



立 堦
LEY CHOON

BUILD • RENEW • RECYCLE

Ley Choon Group Holdings Limited • Annual Report 2012

VISION 愿景

TO BE A LEADING ONE-STOP REGIONAL SERVICE PROVIDER OF UNDERGROUND INFRASTRUCTURE CONSTRUCTION, ROAD AND AIRFIELD CONSTRUCTION AND MAINTENANCE, ASPHALT PREMIX PRODUCTION AND CONSTRUCTION WASTE RECYCLING.

愿成为本区域首屈一指的一站式服务供应商，为所有地下基础设施建设、道路和机场建设与维护、生产沥青混凝土以及建筑废料回收与再循环。

MISSION 使命

WE AIM TO PROVIDE TIMELY AND RELIABLE INTEGRATED SOLUTIONS WHILE BUILDING A STRONG TEAM OF IN-HOUSE EXPERTISE AND DEVELOPING ADVANCED MACHINERY AND TECHNOLOGY TO BEST SERVE THE INDIVIDUAL NEEDS OF OUR CUSTOMERS.

我们旨在提供及时、可靠的综合解决方案，同时打造一支强有力的工作团队，开发先进的设备和技术，为客户提供量身定制的最佳服务。

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CORPORATE PROFILE

公司简介

Ley Choon Group Holdings Limited (“Ley Choon” or the “Group”), which commenced operations as Ley Choon Constructions and Engineering Pte Ltd in 1990, is an established one-stop Underground Utilities Infrastructure service provider based in Singapore. The Group’s Underground Utilities Infrastructure works include installation of water pipes, NEWater pipes, gas pipes, electricity cables, fibre optic cables, sewer pipeline and telecommunication networks.

Our core businesses comprise Pipes and Roads Segment, which includes Underground Utilities Infrastructure construction and maintenance, sewer pipeline rehabilitation and road and airfield construction and maintenance; and Construction Materials Segment comprising asphalt premix production and construction waste recycling.

The Group is one of only five asphalt plant operators in Singapore. The Group’s asphalt plant is able to produce different formulations of asphalt premix, an essential raw material required for the construction and maintenance of roads and airfield and road resurfacing. The plant, which commenced production in 2007, is one of the first in Singapore to operate on natural gas and is also one of the first plants with built-in recycling features for a cleaner, greener environment.

Ley Choon is a L6 registered contractor (the highest grade) in the categories of cable/pipe-laying and road reinstatement, pipes, and other basic construction materials with the Building and Construction Authority (“BCA”), which allows us to tender for Singapore public sector contracts of unlimited value. The Group is also registered as an A2 contractor in the category of civil engineering (CW02). Our customers include government bodies such as Public Utilities Board, Land Transport Authority, Housing and Development Board, Urban Redevelopment Authority, BCA, Jurong Town Corporation and companies such as Changi Airport Group, SingTel and PowerGas.

In 2011, the Group expanded to Brunei for the undertaking of civil engineering projects and to carry out the manufacturing of asphalt premix. The Group also expanded to the People’s Republic of China to engage in construction waste recycling and the development, production and sale of eco-green construction materials.

Headquartered in Singapore with total staff strength of nearly 1,000, we build our capabilities by investing in people and equipment and upgrading our systems and processes to be more efficient, productive and competitive. We have invested in productivity tools such as Enterprise Resource Planning system and off-site sky CCTV monitoring system to integrate our operations and better manage our resources. To this end, Ley Choon has been awarded ISO9001, ISO14001 and OHSAS 18001 certifications as well as Enterprise 50 Award in 2010 in recognition for achieving quality standards and business excellence.

立塔集团控股有限公司（“立塔”或“本集团”），其前身是1990年成立的立塔建筑工程私人有限公司，是一家以新加坡为基地的一站式地下基础设施服务供应商。我们承建的地下基础设施工程，包括自来水管、新生水（NEWater）管道、煤气管道、电缆、光纤电缆、地下排污管道以及电信网络等。

管道和道路部门是我们的核心业务，其范围包括地下基础设施建设与维护，地下排污管道修复、道路与机场建设与维护；另设建筑材料部门，业务包括沥青混凝土生产和建筑废料再循环。

本集团是新加坡仅有的五家沥青混凝土制造厂运营商之一。我们的沥青混凝土制造厂能够生产不同配方的沥青混凝土。沥青混凝土是道路和机场建设与维护以及路面重铺所需的主要原材料。该沥青混凝土制造厂于2007年开始投产，是新加坡最早使用天然气作为燃料的沥青混凝土制造厂之一，也是为营造更清洁、更绿色的环境而采用内置回收系统的首办工厂之一。

立塔是新加坡建设局L6级（最高级别的竞标资质）注册承包商，能无限额竞标公共部门管道与电缆铺设工程。本集团还是土木工程类（CW02）的A2级注册承包商。我们的客户包括公用事业局、陆路交通管理局、建屋发展局、市区重建局、建设局、裕廊镇管理局等多个政府机构，以及樟宜机场集团、新电信和新能源等多家大型企业。

2011年，本集团把业务拓展到海外，在文莱承建土木工程项目并计划生产沥青混凝土。在中国也计划提供建筑废料回收服务、开发绿色环保的建筑产品，以及生产和销售绿色环保的建筑材料等。

本集团的总部设在新加坡，员工总数接近1,000人。通过员工培训、设备投入及系统流程的提升，进而加强业务能力，成为一家效率更高、生产力更强和竞争力更大的优质企业。为了整合我们的运营作业并更好地管理我们的资源，我们已投资引进各种产能工具，如企业资源规划（ERP）系统和远程闭路电视监控系统。立塔已凭借其质量标准 and 卓越经营，获颁ISO9001、ISO14001和OHSAS 18001认证，并荣获2010年度企业50强大奖。

