Paint warranties of $38,626	38,626	38,626
EQ Insurance Company Limited in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih and Chan Pui Yee	–	Performance bonds and paint warranties of $2,432,954.50	2,432,955	2,432,955
First Capital Insurance Limited in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih and Chan Pui Yee	–	Performance bonds and paint warranties of $413,496	413,496	413,496
SHC Capital Limited in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih and Chan Pui Yee	–	Performance bonds and paint warranties of $1,404,487.30	1,404,487	1,404,487
QBE Insurance in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih and Chan Pui Yee	–	Performance bonds and paint warranties of $95,309	95,309	95,309

Corporate Governance Report

Financial Institution and Borrower	Guarantor	Date of Guarantee	Details of Facilities	Largest Amount Guaranteed ($)	Amount Outstanding as at 21 February 2010 ($)
Liberty Insurance Pte. Ltd. in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih and Chan Pui Yee	–	HDB Bond of $14,492	14,492	14,492
The Overseas Assurance Corporation Limited/ Great Eastern Holdings Ltd in favour of CCM Industrial	Liew Sen Keong, Chan Tien Chih and Chan Pui Yee	5 May 2006	Paint warranties of $24,100	24,100	24,100

Notes:-

(1) CEO of the Company.

(2) Both the Executive Directors of the Company.

USE OF IPO PROCEEDS UPDATE

Purpose	Amount allocated $'000	Amount used as at 22 February 2011 $'000	Amount Unutilised as at 22 February 2011 $'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	–	500
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	(400)	197
	3,697	**(1,200)**	**2,497**

Report of the Directors

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 subsidiary (collectively the "Group") for the financial year ended 31 December 2010 and the balance sheet of the Company as at 31 December 2010 and statement of changes in equity of the Company for the financial period from 9 September 2009 (date of incorporation) to 31 December 2010.

Directors

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

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)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose object 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 period, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company as stated below:

	Direct interest	
Name of director	**At the beginning of financial period**	**At the end of financial period**
Ordinary shares of the Company		
Liew Sen Keong	1	47,200,000
Chan Pui Yee	1	5,900,000
Chan Tien Chih	–	5,900,000
Dr. Tan Ah Mee	–	166,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial period and 21 January 2011.

By virtue of Section 7 of the Companies Act, Liew Sen Keong and Chan Pui Yee deemed to be interested in the shares held by the company in its subsidiary.

Report of the Directors

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

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.

Except as disclosed in this report, no director who held office at the end of the financial period had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the date of incorporation or at the end of the financial period.

Directors' contractual benefits

Except as disclosed in the financial statements, since the date of incorporation, 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 during the financial period. As at 31 December 2010, there are no options on the unissued shares of the Company or any other body corporate 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 period and at the date of this report are:

Lai Chin Yee (Chairperson)	(Appointed on 10 March 2010)
Aloysius Wee Meng Seng	(Appointed on 10 March 2010)
Dr. Tan Eng Khiam	(Appointed on 10 March 2010)

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.

Report of the Directors

Audit committee (cont'd)

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.

Auditors

Ernst & Young LLP have expressed their willingness to accept appointment as auditors.

On behalf of the board of directors:

Liew Sen Keong
Director

Chan Pui Yee
Director

Singapore
9 March 2011

Statement by Directors

We, Liew Sen Keong and Chan Pui Yee, being two of the directors of CCM Group Limited (the "Company"), 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 2010 and the results of the business, changes in equity and cash flows of the Group for the year ended on that date and the changes in equity of the Company for the financial period from 9 September 2009 (date of incorporation) to 31 December 2010, 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
9 March 2011

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 subsidiary (collectively, the "Group") set out on pages 38 to 82, which comprise the balance sheets of the Group and the Company as at 31 December 2010, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended and the statement of changes in equity of the Company for the financial period from 9 September 2009 (date of incorporation) to 31 December 2010, and a summary of significant accounting policies and other explanatory notes.

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, Cap. 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

Independent Auditor's Report

To the Members of CCM Group Limited

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 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date; and the changes in equity of the Company from 9 September 2009 (date of incorporation) to 31 December 2010.

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 subsidiary 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

9 March 2011

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2010
(Amounts in Singapore dollars)

	Note	2010 $	2009 $
Revenue	4	51,616,942	27,969,938
Cost of sales		(44,690,956)	(21,192,528)
Gross profit		6,925,986	6,777,410
Other items of income			
Other income	5	59,897	429,082
Other items of expense			
Other expenses	5	(210,598)	–
Marketing expenses		(249,027)	(134,902)
Administrative expenses		(5,086,527)	(3,100,709)
Finance costs	6	(413,041)	(379,171)
Profit before tax	7	1,026,690	3,591,710
Income tax expense	10	(496,138)	(469,220)
Profit net of tax		530,552	3,122,490
Total comprehensive income for the year attributable to owners of the parent		530,552	3,122,490
Earnings per ordinary share (cents per share)			
- Basic and diluted	26	0.93	5.29

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

Balance Sheets

As at 31 December 2010

(Amounts in Singapore dollars)