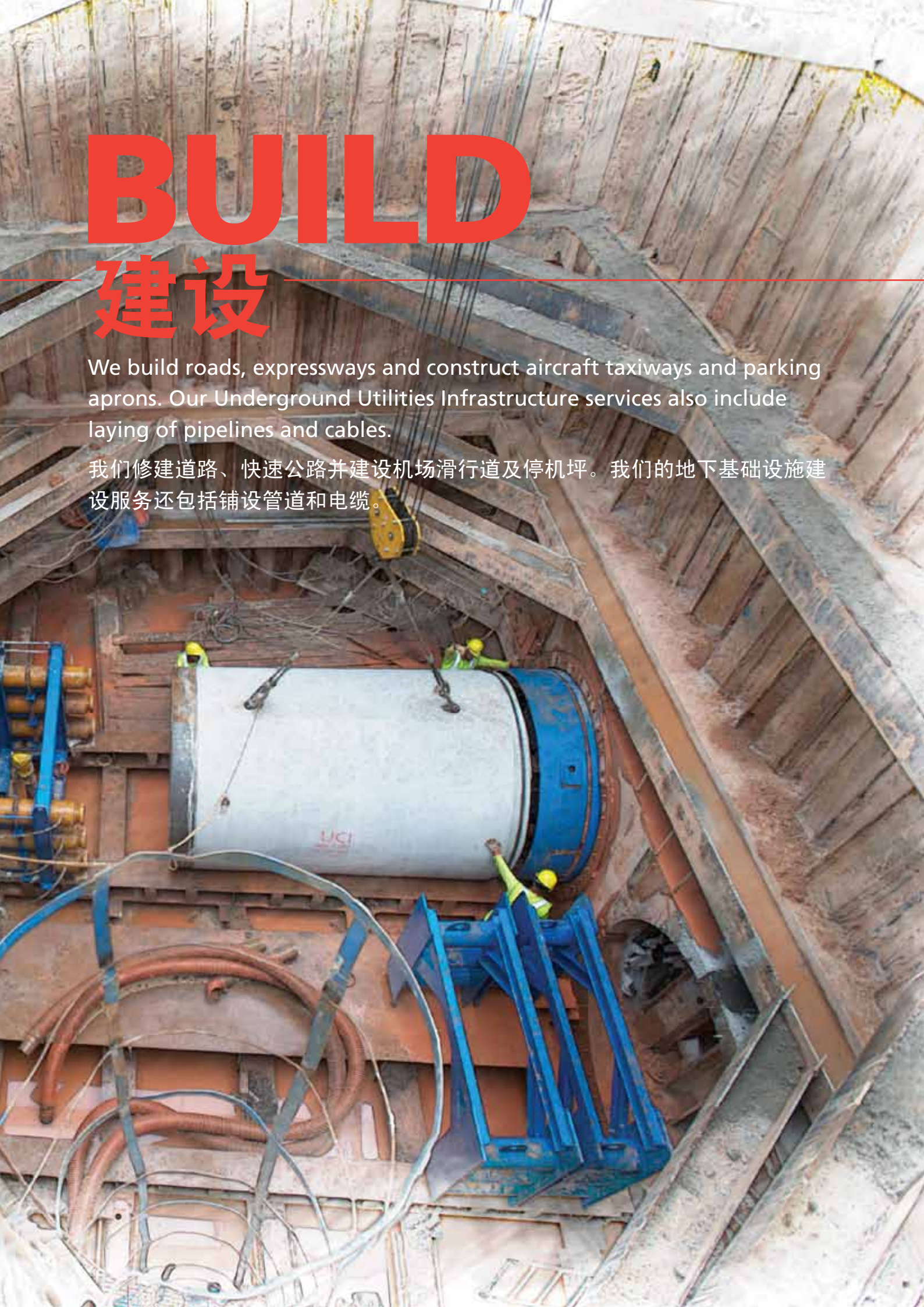


BUILD

建设

We build roads, expressways and construct aircraft taxiways and parking aprons. Our Underground Utilities Infrastructure services also include laying of pipelines and cables.

我们修建道路、快速公路并建设机场滑行道及停机坪。我们的地下基础设施建设服务还包括铺设管道和电缆。



HISTORY AND MILESTONES



Commenced operations in pipe-laying business as a sub-contractor

Secured contracts from Public Utilities Board ("PUB") as a main contractor for pipe-laying

Relocated head office to 61 Senoko Drive

Ventured into cable laying business via acquisition of 100% stake in Teacly (S) Pte. Ltd. ("Teacly")

1990

1994

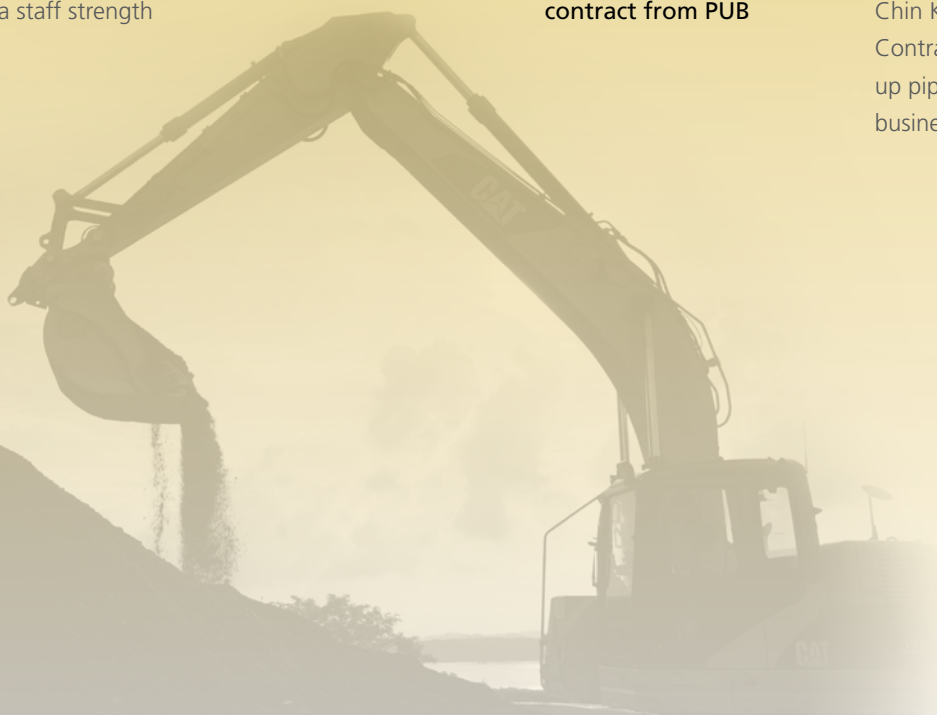
2001 - 2002

2004 - 2006

Operating in small container office with a staff strength of 15

Secured 1st NEWater contract from PUB

Acquired 100% stake in Chin Kuan Engineering and Contractors Pte Ltd to speed up pipe-laying expansion business



HISTORY AND MILESTONES



Relocated to 4 Sungei Kadut Street 2

Awarded Building and Construction Authority's L6 contractor (the highest grade), able to tender for Singapore public sector contracts of unlimited value, in the categories of:

- cable/pipe-laying and road reinstatement (CR07)
- pipes (SY12)
- electrical & electronic materials, products & components (SY05)
- essential construction materials (SY01A)
- other basic construction materials (SY01C)

Diversified to airfield maintenance and construction

Secured first contract for resurfacing of taxiways from Changi Airport Group ("CAG")

Built construction waste recycling plant

Ventured into the People's Republic of China and Brunei

Diversified to supply and installation of water treatment plants in Brunei

Teacly changed business to sewer rehabilitation using trenchless technology

Teacly completed rehabilitation of approximately 100km of sewer pipeline network

2007 - 2008

2009 - 2010

2011

2012

Built first asphalt premix plant

Awarded 1st two NIP (NEWater Infrastructure Plan) projects

Ranked 9th among Enterprise 50 (E50) Award

Secured S\$31.4m contract from CAG to construct airfield at Seletar Airport

Awarded S\$43.7m expressways and roads maintenance contracts with Land Transport Authority

Secured six contracts worth S\$54m in Brunei

Awarded S\$45m contract from Penta Ocean to design and construct 6m-diameter undersea segmental tunnel with twin 2200mm and twin 1200mm diameter pipelines

Successful completion of S\$110m reverse takeover of Ultro Technologies Limited

Listed on the mainboard of the Singapore Exchange Securities Trading Limited on August 6