	Note	Group 2010 $	Group 2009 $	Company 2010 $
ASSETS				
Non-current assets				
Plant and equipment	11	3,363,695	3,509,327	–
Investment in subsidiary	12	–	–	5,569,162
Other receivables	14	46,000	46,000	–
		3,409,695	3,555,327	5,569,162
Current assets				
Construction work-in-progress in excess of progress billings	13	8,723,897	4,653,012	–
Trade and other receivables	14	6,247,824	7,393,925	6,215
Prepayments		49,013	34,552	–
Bank deposits (pledged)	15	1,300,000	–	300,000
Cash and bank balances	15	2,300,085	489,493	2,033,066
		18,620,819	12,570,982	2,339,281
Total assets		22,030,514	16,126,309	7,908,443
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	16	5,284,641	5,183,628	69,022
Other current liabilities	17	3,666,951	399,601	95,121
Loans and borrowings	18	1,453,334	4,772,673	–
Income tax payable		472,520	469,220	–
		10,877,446	10,825,122	164,143
Net current assets		7,743,373	1,745,860	2,175,138
Non-current liabilities				
Loans and borrowings	18	960,939	1,679,148	–
Deferred tax liabilities	19	194,110	150,000	–
		1,155,049	1,829,148	–
Total liabilities		12,032,495	12,654,270	164,143
Net assets		9,998,019	3,472,039	7,744,300
Equity attributable to owners of the parent				
Share capital	20	9,564,592	1,000,002	9,564,592
Merger reserves		(2,569,162)	–	–
Accumulated profits		3,002,589	2,472,037	(1,820,292)
Total equity		9,998,019	3,472,039	7,744,300
Total liabilities and equity		22,030,514	16,126,309	7,908,443

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 from 9 September 2009 (Date of Incorporation) to 31 December 2010
(Amounts in Singapore dollars)

	Share capital (Note 20) $	Accumulated (losses)/profits $	Merger reserves $	Total $
Group				
At 1 January 2009	1,000,000	(650,453)	–	349,547
Issuance of new ordinary shares	2	–	–	2
Profit net of tax, representing total comprehensive income for the year	–	3,122,490	–	3,122,490
At 31 December 2009 and 1 January 2010	1,000,002	2,472,037	–	3,472,039
Profit net of tax, representing total comprehensive income for the year	–	530,552	–	530,552
Adjustment pursuant to the restructuring exercise	(1,000,000)	–	(2,569,162)	(3,569,162)
Issuance of new ordinary shares pursuant to the restructuring exercise	3,569,162	–	–	3,569,162
Share-based compensation expense	310,800	–	–	310,800
Conversion of convertible loan	1,333,200	–	–	1,333,200
Issuance of new ordinary shares pursuant to the IPO	5,000,000	–	–	5,000,000
Share issue expenses	(648,572)	–	–	(648,572)
At 31 December 2010	9,564,592	3,002,589	(2,569,162)	9,998,019

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 2010
(Amounts in Singapore dollars)

	Share capital (Note 20) $	Accumulated losses $	Total $
Company			
At 9 September 2009 (date of incorporation)	2	–	2
Loss net of tax, representing total comprehensive income for the period	–	(1,820,292)	(1,820,292)
Issuance of new ordinary shares pursuant to the restructuring exercise	3,569,162	–	3,569,162
Share-based compensation expense	310,800	–	310,800
Conversion of convertible loan	1,333,200	–	1,333,200
Issuance of new ordinary shares pursuant to the IPO	5,000,000	–	5,000,000
Share issue expenses	(648,572)	–	(648,572)
At 31 December 2010	9,564,592	(1,820,292)	7,744,300

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2010
(Amounts in Singapore dollars)

	Note	2010 $	2009 $
Cash flows from operating activities			
Profit before tax		1,026,690	3,591,710
Adjustments:			
Depreciation of plant and equipment		731,151	705,328
Loss/(gain) on disposal of plant and equipment		9,801	(31,885)
Share-based compensation expense		310,800	–
Fair value loss on derivative financial liability		210,598	–
Bad debts written off		15,739	–
Allowance for doubtful trade receivables		3,199	–
Interest expense		413,041	379,171
Share issue expenses		775,918	–
Operating cash flows before working capital changes		3,496,937	4,644,324
Decrease/(increase) in:			
Trade and other receivables		1,127,163	(2,319,964)
Prepayments		(14,461)	(2,800)
Construction work-in-progress in excess of progress billings		(4,070,885)	(2,968,632)
(Decrease)/increase in:			
Trade and other payables		101,013	1,446,323
Other current liabilities		3,267,350	(65,272)
Cash generated from operations		3,907,117	733,979
Interest paid		(290,438)	(379,171)
Income tax paid		(448,728)	–
Net cash generated from operating activities		3,167,951	354,808
Cash flows from investing activities			
Purchase of plant and equipment	11	(471,619)	(19,250)
Proceeds from disposal of plant and equipment		3,899	76,500
Net cash (used in) generated from investing activities		(467,720)	57,250
Cash flows from financing activities			
Proceeds from loans and borrowings		–	1,382,129
Increase in fixed deposits pledged		(1,300,000)	–
Repayments of loans and borrowings		(1,396,671)	(2,506,566)
Repayments of obligations under finance leases		(809,921)	(944,328)
Proceeds from convertible loans		1,000,000	–
Proceeds from issuance of new ordinary shares pursuant to the IPO		5,000,000	2
Share issue expenses		(1,424,490)	–
Net cash from (used in) financing activities		1,068,918	(2,068,763)
Net increase (decrease) in cash and cash equivalents		3,769,149	(1,656,705)
Cash and cash equivalents at beginning of year		(2,085,869)	(429,164)
Cash and cash equivalents at end of year	15	1,683,280	(2,085,869)

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

1. Corporate Information

1.1 *The Company*

CCM Group Pte. Ltd. (the "Company") was incorporated as a private company limited by shares, in Singapore on 9 September 2009. On 1 June 2010, the Company was converted to a public limited company and the consequential change of name from "CCM Group Pte. Ltd." to "CCM Group Limited". The Company was listed on Catalist with the Singapore Exchange Securities Trading Limited (SGX-ST) on 5 July 2010.

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

The principal activities of the Company is that of investment holding. The principal activity of the subsidiary is disclosed in Note 12 to the financial statements.

1.2 *The Restructuring Exercise*

The Group was formed through the restructuring exercise for the purpose of the invitation. Pursuant to the restructuring exercise, the Company became the holding company of the Group. The restructuring exercise involved the following steps:

(a) Incorporation of the Company

The Company was incorporated in Singapore on 9 September 2009 as an investment holding company of the Group with an initial paid-up capital of $2 comprising 2 ordinary shares allotted and issued to Liew Sen Keong and Chan Pui Yee.

(b) Acquisition of CCM Industrial Pte. Ltd.

In order to effect the holding of CCM Industrial Pte. Ltd. by the Company and to consolidate the shareholding of the Company in the Group, a restructuring agreement was entered into between the Company, Liew Sen Keong, Chan Tien Chih and Chan Pui Yee on 24 March 2010. Pursuant to the restructuring agreement, the Company acquired 100% of the issued share capital of CCM Industrial Pte. Ltd., comprising 1,000,000 ordinary shares, from Liew Sen Keong, Chan Tien Chih and Chan Pui Yee for an aggregate purchase consideration of $3,569,162.

The purchase consideration was satisfied by the allotment and issuance of 799,999, 100,000 and 99,999 new shares certified as fully paid to Liew Sen Keong, Chan Tien Chih and Chan Pui Yee respectively. Following the said acquisition, CCM Industrial Pte. Ltd. became the Company's wholly-owned subsidiary.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.1 *Basis of preparation (cont'd)*

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 $).

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010.

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118 Transfer of Assets from Customers	1 July 2009
Improvements to FRSs issued in 2009:	
– Amendments to FRS 38 Intangible Assets	1 July 2009
– Amendments to FRS 102 Share-based Payment	1 July 2009
– Amendments to FRS 108 Operating Segments	1 July 2009
– Amendments to INT FRS 109 Reassessment of Embedded Derivatives	1 July 2009
– Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation	1 July 2009
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010
– Amendments to FRS 102 Share-based Payment – Amendment relating to Group Cash-settled Share-based Payment Transactions	1 January 2010
– Amendments to FRS 32 Financial Instruments: Disclosure and Presentation – Amendment relating to Classification of Rights Issues	1 February 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendment to FRS 32 *Financial Instruments: Presentation – Classification of Rights Issues*	1 February 2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.4 *Subsidiary and basis of consolidation*

(a) *Subsidiary*

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.

(b) *Basis of consolidation*

The consolidated financial statements comprised the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.4 *Subsidiary and basis of consolidation (cont'd)*

(b) *Basis of consolidation (cont'd)*

All intra balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets are eliminated in full.

The consolidated financial statements of the Group for the financial year ended 31 December 2010 and 2009 have been prepared using the pooling of interest method as the Restructuring Exercise completed as described in Note 1.2 is a legal reorganisation of entities under common control.

Under this method, the Company has been treated as the holding company of its subsidiary for the financial years presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the respective years include the results of the subsidiary for the entire years under review.

Pursuant to this:

– Assets, liabilities, share capital, reserves and current year profits of the combining companies are added together for the financial year ended 31 December 2009 without elimination of share capital of these companies;

– Assets and liabilities are combined at their existing carrying amounts;

– No amount is recognised for goodwill; and

– Merger reserve account will be recognised and accounted for under "merger accounting" and this represents the difference between the consideration paid and the equity 'acquired' and this is reflected within equity.

2.5 *Functional currency and foreign currency translations*

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company and its subsidiary operate, that is, functional currency, to be Singapore Dollars ("SGD"). Sales prices, major sources of financing and major operating expenses are primarily influenced by fluctuations in SGD.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in SGD and are recorded on initial recognition 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 balance sheet date. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss.

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

2.6 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment. The accounting policy for borrowing costs is set out in Note 2.15. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of 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. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.6 ***Plant and equipment (cont'd)***

An item of 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 derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 ***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 indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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.

2.8 ***Financial assets***

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. 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 directly attributable transaction cost.

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

2.8 *Financial assets (cont'd)*

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.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.9 *Impairment of financial assets*

The Group assesses at each end of the reporting period 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 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 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.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.9 ***Impairment of financial assets (cont'd)***

Financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits 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.

2.11 ***Construction contracts***

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The stage of completion is determined by reference to professional surveys of work performed.

2.12 ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.13 ***Financial liabilities***

Initial recognition and measurement

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

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

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

2.13 *Financial liabilities (cont'd)*

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

<u>Financial liabilities at fair value through profit or loss</u>

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

<u>Other financial liabilities</u>

After initial recognition, other 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.

Derecognition

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 derecognition 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.

2.14 *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 will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each 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.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.15 ***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.

2.16 ***Employee benefits***

Defined contribution plans

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

2.17 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether the 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. 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.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(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 profit and loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

2.17 *Leases (cont'd)*

(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 2.18(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.18 *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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales 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 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 balance sheet date. The stage of completion is determined by reference to professional surveys of work performed. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(b) *Rental income*

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

2.19 *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 by 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.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.19 *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 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 deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income 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 in 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.

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

2.19 *Taxes (cont'd)*

(b) *Deferred tax*

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 income taxes relate to the same taxable entity and the same taxation authority.

(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.

2.20 *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.

2.21 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 25, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 *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 Company; 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.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

2.22 *Contingencies (cont'd)*

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 Company.

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

2.23 *Related parties*

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

- (i) controls, is controlled by, or is under common control with, the Group;
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d);

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Company'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 financial statements:

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement 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 2010 are $472,520 (2009: $469,220) and $194,110 (2009: $150,000) respectively.

3.2 *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.

(a) *Useful lives of plant and equipment*

The cost of yard equipment, furniture and fittings, office equipment, access equipment and motor vehicles is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. 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 the Group's plant and equipment 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 7% (2009: 1%) variance in the Group's profit 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.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 14 to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

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

(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 judgement, 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 balance sheet date are disclosed in Note 13 to the financial statements.