Built second asphalt premix plant with a capacity of 400 tonnes per hour

Ventured into property development with the purchase of land site in Pasir Panjang

公司历史和里程碑



公司始于管道铺设分包商

获签新加坡公用事业局管道
铺设总承包合同

总部迁至圣诺哥通道61号

通过收购德利（新）私人
有限公司（简称“德利”）
的全部股份，进军电缆
铺设市场

1990

1994

2001 - 2002

2004 - 2006

在一个小货柜箱运作, 员工
仅有15人

获签新加坡公用事业局首个
新生水项目合同

收购振光机械工程私人有限
公司的全部股份，加快扩大
电缆铺设业务



公司历史和里程碑



总部迁至双溪加株2街4号

荣获新加坡建设局授予的L6级（最高级别的竞标资质），能竞标以下任何金额的新加坡公共部门合同项目：

- 电缆/管道铺设和道路修复 (GR07)
- 管道供应 (SY12)
- 电气和电子材料、产品及零件 (SY05)
- 主要建筑材料 (SY01A)
- 其他基本建筑材料 (SY01C)

业务范围扩大至机场维护和建设领域

德利拓展至非开挖地下排污管道修复业务

获签新加坡樟宜机场集团首个滑行道重新铺设合同

进军中国和文莱市场

德利完成长约100公里的地下排污管线网修复项目

建设第一座建筑废料再循环工厂

在文莱经营净水处理设备的供应与安装，并获签六份总值达5,400万新元的合同

2007- 2008

2009- 2010

2011

2012

建设第一座沥青混凝土制造厂

荣膺“企业50强” (E50) 大奖，名列第九位

获签日本五洋建设新加坡公司总值4,500万新元的合同，承接在直径6米宽，长3.3公里的海底隧道内设计和建设四条2,200毫米和1,200毫米的管道

成功以1.1亿新元反向收购 Ultra Technologies Limited

赢得首两个NIP (新生水基础设施计划) 项目

获签新加坡樟宜机场集团价值3,140万新元的合同，承建实里达机场的基础设施建设项目

8月6日在新加坡交易所主板上市

获签新加坡陆路交通局总值达4,370万新元的快速公路及道路维护合同

建设第二座产能达400吨/小时的沥青混凝土制造厂

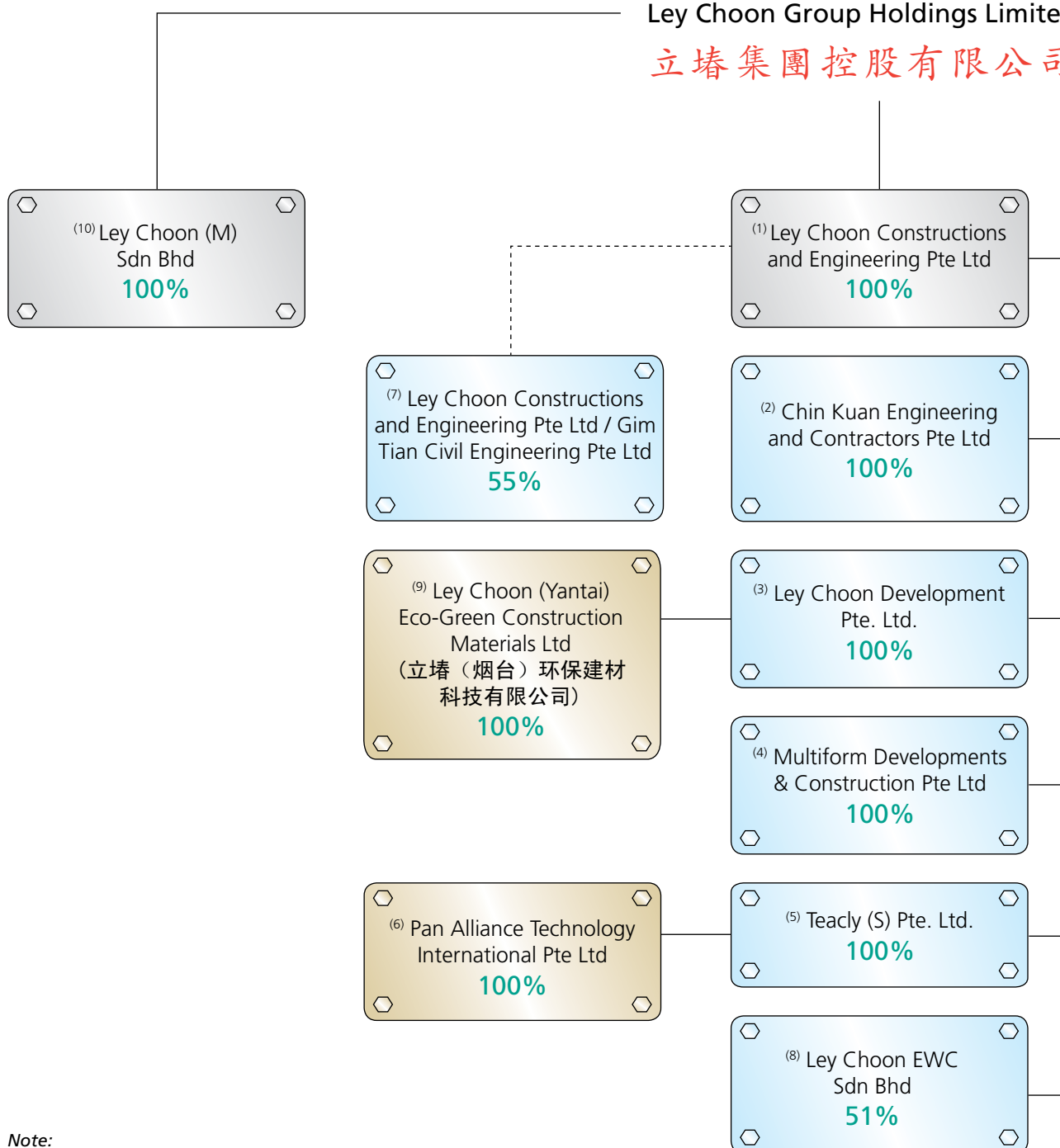
收购位于巴西班让的地块，进军房地产开发市场

GROUP STRUCTURE

集团架构



Ley Choon Group Holdings Limited
立堦集團控股有限公司



Note:

⁽¹⁾ Non-building construction and manufacture of asphalt premix

⁽²⁾ Mixed construction activities and civil engineering

⁽³⁾ Mixed construction activities

⁽⁴⁾ Road construction, mixed construction activities

⁽⁵⁾ Non-building construction, building cleaning and maintenance services

⁽⁶⁾ Water and gas pipeline and sewer construction

⁽⁷⁾ A joint venture for tendering Land Transport Authority's roads and bridges contracts

⁽⁸⁾ Supply and installation of water treatment plants, asphalt premix manufacturing and civil engineering construction in Brunei

⁽⁹⁾ Construction waste collection and recycling, development of eco-green construction products and asphalt premix manufacturing in Yantai, the People's Republic of China

⁽¹⁰⁾ Generating rental income and no business activities

CORPORATE INFORMATION

公司资料

BOARD OF DIRECTORS

Toh Choo Huat

Executive Chairman and Chief Executive Officer

Toh Swee Kim

Executive Director

Toh Chew Leong

Executive Director

Koh Tiam Teng Francis

Executive Director

Tan Teck Wei

Executive Director

Lee Gee Aik

Lead Independent Director

Ang Miah Khiang

Independent Director

Marcus Chow Wen Kwan

Independent Director

AUDIT COMMITTEE

Lee Gee Aik (Chairman)

Ang Miah Khiang

Marcus Chow Wen Kwan

NOMINATING COMMITTEE

Ang Miah Khiang (Chairman)

Lee Gee Aik

Marcus Chow Wen Kwan

REMUNERATION COMMITTEE

Marcus Chow Wen Kwan (Chairman)

Lee Gee Aik

Ang Miah Khiang

JOINT COMPANY SECRETARIES

Ong Beng Hong

Tan Swee Gek

REGISTERED OFFICE

No 4 Sungei Kadut Street 2

Singapore 729226

Tel: (65) 6757 0900

Fax: (65) 6757 0100

Website: www.leychoon.com

SHARE REGISTRAR

M & C Services Private Limited

138 Robinson Road

#17-00 The Corporate Office

Singapore 068906

INDEPENDENT AUDITORS

KPMG LLP

Certified Public Accountants

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Partner-in-charge: Barry Lee Chin Siang

(with effect from FY2012)

PRINCIPAL BANKERS

Malayan Banking Berhad

Singapore Branch

2 Battery Road

Maybank Tower Singapore 049907

Standard Chartered Bank

Marina Bay Financial Centre (Tower 1)

8 Marina Boulevard

Singapore 018981

United Overseas Bank Limited

80 Raffles Place

UOB Plaza 1

Singapore 048624

RHB Bank Berhad, Singapore Branch

90 Cecil Street #03-00

RHB BANK Building

Singapore 069531

Industrial and Commercial Bank of China Limited,

Singapore Branch

6 Raffles Quay #12-01

Singapore 048580

RENEW

更新

We maintain and rehabilitate underground water pipes, gas pipes and sewer pipes as well as provide maintenance for roads, expressways and aircraft taxiways and parking aprons.

我们维护和修复地下自来水管、煤气管道和地下排污管道，提供道路、高速公路、机场滑行道和停机坪的维护服务。





CHAIRMAN'S STATEMENT

Going forward, the Group will continue to leverage on our strengths in charting Ley Choon's next growth phase as a listed company, expanding our capabilities and widening our customer base in Singapore and abroad.

Toh Choo Huat / Executive Chairman and Chief Executive Officer



Dear Shareholders

On behalf of the Board of Directors, I am pleased to present Ley Choon Group Holdings Limited's ("Ley Choon" or "the Group") inaugural annual report as a public listed company for the financial year ended 31 December 2012 ("FY2012").

The past year has been marked by several significant milestones, the highlight of which was our listing and trading commencement on the mainboard of the Singapore Exchange Securities Trading Limited on 6 August 2012 following the successful completion of the reverse takeover ("RTO") of Ultron Technologies Limited. We welcome you and thank you for the confidence that you have bestowed in investing in the Group.

Our Financial Performance

The Group achieved revenue growth of 17.0% to S\$148.4 million in FY2012 compared to S\$126.8 million in the financial year ended 31 December 2011 ("FY2011"), attributed to a higher percentage of revenue recognition from new contracts secured. Our gross profit declined marginally by 5.8% to S\$27.4 million in FY2012 from S\$29.1 million in FY2011. Gross margin in FY2012 stands at 18.4% compared to 22.9% in FY2011 due to increase in operating costs such as materials and labour, and machinery rental to cater for project requirements.

The Group also incurred higher expenses particularly other expenses which rose from S\$0.7 million in FY2011 to S\$13.1 million in FY2012 mainly attributed to a one-off impairment of goodwill of S\$11.3 million arising from the RTO exercise.

Consequently, we reported a net loss after tax of S\$3.2 million in FY2012 compared to a net profit after tax of S\$15.0 million in FY2011. However, excluding the one-off impairment of goodwill amounting to S\$11.3 million, the Group would have achieved a net profit after tax of S\$8.1 million.

Healthy Order Book and New Project Wins

As at FY2012, the Group's order book stands at a robust S\$156 million, to be fulfilled over the next two years. During the year, we continued to win new projects from our established base of repeat customers from both the public and private sectors. Land Transport Authority ("LTA") awarded us with two contracts worth a total of S\$21.2 million for the design and construction of sewer diversion works and for expressway road resurfacing works. We were also awarded a S\$15.3 million project by Changi Airport Group ("CAG") for rehabilitation works to aircraft parking stands at Singapore Changi Airport and a S\$9.0 million contract by Public Utilities Board ("PUB") for watermain repairs and other contract works. These projects are slated for completion in 2014.

Strengthening Our Core Competencies

To further strengthen our core competencies in the Pipes and Road segment, we invested in a second asphalt premix plant which will commence trial run in the first half of 2013. The new asphalt premix plant will increase our capacity and enhance our competitive advantage in bidding for projects including pipes and roads, and airport infrastructure construction and maintenance works.

CHAIRMAN'S STATEMENT

We also strengthened our human capital through the recruitment of professionals and specialists to augment our senior management team. Dr Low Boon Hwee who joined us as Group Technical Director in October last year, spearheads our Group's technology development, Research & Development and technical activities in the areas of asphalt production, pavement engineering and construction waste recycling. Additionally, we invested in productivity tools such as Enterprise Resource Planning system and off-site sky CCTV monitoring systems to integrate our operations and better manage our resources.

Expanding into new markets

We made our maiden overseas venture in Brunei to undertake civil engineering construction activities in late 2011. We have since secured six contracts there worth a total of approximately S\$54 million and have also diversified our activities to include the supply and installation of water treatment plants. Subsequently, we expanded into our second overseas market with the set-up of a wholly-owned subsidiary in Yantai, the People's Republic of China, to expand our Construction Materials business. We have purchased a land site of 50,000 sq.m for the building of a construction waste recycling plant and we expect to begin construction in the second quarter of 2013.

The Group has also been actively on the look-out for new avenues of growth. In December 2012, we made our foray into property development with the purchase of a land site in Pasir Panjang Road. Strategically located near the Haw Par Villa MRT station, it has been labelled as the next "waterfront living" belt popular among locals and expatriates given its proximity to business parks and major research and educational institutions. We believe our entry into property development is a viable and profitable venture which will create a new revenue stream and serve well to supplement our core businesses in Pipes and Roads and Construction Materials.

Anticipating the Future

The outlook for Singapore's construction sector appears to be bright. The Building and Construction Authority ("BCA") has projected the average construction demand in 2013 and 2014 to remain strong at between S\$19 billion and S\$27 billion respectively, which is comparable to the scale projected for 2012 at between S\$22 billion and S\$28 billion. Public sector demand is expected to strengthen and contribute about 53% of the construction industry, or between S\$14 billion and S\$17 billion, supported by stronger public housing and infrastructure construction works¹.