4. Revenue

	Group	
	2010	**2009**
	$	$
Revenue from construction contracts	50,181,762	25,833,901
Revenue from rental of access equipment systems	1,435,180	2,136,037
	51,616,942	27,969,938

5. Other income and expenses

	Group	
	2010	**2009**
	$	$
Other income:		
- Commission income	34,167	–
- Grant income from Jobs Credit Scheme	17,490	77,252
- Penalty levied on customers for late payment	–	276,448
- Costs waived by creditors	–	25,363
- Gain on disposal of plant and equipment	–	31,885
- Rebates for early settlement of finance leases	–	16,849
- Others	8,240	1,285
	59,897	429,082
Other expense:		
- Fair value loss on derivative financial liability	210,598	–

Notes to the Financial Statements

For the financial year ended 31 December 2010

6. Finance costs

	Group 2010 $	Group 2009 $
Interest expense on:		
- Bank overdraft	72,631	123,273
- Obligations under finance leases	121,370	168,394
- Bank loans	96,438	87,504
- Convertible loan	122,602	–
	413,041	379,171

7. Profit before tax

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

	Note	Group 2010 $	Group 2009 $
Depreciation of plant and equipment		731,151	705,328
Employee benefits*	8	3,447,705	1,875,698
Operating lease expense		173,904	149,244
Allowance for doubtful trade receivables		3,199	–
Bad debts written off		15,739	5,092

* Includes directors' remuneration and remuneration of key management personnel as disclosed in Note 9(b) to the financial statements.

8. Employee benefits

	Group 2010 $	Group 2009 $
Salaries, wages and bonuses	3,235,608	1,750,493
Central Provident Fund contributions	212,097	125,205
	3,447,705	1,875,698

Notes to the Financial Statements

For the financial year ended 31 December 2010

9. 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 2010, certain directors of the Company have provided personal guarantees amounting to approximately $25,313 (2009: $4,148,899) to secure certain loans and borrowings of the Company as disclosed in Note 18 to the financial statements.

As at 31 December 2010, certain directors of the Company have provided personal guarantees amounting to $4,666,419 (2009: $4,530,430) to secure performance bonds of the Group.

As at 31 December 2010, certain directors of the Company have provided personal guarantees amounting to $685,000 (2009: $735,000) as security bonds for the foreign workers of the Group.

Certain directors of the Company have provided personal guarantee for the rental of an office premise as disclosed in Note 21 to the financial statements.

(b) *Compensation of key management personnel*

	Group	
	2010	**2009**
	$	$
Compensation of key management:		
Short-term employee benefits	1,313,326	351,523
Central Provident Fund contributions	91,798	25,509
	1,405,124	377,032
Comprises amounts paid to:		
Directors of the Company	699,124	377,032
Other key management personnel	706,000	–
	1,405,124	377,032

10. Income tax

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2010 and 2009 are:

	Note	Group 2010 $	Group 2009 $
Statement of consolidated comprehensive income:			
Current income tax			
- Current year income tax expense		452,028	469,220
Deferred income tax	19		
- Temporary differences		44,110	8,400
- Effects of change in Singapore tax rate		–	(8,400)
Income tax expense recognised in profit or loss		496,138	469,220

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group 2010 $	Group 2009 $
Profit before tax	1,026,690	3,591,710
Tax at the applicable tax rate of 17% (2009: 17%)	174,537	610,591
Adjustments:		
Non-deductible expenses	350,499	31,680
Effect of partial tax exemption	(25,925)	(25,925)
Income not subject to tax	(2,973)	(13,133)
Effect of change in Singapore tax rate	–	(8,400)
Utilisation of previously unrecognised tax losses	–	(124,769)
Others	–	(824)
Income tax expense recognised in profit or loss	496,138	469,220

Notes to the Financial Statements

For the financial year ended 31 December 2010

11. Plant and equipment

	Motor vehicles $	Furniture and fittings $	Office equipment $	Yard equipment $	Access equipment systems $	Dormitory (CIP) $	Total $
Group							
Cost							
At 1 January 2009	1,848,969	120,812	101,953	206,428	3,306,761	–	5,584,923
Additions	144,673	–	17,960	1,290	–	–	163,923
Disposals	(186,272)	(44,985)	(19,366)	(15,712)	–	–	(266,335)
At 31 December 2009 and 1 January 2010	1,807,370	75,827	100,547	192,006	3,306,761	–	5,482,511
Additions	139,590	5,000	158,666	31,360	–	264,603	599,219
Disposals	(43,273)	(10,040)	(26,670)	(8,637)	–	–	(88,620)
At 31 December 2010	1,903,687	70,787	232,543	214,729	3,306,761	264,603	5,993,110
Accumulated depreciation							
At 1 January 2009	377,914	86,292	49,892	110,598	864,880	–	1,489,576
Charge for the year	176,637	18,029	16,690	35,525	458,447	–	705,328
Disposals	(142,809)	(43,979)	(19,239)	(15,693)	–	–	(221,720)
At 31 December 2009 and 1 January 2010	411,742	60,342	47,343	130,430	1,323,327	–	1,973,184
Charge for the year	185,546	11,172	35,830	32,312	466,291	–	731,151
Disposals	(29,853)	(10,038)	(26,396)	(8,633)	–	–	(74,920)
At 31 December 2010	567,435	61,476	56,777	154,109	1,789,618	–	2,629,415
Net carrying amount							
At 31 December 2009	1,395,628	15,485	53,204	61,576	1,983,434	–	3,509,327
At 31 December 2010	1,336,252	9,311	175,766	60,620	1,517,143	264,603	3,363,695

11. Plant and equipment (cont'd)

Assets held under finance lease

(a) During the financial years ended 31 December 2009 and 2010, the cash outflows on purchase of plant and equipment were as follows:

	Group	
	2010	**2009**
	$	$
Aggregate cost of plant and equipment acquired	599,219	163,923
Less: Acquired by means of finance lease	(127,600)	(144,673)
Cash outflow on acquisition of plant and equipment	471,619	19,250

(b) As at 31 December 2009 and 2010, the carrying amount of plant and equipment held under finance leases were as follows:

	Group	
	2010	**2009**
	$	$
Motor vehicles	1,333,723	1,049,956
Access equipment systems	1,204,762	1,661,908
	2,538,485	2,711,864

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

12. Investment in subsidiary

	Company
	2010
	$
Unquoted equity shares, at cost	5,569,162

Notes to the Financial Statements

For the financial year ended 31 December 2010

12. Investment in subsidiary (cont'd)

The Company had the following subsidiary as at 31 December 2010:

	Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest
				2010
	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

\# Audited by Ernst & Young LLP, Singapore.