Furthermore, the government has announced that at least S\$55 billion worth of transport infrastructure will be built by 2021 which included the Thomson MRT Line, the Downtown

MRT Line and the North-South Expressway². Major public sector road and rail-related projects which are expected to be opened for tender in 2013 include various construction contracts for the Thomson MRT Line and expansion of Kallang Paya Lebar Expressway ("KPE")/Tampines Expressway ("TPE") Interchange.

Although construction sentiment in Singapore continues to remain healthy, we do, however, expect pressure from shortage of manpower and increasing labour costs due to the tightening in foreign workers quota. As our Pipes and Roads business is labour intensive and we are dependent on foreign labour, our operations may be impacted and labour costs is expected to escalate if there are further tightening measures. Meanwhile, the Group has been moving swiftly to manage costs by restructuring our operations and remodeling our businesses through productivity tools and initiatives, skills upgrading and investment in equipment and systems.

Going forward, the Group will continue to leverage on our strengths in charting Ley Choon's next growth phase as a listed company, expanding our capabilities and widening our customer base in Singapore and abroad. We will also actively participate in the tendering for new projects, grow our business locally and overseas as well as explore strategic partnerships and alliances to seek out new opportunities and ventures. We are confident in our ability to continue delivering positive results due to the strategies we have put in place for growth.

Dividend³

The Board does not recommend payment of a final dividend for FY2012 but intends to recommend and distribute dividends of not less than 30% of the Group's net profit attributable to shareholders for financial year ending 31 December 2013.

Acknowledgements

In closing, on behalf of the Board, I would like to thank our management and staff for another year of dedication and hard work. We are also grateful to our business partners, customers and our shareholders, for the continued support. Lastly, I would like to express my personal appreciation to my fellow Board members for their guidance and counsel in the past year.

Toh Choo Huat

Executive Chairman and Chief Executive Officer

¹ The above information was extracted from the press release entitled "Public Sector Projects to Sustain Construction Demands in 2013" issued by BCA and published on BCA's website (http://www.bca.gov.sg/Newsroom/pr16012013_CP.html)

² The above information was extracted from a printed news article "Massive construction boom on the horizon", *The Straits Times*, 31 August 2012, page A8

³ Investors should note that the foregoing statement is merely a statement of the Directors' present intention and shall not constitute legally binding statements in respect of the Group's future plans, profitability or ability to pay dividends in any of the periods discussed.

主席致词



尊敬的各位股东

我谨代表董事局，欣然提呈立塔集团控股有限公司（Ley Choon Group Holdings Limited）（“立塔”或“本集团”）截至2012年12月31日之财政年度（“2012财年”）的首个年度报告。

过去的一年中，我们取得了几项具有里程碑意义的重大成就，其中最耀眼的莫过于在成功完成对 Ultra Technologies Limited 的反向收购并于2012年8月6日在新加坡交易所主板上市交易。我们诚挚地欢迎各位新股东，并感谢你们对本集团深具信心。

财务业绩

2012财年，本集团收入增长17.0%，达到1.484亿元，相比之下，截至2011年12月31日的财政年度（“2011财年”）仅为1.268亿元。收入的增长是因为新签合同中收入确认的比例提高所致。2012财年，我们的毛利润微跌5.8%，从2011财年的2,910万元降至2,740万元。由于材料和劳动力成本以及为满足项目需求进行设备租赁的成本均有所增加，2012财年的毛利率为18.4%，而2011财年则为22.9%。

本集团的费用也高于去年，尤其是其他费用，从2011财年的70万元上升至2012财年的1,310万元，这主要归因于进行反向收购所产生的1,130万元一次性商誉减损。因此，同比2011财年所取得的1,500万元税后净利润，我们在2012财年取得了320万元的税后净亏损。然而，若剔除1,130万元的一次性商誉减损，本集团的税后净利润将是810万元。

订单量稳定，新项目接踵而来

截至2012财年，本集团的订单金额已累计达到1.56亿元，将于接下来的两年内完成交付。本年度期间，我们继续从公共和私营企业的回头客赢得新项目。我们从陆路交通管

理局（LTA）赢得总值2,120万元的两份合同，一是为地下排污管迁移工程提供设计与施工，一是进行快速公路路面重铺工程。此外，我们还赢得了樟宜机场集团（CAG）颁发的1,530万元新加坡樟宜机场停机坪位修复工程项目和公用事业局（PUB）颁发的900万元供水管道维修合同。这些项目均定于2014年完工。

加强核心竞争力

为进一步加强我们在管道与道路方面的核心竞争力，我们投资兴建了第二座沥青混凝土制造厂，将于2013年上半年开始试运行。新的沥青混凝土制造厂将有助于提高我们的生产能力，并加强我们在管道和道路以及机场基础设施建设与维修工程的项目投标方面的竞争优势。

与此同时，为了加强人力资本，我们招聘专家和专业人士来壮大集团的高级管理团队。去年10月，沥青行业专家罗文伟博士加入了我们的团队，担任集团技术总监职务，负责推进本集团在沥青混凝土生产、铺路工程和建筑废料再循环等领域的技术开发和研发。此外，我们还在企业资源规划（ERP）系统和远程闭路电视监控系统等产能工具方面进行投资，以整合我们的各项作业，更好地管理我们的资源。

拓展进军新市场

2011年末，我们把业务拓展到海外，包括文莱和中国。在文莱，我们承接土木工程施工业务并将业务范围扩大至经营净水处理设备的供应与安装，获签六份总值达5,400万新元的合同。集团也在中国烟台创建一家全资附属子公司，以扩大我们的建筑材料业务。我们购买了一块5万平方米的土地，将用于兴建一间建筑废料回收再循环工厂，预计于2013年第二季度动工。

主席致词



本集团还一直在积极地寻找新的商机。2012年12月，我们在巴西班让路购买了一块土地，开始进军房地产开发业务。这块土地靠近虎豹别墅地铁站，比邻企业园区及主要的研究教育机构，地理位置优越，广受本地和外籍人士青睐，被誉为下一个“海滨居住”带。我们相信，进军房地产开发市场是一项可行和有利可图的投资。它将为我们的创新的收入来源，成为我们在管道与道路以及建筑材料方面等核心业务的有益补充。

展望未来

新加坡的建筑行业前景光明。建设局（BCA）预计，2013年和2014年的平均建筑需求仍然保持强劲，分别介于190亿和270亿元之间，与2012年的220亿至280亿元之间的预测规模不相上下。受到公共住房和基础设施建设工程的有力支撑，公共部门的需求预计将会增加，约占建筑行业的53%，或介于140亿和170亿元之间¹。

此外，政府已宣布将于2021年前建成价值至少550亿元的交通基础设施，其中包括汤申地铁线（Thomson MRT Line）、市区线（Downtown MRT Line）和南北高速公路（North-South Expressway）²。预计将于2013年公开招标的主要公共道路和地铁相关项目，包括汤申地铁线和加冷巴耶利峇高速公路（KPE）/淡滨尼高速公路（TPE）枢纽扩建等各项建筑合同。