13. Construction work-in-progress

	Group 2010 $	Group 2009 $	Company 2010 $
Aggregate contract costs incurred and recognised profits (less recognised losses) to-date	77,813,024	34,233,285	–
Less: Progress billings	(69,089,127)	(29,580,273)	–
Construction work-in-progress in excess of progress billings	8,723,897	4,653,012	–

Included in construction work-in-progress is an amount of $2,834,177 relating to a variation works performed on a construction project, which is disputed by the customer. Subsequent to year end, this matter was adjudged in favour of the Company pursuant to an adjudication determination.

14. Trade and other receivables

	Note	Group 2010 $	Group 2009 $	Company 2010 $
Trade and other receivables (current)				
Trade receivables		4,806,702	4,777,613	–
Other receivables		805,549	2,000,605	6,215
Refundable deposits		635,573	615,707	–
		6,247,824	7,393,925	6,215
Other receivables (non-current)				
Refundable deposits		46,000	46,000	–
Total trade and other receivables (current and non-current)		6,293,824	7,439,925	6,215
Add: Cash and bank balances	15	3,600,085	489,493	2,333,066
Total loans and receivables		9,893,909	7,929,418	2,339,281

Notes to the Financial Statements

For the financial year ended 31 December 2010

14. Trade and other receivables (cont'd)

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 payments for material and labour costs on behalf of the Group's sub-contractors.

In 2009, other receivables mainly related to a loan to a shareholder of A & B Hotels Pte. Ltd. which owned Park Regis Investments Pte. Ltd., a customer of the Group. The loan had been fully repaid during the financial year ended 31 December 2010.

Refundable deposits

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,193,316 (2009: $469,290) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company
	2010	2009	2010
	$	$	$
Trade receivables past due:			
Lesser than 30 days	109,472	119,415	–
31 days to 120 days	140,262	20,759	–
121 days to a year	48,882	315,841	–
More than a year	894,700	13,275	–
	1,193,316	469,290	–

Notes to the Financial Statements

For the financial year ended 31 December 2010

14. Trade and other receivables (cont'd)

Receivables that are impaired

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

	Group 2010 $	Group 2009 $	Company 2010 $
Trade receivables - nominal amounts	3,199	–	–
Less: Allowance for doubtful trade receivables	(3,199)	–	–
	–	–	–
Movement in allowance accounts:			
At 1 January	–	247,341	–
Charge for the year	(3,199)	–	–
Written off	–	(247,341)	–
At 31 December	(3,199)	–	–

Trade receivables that are determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15. Cash and cash equivalents

	Group 2010 $	Group 2009 $	Company 2010 $
Cash at banks and on hand	2,300,085	489,493	2,033,066
Short-term deposits	1,300,000	–	300,000
Cash and bank balances	3,600,085	489,493	2,333,066

For the purpose of presenting the consolidated cash flow statement, cash and cash equivalents comprise the following as at the respective balance sheet dates:

	Note	Group 2010 $	Group 2009 $
Cash and bank balances		3,600,085	489,493
Less: Bank overdraft	18	(616,805)	(2,575,362)
Less: Bank deposits pledged		(1,300,000)	–
Cash and cash equivalents		1,683,280	(2,085,869)

16. Trade and other payables

	Note	Group 2010 $	Group 2009 $	Company 2010 $
Trade and other payables				
Trade payables		4,956,855	4,610,056	–
Other payables		255,061	535,611	69,022
Due to directors (non-trade)		72,725	37,961	–
		5,284,641	5,183,628	69,022
Add: Loans and borrowings	18	2,414,273	6,451,821	–
Add: Other current liabilities	17	3,666,951	399,601	95,121
Total financial liabilities carried at amortised costs		11,365,865	12,035,050	164,143

Trade payables

Trade payables are non-interest bearing and are normally settled on 60 to 90 days' terms.

Other payables

Other payables are non-interest bearing and are normally settled on 30 to 60 days' terms.

Due to directors (non-trade)

Amounts due to directors (non-trade) are non-interest bearing and are repayable on demand. These balances are unsecured and are to be settled in cash.

17. Other current liabilities

	Group 2010 $	Group 2009 $	Company 2010 $
Accrued operating expenses	3,666,951	399,601	95,121

Notes to the Financial Statements

For the financial year ended 31 December 2010

18. Loans and borrowings

	Maturity	Group 2010 $	Group 2009 $	Company 2010 $
Current:				
OCBC term loan	(*)	25,313	26,916	–
DBS bridging loan	(*)	–	248,889	–
DBS term loan	(*)	151,553	–	
GE factoring loans	(*)	–	237,735	–
DBS factoring loans	(*)	–	882,129	–
Obligations under finance leases (Note 21)	(*)	659,663	801,642	–
Bank overdraft (Note 15)	On demand	616,805	2,575,362	–
		1,453,334	4,772,673	–
Non–current:				
OCBC term loan	2011	–	25,526	–
DBS bridging loan	2011	–	152,342	–
Obligations under finance leases (Note 21)	2011–2018	960,939	1,501,280	–
		960,939	1,679,148	–
Total loans and borrowings		2,414,273	6,451,821	–

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

OCBC term loan

This loan is fully repayable on 1 October 2011, bearing interest at 1.12% (2009: 1.12%) below the Business Term Rate per annum and is secured by a personal guarantee from a director (Note 9(a)).

DBS bridging loan

This loan was offered by DBS under the Local Enterprise Finance Scheme ("LEFS") administered by SPRING Singapore. It bears interest at 5.00% per annum on a monthly rest basis or such other rate as may be determined by SPRING Singapore and is secured by a joint and several guarantee from 3 directors (Note 9(a)). On 26 November 2010, this loan was replaced by a DBS term loan pursuant to the revised banking facilities granted by the bank.

DBS term loan

This loan is fully repayable on 26 November 2011, bears interest at the prevailing Enterprise Financing Rate of 5.00% per annum and is secured by bank deposits and corporate guarantee by CCM Group Limited (Note 27).

Notes to the Financial Statements

For the financial year ended 31 December 2010

18. Loans and borrowings (cont'd)

GE factoring loans

GE factoring loans bear interest at 5.00% (2009: 5.00%) per annum and are secured by a joint and several guarantee from 2 directors (Note 9(a)). This loan was fully repaid on 30 November 2010.

DBS factoring loans

DBS factoring loans bear interest at 1.50% per annum above the Enterprise Financing Rate and are secured by a joint guarantee from 3 directors (Note 9(a)). This loan was fully repaid on 31 October 2010.

Bank overdraft

The UOB Overdraft Facility bears interest at the bank's Prime Lending Rate for the first $300,000 and 1.00% (2009: 3.00%) 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 27).

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 7.50% (2009: 4.10%) per annum.

19. Deferred tax liabilities

Deferred income tax as at 31 December relates to the following:

	Group	
	2010	**2009**
	$	$
Deferred tax liabilities		
Differences in depreciation for tax purposes	(194,110)	(158,400)
Effects of change in Singapore tax rate	–	8,400
	(194,110)	(150,000)

Notes to the Financial Statements

For the financial year ended 31 December 2010

20. Share capital

	Group and Company 2010 No. of shares	Group and Company 2010 $
Issued and fully paid ordinary shares :		
At 9 September 2009, date of incorporation	2	2
Issuance of new ordinary shares pursuant to the restructuring exercise (Note 1.2)	999,998	3,569,162
	1,000,000	3,569,164
Share split [(1)]	59,000,000	3,569,164
Conversion of convertible loan [(2)]	6,666,000	1,333,200
Issuance of new ordinary shares pursuant to the Company's initial public offering	26,554,000	5,310,800
Share issue expenses	–	(648,572)
At 31 December 2010	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.

(1) Pursuant to a shareholders' resolution dated 27 May 2010, every one ordinary share in the share capital of the Company was sub-divided into 59 ordinary shares.

(2) Pursuant to the investment agreement entered into between the Company and the Pre-IPO Investors on 26 February 2010, the Company issued $1,000,000 convertible loan for cash to the Pre-IPO investors. On 22 June 2010, the Pre-IPO investors exercised their rights to convert the convertible loan into 6,666,000 shares in the Company at a discount of 25% to the initial public offering price.

On the initial recognition of the convertible loan, the carrying amount of the liability component is the residual amount after separating the embedded derivative. Interest expense and fair value adjustment on derivative financial liability is recognised in Finance costs (Note 6) and Other expense (Note 5) respectively. Upon the conversion of the convertible loan, the carrying amount of the liability component and derivative financial liability are derecognised and recorded in Share capital.

21. Commitments

(a) *Operating lease commitments – as lessee*

On 2 June 2008, 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 balance sheet date are as follows:

	Group	
	2010	**2009**
	$	$
Not later than one year	93,039	173,148
Later than one year but not later than five years	–	86,574
	93,039	259,722

The lease 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.

Certain directors of the Group have provided personal guarantee to the landlord for all sums of money including but not limited to rent, service and conservancy charges, fees, penalties, interest and legal and other expenses which may be owing to the landlord by the Company (Note 9).

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2010 amounted to approximately $174,000 (2009: $149,000).

Notes to the Financial Statements

For the financial year ended 31 December 2010

21. Commitments (cont'd)

(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			
	2010		2009	
	Minimum lease payments $	Present value of payments (Note 18) $	Minimum lease payments $	Present value of payments (Note 18) $
Within one year	732,810	659,663	905,161	801,642
After one year and not later than five years	1,091,460	960,939	1,678,650	1,501,280
Total minimum lease payments	1,824,270	1,620,602	2,583,811	2,302,922
Less: Amounts representing finance charges	(203,668)	–	(280,889)	–
Present value of minimum lease payments	1,620,602	1,620,602	2,302,922	2,302,922

22. 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, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no derivatives shall be undertaken. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the 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.

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

(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.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk by customers within the Group.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, which is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

At the end of the reporting period, approximately 85% (2009: 70%) of the Group's trade receivables were due from 5 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 creditworthy debtors with good payment record with the Group. Cash and bank balances 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.

Notes to the Financial Statements

For the financial year ended 31 December 2010

22. 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 different 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 60% (2009: 74%) of the Group's loans and borrowings (Note 18) will mature in less than one year based on the carrying amount reflected in the financial statements.