尽管新加坡的建筑情绪依然保持高昂，但是，由于政府紧缩外籍劳工配额，我们确实预感到人力短缺和劳动力成本上升的压力。由于我们的管道与道路业务属劳工密集型，离不开外籍劳工，因此，我们的运营可能会受到影响；若政府进一步实施紧缩措施，预计劳动力成本将大幅增加。本集团已迅速采取行动，通过产能工具和举措、技能提升以及设备和系统方面的投资并对我们的各项作业进行重组，对各个企业进行重塑，以便有效地控制成本。

展望未来，本集团将继续利用自身优势，在确立立塔下一成长阶段的发展蓝图的同时，努力扩展我们的各项能力并扩大我们在新加坡和海外的客户群。此外，我们还将积极参与新项目的投标工作，发展我们的本地和海外业务，并探索建立战略合作关系和联盟以寻求获得新的商机和项目。鉴于我们已付诸实施的增长战略，我们有能力继续取得积极成果。对此，我们充满信心。

股息³

尽管董事局不建议2012财年派发年终股息，但还是打算在2013年12月31日之财政年度内向股东派发占本集团应归股东净利不低于30%的股息。

致谢

结束前，我谨代表董事局，感谢我们的管理层和员工又一年的真诚奉献和辛勤工作。我们还要感谢我们的业务合作伙伴、客户和各位股东一路走来给予我们的鼎力支持。最后，我还想对我的董事局同仁在过去一年中所给予的指导和建设，表达我个人由衷的感谢。

卓沐橙

执行主席兼总裁

¹ 上述资料摘自题为“Public Sector Projects to Sustain Construction Demands in 2013”的新闻稿。该新闻稿由建设局（BCA）发布并刊登在其网站（http://www.bca.gov.sg/Newsroom/pr16012013_CP.html）上。

² 上述资料摘自印刷新闻稿“Massive construction boom on the horizon”，《海峡时报》，2012年8月31日，第A8页。

³ 投资者应注意，上述声明仅是表明董事局当前意向的声明，对于所述任何期间内本集团未来计划、盈利能力或支付股息的能力等事项，均不构成具有法律约束力的声明。

FINANCIAL HIGHLIGHTS

财务概要

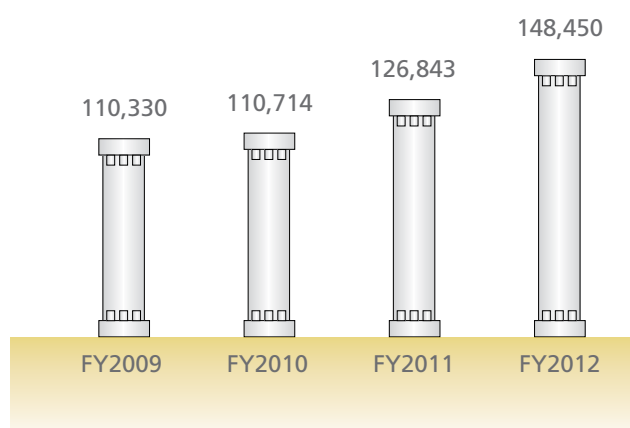
S\$'000	FY2009	FY2010	FY2011	FY2012
Revenue	110,330	110,714	126,843	148,450
Gross profit	31,378	26,512	29,060	27,388
Gross profit margin	28.4%	23.9%	22.9%	18.4%
Profit before tax	25,384	15,839	15,863	(835)
Net profit after tax	19,923	13,478	15,016	(3,157)¹

¹ Due to the goodwill on consolidation in relation to the reverse acquisition of Ultra Technologies Limited and Ranoda (M) Sdn Bhd (now known as Ley Choon (M) Sdn Bhd) which was completed on 25 July 2012

Without the one-off goodwill impairment of S\$11.3 million, net profit after tax would have been S\$8.1 million for FY2012

Balance Sheet (S\$'000)	As at 31 December 2011	As at 31 December 2012
Total assets	147,875	214,823
Contracts work-in-progress	51,534	84,037
Cash and cash equivalents	28,168	23,891
Total liabilities	89,044	136,820
Long-term loans and borrowings	24,424	38,692
Short-term loans and borrowings	34,159	54,389
Total equity	58,831	78,003

Revenue (S\$'000)



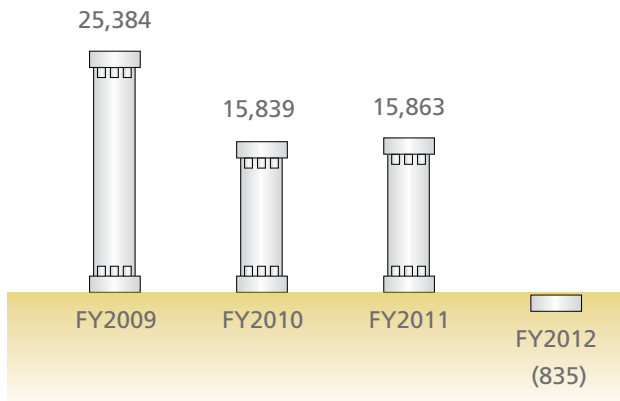
The Group revenue increased by 17% from S\$126.8 million in FY2011 to S\$148.4 million in FY2012, mainly due to an increase in recognition of revenue from the new contracts secured during the year.

With the growth in construction demand in Singapore, Pipes and Roads segment has been the key driver of the Group's revenue. Pipes and Roads segment contributed 97% of the Group's revenue in FY2012 compared against 96.8% in FY2011. Construction Materials segment contributed 3% of the Group's revenue in FY2012 and 3.2% in FY2011.

FINANCIAL HIGHLIGHTS

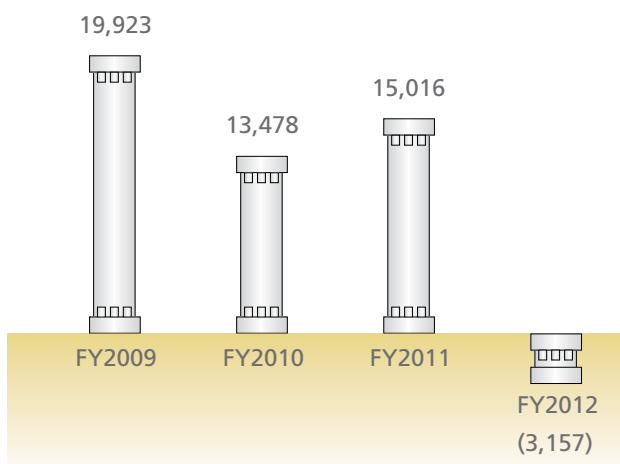
财务概要

Profit before tax (S\$'000)



The Group's gross profit margin decreased from 22.9% for FY2011 to 18.4% in FY2012 was mainly due to an increase in operating costs to cater for project requirements, as well as recognising a loss incurred for an airport project.

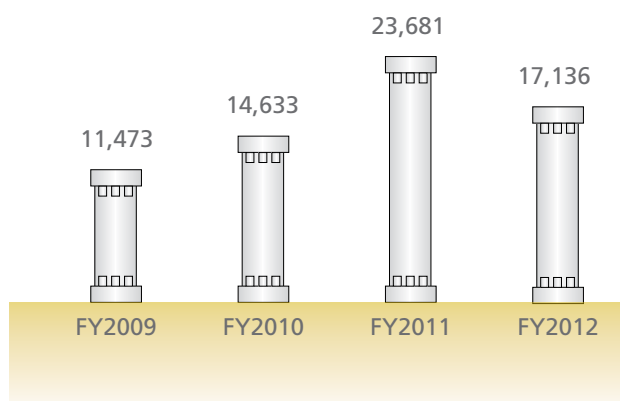
Net profit after tax (S\$'000)



Profit before tax decreased by 105.1% or S\$16.7 million from S\$15.9 million in FY2011 to a loss of S\$0.8 million in FY2012, mainly due to a one-off impairment of goodwill of S\$11.3 million resulting from the reverse takeover ("RTO") exercise completed on 25 July 2012.

The Group's income tax expense increased by 187.5% or S\$1.5 million from S\$0.8 million in FY2011 to S\$2.3 million in FY2012, mainly due to a tax refund from the tax authority in FY2011. As a result, net profit after tax decreased by 121.3% from S\$15 million in FY2011 to a net loss of S\$3.2 million in FY2012.

Cash and cash equivalents (S\$'000)



The Group's cash flow as per the consolidated statements of cash flows has decreased by 27.8% or S\$6.6 million from S\$23.7 million in FY2011 to S\$17.1 million in FY2012. The decrease was mainly due to more cash used for working capital requirements amounting to S\$38.1 million, and more cash used for investing activities mainly for the construction of our new asphalt plant in Singapore and acquisition of land at Yantai, the People's Republic of China. The decrease was offset by an increase in cash from financing activities such as proceeds from bank borrowings and share placement exercise during the RTO.

OPERATIONS REVIEW



SEGMENTAL OVERVIEW

PIPES & ROADS

The Group's Pipes and Roads segment consists of Underground Utilities Infrastructure construction and maintenance including laying of water and gas pipes, electricity cables and sewer pipeline rehabilitation. In addition, we also undertake construction and maintenance of roads, airfield taxiways and parking aprons.

For FY2012, revenue from Pipes and Roads contributed S\$144 million or 97% in total revenue compared to S\$122.7 million or 96.8% for FY2011. The increase in revenue contribution was due to higher percentage of revenue recognition from new contracts such as NEWater Infrastructure Plan Extension ("NIPE") Contract C6 (supply, delivery and laying of 2200 mm diameter NEWater pipeline along Pioneer Road from Shipyard Road to Sungei Lanchar Drainage Reserve), NIPE Contract 5 (supply, delivery and laying of 2200 mm diameter NEWater pipeline along Pioneer Road from Gul Road to Shipyard Road), proposed 1400 mm diameter water pipeline from Seletar West Link to Sungei Punggol, resurfacing of taxiways, supply, laying and diversion of 100mm to 1600mm diameter ductile iron and/or steel water mains and proposed rehabilitation works to aircraft parking stand.

In the year, the Group successfully secured new project wins from both public and private sectors customers such as Land Transport Authority ("LTA"), Public Utilities Board ("PUB") and Changi Airport Group ("CAG"). Additionally, the Group was focused on raising productivity to improve our performance which is critical in the face of higher operating costs and the foreign labour crunch.

To this end, we have invested in Enterprise Resource Planning system which integrates our systems and processes across various departments so that we can better manage the different types of construction activities which is important as we expand regionally. In addition, we have installed off-site CCTV monitoring systems with a central operational control centre. This allows management to monitor site activities on a real-time basis resulting in improved quality, better allocation of resources such as vehicles, machineries and manpower, and quicker scale-up of our operations. It is also a value-added service for our customers as they are able to chart the progress of their projects on a timely basis. Currently, we have more than 50 sets of CCTV monitoring system installed in our sites across Singapore and we will continue to invest in more of such systems and to expand our central operational control centre to cover our overseas sites as well.

To further expand our cabling capabilities, the Group also achieved Building Construction Authority ("BCA") L6 contractor which is the highest grading under the workhead category of Electrical & Electronic Materials, Products & Components (SY05). This enables us to participate in tenders of unlimited contract value for the supply and installation of electrical cables and accessories.

Overseas, we have invested in more pipe jacking machines in Brunei to support our civil engineering projects. Over the years, we have built up our expertise in pipe jacking operations utilising trenchless technology. This is a rapidly growing sector of the construction and civil engineering industry due to the ability to install new or rehabilitate existing underground infrastructure with minimal disruption to surface traffic and business activities.

OPERATIONS REVIEW

CONSTRUCTION MATERIALS

The Group's Construction Materials segment consists of the supply of asphalt premix. Approximately 80% of the asphalt premix is used internally for our Pipes and Roads segment. Asphalt premix is an essential raw material required for the construction and maintenance of roads and airfield as well as for road resurfacing needs for Underground Utilities Infrastructure construction. Our asphalt premix plant is one of the first in Singapore to operate on natural gas and is also one of the first with built-in recycling features to recycle asphalt wastes.

Revenue from the Construction Materials segment was S\$4.4 million or 3% of total revenue in FY2012 compared to S\$4.1 million or 3.2% of total revenue in FY2011. The increase in revenue is due to sale of asphalt premix to new customers in FY2012.

In Singapore, we are building a second asphalt premix plant next to our existing facility in Kranji which is expected to be completed in 2013. In addition to increasing our total production capacity from our current 175 tonnes to a total combined capacity of 575 tonnes per hour, it will act as a back-up plant which is an important requirement when bidding for large-scale road and airport infrastructural projects.

We also expanded our Construction Materials segment in Yantai, the People's Republic of China ("PRC") with the building of a construction waste recycling plant which would begin construction in the second quarter of 2013. Spanning 50,000 sq. m, the plant will facilitate the Group's leapfrog into the development of eco-green construction products as well as the production and sale of eco-green construction materials in the PRC.

2013 PROSPECTS & GROWTH STRATEGIES

The outlook for the Singapore economy remains cautiously positive and is forecasted to grow at 1% to 3% in 2013, supported by growth in domestic sectors such as transport engineering as well as construction¹. The Singapore's Parliament has recently passed the amended White Paper on Population which outlined several proposals to address the country's demographic challenges which included investing in infrastructure ahead of demand for a targeted population of 6.9 million in 2030. The government has planned to double the rail network length to 360 km by 2030 with the additions of five more lines including the Downtown Line, Thomson Line, Eastern Region Line, Cross Island Line and Jurong Region Line². We believe that the increase in infrastructure projects will augur well for our Pipes and Roads and Construction Materials segments and we will continue to leverage on our strong track record as a one-stop Underground Utilities Infrastructure company to expand further our capabilities



and to actively participate in new infrastructure tenders from government bodies such as LTA and PUB and companies such as CAG.

At the same time, we will continue to explore ways to optimise our manpower and to increase our productivity through training and technology. We are a BCA Approved Training and Testing Centre ("ATTC") in construction plant operations including hydraulic excavator and underground pipe jacking machine. We are extending our training capabilities to conduct in-house courses for our new site workers in order to shorten their learning curve. We are also studying the use of unmanned electronic stop-go board with motion sensors to effectively replace those operated manually by workers on roads affected by construction activities. This allows us to deploy our manpower resources to focus on higher value-added work.