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

	One year or less	One to five years	Total
	$	$	$
Group			
2010			
Financial assets:			
Trade and other receivables	6,247,824	46,000	6,293,824
Cash and bank balances	3,600,085	–	3,600,085
Total undiscounted financial assets	9,847,909	46,000	9,893,909
Financial liabilities:			
Trade and other payables	(5,284,641)	–	(5,284,641)
Other current liabilities	(3,666,951)	–	(3,666,951)
Loans and borrowings	(1,526,481)	(1,091,460)	(2,617,941)
Total undiscounted financial liabilities	(10,478,073)	(1,091,460)	(11,569,533)
Total net undiscounted financial liabilities	(630,164)	(1,045,460)	(1,675,624)

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

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

	One year or less $	One to five years $	Total $
Group			
2009			
Financial assets:			
Trade and other receivables	7,393,925	46,000	7,439,925
Cash and bank balances	489,493	–	489,493
Total undiscounted financial assets	7,883,418	46,000	7,929,418
Financial liabilities:			
Trade and other payables	(5,183,628)	–	(5,183,628)
Other current liabilities	(399,601)	–	(399,601)
Loans and borrowings	(4,894,843)	(1,858,214)	(6,753,057)
Total undiscounted financial liabilities	(10,478,072)	(1,858,214)	(12,336,286)
Total net undiscounted financial liabilities	(2,594,654)	(1,812,214)	(4,406,868)
Company			
2010			
Financial assets:			
Trade and other receivables	6,215	–	6,215
Cash and bank balances	2,333,066	–	2,333,066
Total undiscounted financial assets	2,339,281	–	2,339,281
Financial liabilities:			
Trade and other payables	(69,022)	–	(69,022)
Other current liabilities	(95,121)	–	(95,121)
Total undiscounted financial liabilities	(164,143)	–	(164,143)
Total net undiscounted financial assets	2,175,138	–	2,175,138

Notes to the Financial Statements

For the financial year ended 31 December 2010

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

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash at bank and bank loans at floating rates for the financial years ended 31 December 2010 and 2009. 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 (2009: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been $9,900 (2009: $49,000) higher/lower, arising mainly as a result of lower/higher interest expense on bank term loans.

(d) *Foreign currency risk*

The Group's operations are primarily conducted in its functional currency, SGD. The Group holds minimal cash and cash equivalents denominated in foreign currencies. The Group has not entered into any hedges.

As at the end of the reporting period, sensitivity analysis for foreign currency risk is not applicable as the Group maintains minimal balances in foreign currency and thus has minimal exposure to foreign currency risk.

23. Fair value of financial instruments

(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), cash and bank balances (Note 15), trade and other payables (Note 16), other current liabilities (Note 17) and loans and borrowings except for non-current obligations under finance leases (Note 18)

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 repriced to market interest rates on or near the balance sheet date.

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

(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	2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
		$	$	$	$
Group					
Financial liabilities:					
Loans and borrowings (non-current)	18				
- Obligations under finance leases		960,939	965,618	1,501,280	1,565,563

Obligations under finance leases

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.

Notes to the Financial Statements

For the financial year ended 31 December 2010

24. 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 financial years ended 31 December 2010 and 31 December 2009.

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, other current liabilities and loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group	
	Note	**2010**	**2009**
		$	$
Trade and other payables	16	5,284,641	5,183,628
Other current liabilities	17	3,666,951	399,601
Loans and borrowings	18	2,414,273	6,451,821
Total debt		11,365,865	12,035,050
Less: Cash and bank balances	15	(3,600,085)	(489,493)
Net debt		7,765,780	11,545,557
Equity attributable to the owners of the parent		9,998,019	3,472,039
Capital and net debt		17,763,799	15,017,596
Gearing ratio		44%	77%

25. 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:

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

(2) 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

(3) 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.

Allocation basis and transfer pricing

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise other income, other expenses, marketing expenses, administrative expenses, finance costs and income tax expense.

The allocation of the group assets and liabilities attributable to individual segments is not presented as the information is not 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 2010.

Information about major customers

Revenue from one major customer amounted to $24,303,751 (2009: $14,432,002), arising from sales by the main building works segment.

Revenue from one major customer amounted to $4,285,580 (2009: $6,902,302), arising from sales by the general building works segment.

Notes to the Financial Statements

For the financial year ended 31 December 2010

25. Segment reporting (cont'd)

	Main building works $	General building works $	Access Equipment $	Adjustments $	Note	Total $
31 December 2010						
Revenue	33,539,513	16,642,250	1,435,179	–		51,616,942
Results						
Segment gross profit	4,665,385	1,904,033	356,568	–		6,925,986
Unallocated expenses, net					A	(5,486,255)
Finance costs					A	(413,041)
Profit before tax						1,026,690
31 December 2009						
Revenue	14,432,002	11,401,899	2,136,037	–		27,969,938
Results						
Segment gross profit	2,901,579	2,651,293	1,224,538	–		6,777,410
Unallocated expenses, net					A	(2,806,529)
Finance costs					A	(379,171)
Profit before tax						3,591,710

Note:

A: These items cannot be directly attributable to the individual segments as the information is not provided to the chief operating decision maker.

Notes to the Financial Statements

For the financial year ended 31 December 2010

26. Earnings per share

Earnings per share is calculated by dividing the Group's net profit attributable to owners of the parent by the weighted average issued share capital of 57,353,644 (2009: 59,000,000*) ordinary shares during the financial year ended 31 December 2010.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent (after adjusting for interest expense and fair value loss on derivative financial liability on convertible loan) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the year ended 31 December 2010:

	Group
	2010
	$
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	530,552
Add back: Interest expense and fair value loss on derivative financial liability	333,200
Profit net of tax attributable to owners of the parent used in the computation of diluted earnings per share	863,752
	No. of shares
	'000
Weighted average number of ordinary shares for basic earnings per share computation	57,354
Effects of dilution	
- Convertible loan	3,872
Weighted average number of ordinary shares for the purpose of diluted earnings per share computation	61,226

As at 31 December 2010, the potential ordinary shares are anti-dilutive in effect, as such there is no difference in the diluted and basic earnings per share presented.

As at 31 December 2009, the basic and diluted earnings per share of the group are the same as there were no potential dilutive ordinary shares existing during the financial year.

* Adjusted for share split retrospectively.

Notes to the Financial Statements

For the financial year ended 31 December 2010

27. Contingent liabilities

Legal claim

As at 31 December 2010, there was Nil claim (2009: one claim) lodged by customers against the Group in respect of construction works performed amounting to approximately $Nil (2009: $39,000).

As at 31 December 2010, there was one claim (2009: two claims) lodged by a third party against the Group for negligence in a motor accidents without death and injury. This matter has been referred to the Group's insurer who is handling the matters.

The directors are of the view that the claim is immaterial for which it is not probable that an outflow of resources will be required to settle the obligation and accordingly, no provision is required to be made in the financial statements.

Guarantees

The Company has provided the following corporate guarantees to its subsidiary at the balance sheet date:

– Bank overdraft of $616,805 (2009: nil) (Note 18)
– Bank loan of $151,553 (2009: nil) (Note 18)
– Foreign workers indemnity of $275,000 (2009: nil)
– Performance bond and financial bond for various projects of $1,265,059 (2009: nil)

28. Comparative notes

The financial statements of the Company cover the financial period from 9 September 2009 (date of incorporation) to 31 December 2010. This being the first set of audited financial statements, there are no comparative figures.

29. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on 9 March 2011.

Statistics of Shareholdings

As at 28 February 2011

Issued and fully paid-up capital	:	$9,879,864.00
Number of Issued Shares	:	92,220,000
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share

TREASURY SHARES

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2	0.48	1,000	0.00
1,000 – 10,000	87	20.81	678,000	0.74
10,001 – 1,000,000	324	77.51	29,723,000	32.23
1,000,001 AND ABOVE	5	1.20	61,818,000	67.03
TOTAL	418	100.00	92,220,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	LIEW SEN KEONG	47,200,000	51.18
2.	CHAN PUI YEE	5,900,000	6.40
3.	CHAN TIEN CHIH	5,900,000	6.40
4.	LOCKSON HYDRAULICS & ENGINEERING PTE. LTD.	1,500,000	1.63
5.	PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.	1,318,000	1.43
6.	WU BO	900,000	0.98
7.	LIM TIONG KHENG STEVEN	834,000	0.90
8.	TEO YONG PING (ZHANG RONGBIN)	834,000	0.90
9.	PANG GEOK KENG	800,000	0.87
10.	NG SAY HUN	640,000	0.69
11.	CITIBANK CONSUMER NOMINEES PTE. LTD.	638,000	0.69
12.	OCBC SECURITIES PRIVATE LTD	601,000	0.65
13.	LEE EE @ LEE ENG	579,000	0.63
14.	NG TIOW SENG	500,000	0.54
15.	YIN XIANGBIN	450,000	0.49
16.	LIM KEE GUAN (LIN QIYUAN)	431,000	0.47
17.	LEE PENG SHARMAYNE	400,000	0.43
18.	MAYBAN NOMINEES (S) PTE. LTD.	400,000	0.43
19.	YAP SAM MUI	400,000	0.43
20.	YEO LAI HUAT	400,000	0.43
	TOTAL	70,625,000	76.57

Statistics of Shareholdings

As at 28 February 2011

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

As at 28 February 2011, approximately 36.02% 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 Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Liew Sen Keong[(1)]	47,200,000	51.18	5,900,000	6.40
Chan Pui Yee[(1) (2)]	5,900,000	6.40	53,100,000	57.58
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 Thursday, 31 March 2011 at 10 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 2010 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 Liew Sen Keong **(Resolution 2)**

   Mr Liew Sen Keong will, upon re-election as a Director of the Company, remain as an Executive Chairman and Chief Executive Officer of the Company.

3. To re-elect the following Directors retiring pursuant to Article 92 of the Company's Articles of Association:

   Mr Chan Tien Chih **(Resolution 3)**
   Ms Lai Chin Yee **(Resolution 4)**
   Dr. Tan Eng Khiam **(Resolution 5)**
   Mr Wee Meng Seng Aloysius **(Resolution 6)**

   Mr Chan Tien Chih will, upon re-election as a Director of the Company, remain as an Executive Director of the Company.

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

   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 Rules of Catalist.

   Mr Wee Meng Seng Aloysius will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of Rules of Catalist.

4. To approve the payment of Directors' Fees of $48,000 for the financial year ended 31 December 2010. **(Resolution 7)**

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

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

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares

"That, pursuant to Section 161 of the Companies Act, Chapter 50. and Rule 806 of Rules of Catalist, 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,

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 Rules of Catalist; and

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

Notice of Annual General Meeting

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) 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 AGM of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (i)] **(Resolution 9)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 16 March 2011

Explanatory Notes:

(i) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors from the date of the above AGM until the date of the next AGM, 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 AGM.

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 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 Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting ("**Meeting**") of the Company to be held at Peach Garden @ Orchid Country Club, 1 Orchid Club Road, #02-35 Social Club House, Singapore 769162 on Thursday, 31 March 2011 at 10 a.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting 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 Meeting:

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

No.	Resolutions relating to:	For	Against
1	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2010		
2	Re-election of Mr Liew Sen Keong as a Director		
3	Re-election of Mr Chan Tien Chih as a Director		
4	Re-election of Ms Lai Chin Yee as a Director		
5	Re-election of Dr. Tan Eng Khiam as a Director		
6	Re-election of Mr Wee Meng Seng Aloysius as a Director		
7	Approval of Directors' Fees amounting to $48,000 for the financial year ended 31 December 2010		
8	Re-appointment of Ernst & Young LLP as Auditors		
9	Authority to allot and issue shares		

Dated this __________ day of ____________________ 2011

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

64 Woodlands Industrial Park E9 Singapore 757833
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www.ccmgroup.sg