Regionally, the increase in public infrastructure construction activities will present opportunities for the Group's Pipes and Roads and Construction Materials segments. These include the Brunei government's continued investment in developing and maintaining world-class infrastructure in line with the nation's long-term development plan "Wawasan Brunei 2035"³. Similarly, in Yantai, PRC, which is one of the 10 Chinese zones open to Asia-Pacific Economic Cooperation, the government has committed two billion yuan (US\$314 million) to construct service facilities such as an international convention and exhibition centre, a professional business community, and environmentally friendly residential areas⁴. Going forward, we will actively pursue contracts in these overseas markets which include a sewer pumping project and the construction of a flyover project in Brunei.

¹ The above information was extracted from the press release entitled "MTI Maintains its 2013 GDP Growth Forecast at 1.0 to 3.0 Per Cent" issued by MTI and published on MTI's website (http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2012/PR_4Q2012.pdf)

² The above information was extracted from an OCBC report entitled "Population White Paper Favours Infrastructure Plays" published by online news portal BTInvest (<http://www.btinvest.com.sg/system/assets/11661/OCBC%20-0Population%20white%20paper%20favours%20infrastructure%20plays.pdf>)

³ The above information was extracted from the Brunei Economic Development Board (http://www.bedb.com.bn/why_wawasan2035.html)

⁴ The above information was extracted from news article entitled "Yantai's economic area becoming investment hot spot" published by online news portal China.org.cn (http://www.china.org.cn/china/shandong/2012-06/15/content_25659706.htm)

业务回顾



部门业务回顾

管道和道路

本集团的管道和道路部门，主要从事地下基础设施的建设与维修，包括铺设自来水和煤气管道以及修复电缆和地下排污管道。另外，我们还承接道路、机场滑行道和停机坪的建设与维护工程。

在2012财年，管道和道路部门的收入为1.44亿元，占集团总收入的97%；相比之下，该部门在2011财年的收入为1.227亿元，占集团总收入的96.8%。营业收入的增加归因于新订合同收入确认的比例提高，例如：“新生水基础设施扩建规划”（“NIPE”）C6合同（沿先驱路地段的船厂路至双溪兰查渠务保留地供应和铺设2,200毫米直径的新生水管道），NIPE 5合同（沿先驱路地段的卡尔路至船厂路供应和铺设2,200毫米直径的新生水管道），从实里达西连道至双溪榜鹅供应和铺设1,400毫米直径的自来水管，供应、铺设和改建100-1,600毫米直径的球墨铸铁和/或钢制供水管道，以及樟宜机场滑行道路面重铺和拟议中的停机位修复工程。

本财年期间，本集团从陆路交通管理局、公用事业局和樟宜机场集团等公共和私营企业客户那里成功标得许多新项目。另外，本集团专注于提高生产力来改善我们的绩效，这在面对运营成本提高和外籍劳工短缺的情况下，不啻一项至关重要的举措。

为此，我们投资引进企业资源规划(ERP)系统，整合各个部门的系统和流程，以便能够更好地管理各个建设运作。这对于我们实现区域扩张至关重要。另外，我们还安装了远程闭路电视监控系统并配合设立一个中央运营控制中心。这可以让管理层即时监控现场活动，从而实现更高的质量、更好的资源（例如车辆、设备和人员）配置和更快的业务扩展。对于我们的客户而言，这也是一项增值服务，因为他们能够及时地查看其项目的进展情况。目前，我们在遍布新加坡的各个作业点安装了50多套远程闭路电视监控系统。我们将继续投资安装更多的这类系统，并扩大我们的中央运营控制中心，使之也能够覆盖我们在海外的作业点。

为进一步扩大电缆铺设的业务与能力，本集团还获得建设局授予的L6级承包商资质，这是电气及电子材料、产品及部件(SY05)类别中的最高竞标资质等级。它能够让我们无限额地竞标电力电缆及附件的供应与安装项目。

在海外，我们在文莱投资更多的顶管掘进设备，以支持我们的工程建设项目。多年来，我们在采用非开挖地下管道修复技术进行顶管施工方面积累了丰富的经验。非开挖地下管道修复技术的运用已成为建筑与土木工程行业中一个快速发展的领域，这是因为在安装新的地下基础设施或修复现有地下基础设施时，这项技术能大量地减少对地面交通和商业活动的干扰。

建筑材料

本集团的建筑材料部门，主要从事沥青混凝土的供应。其中大约80%提供给本集团的管道和道路工程。沥青混凝土不

业务回顾

仅是道路/机场建设与维护所用的主要原材料，还能够满足地下管线基础设施建设的路面重铺需求。我们的沥青混凝土制造厂不仅是新加坡率先使用天然气作为燃料的企业之一，而且还率先安装了内置再循环系统，利用回收建筑废料来制造再生骨料。

建筑材料部门在2012财年的营业收入为440万元，占总营业收入的3%；相比之下，该部门在2011财年的营业收入为410万元，占总营业收入的3.2%。营业收入的增加归因于向新客户出售沥青混凝土。

在新加坡，我们正在兴建第二个座沥青混凝土制造厂。该厂隔邻于现有的克兰芝工厂，预计2013年竣工。建成后，我们的总产能将从目前的175吨/小时提高到575吨/小时；除提升总产能外，它还将作为一个后援工厂，这是投标大型道路和机场基础设施项目时的先决条件。

我们还将建筑材料部门的业务扩大到中国市场，在烟台投资兴建一间建筑废料回收再循环工厂并将于2013年第2季度开始兴建。该工厂占地50,000平方米，它的建成将加速本集团开发绿色环保建筑产品的速度，并在中国生产和销售绿色环保的建筑材料。

2013年的前景展望和增长策略

新加坡的经济前景依然乐观，在交通工程和建设等国内行业的支撑下，预计2013年的经济增长率将介于1%-3%¹。新加坡国会最近已通过修订后的《人口白皮书》，该白皮书就应对新加坡人口增加的挑战提出了多项建议，包括提前投资基础设施项目，以满足2030年人口达到690万预订目标的需求。新加坡政府已计划在2030年以前将地铁网络的长度延长一倍，达到360公里，增加包括市区线、汤申线、东区线、跨岛线和裕廊区域线在内的五条地铁线²。我们认为，基础设施项目的增加对于我们的管道和道路以及建筑材料部门来说将是一个好商机。作为一站式地下管线基础设施公司，我们将在所创造的辉煌业绩基础上继续扩大我们的能力，积极地参与陆路交通管理局和公用事业局等政府部门以及樟宜机场集团等公司的新基建项目投标。

同时，我们将继续探索各种途径来优化我们的人力资源，并通过培训和技术提高我们的生产力。立塔也是新加坡建设局批准的培训与测试中心（“ATTC”），培训课程包括挖泥机的操作和地下顶管推进技术。我们正在扩大培训能力与范围，为新聘员工提供内部课程培训，以便使他们尽快地掌握所需的技能。另外，我们还开展研发在受施工影响的道路上采用无人操控的交通信号指示灯，以取代由两个人操作的交通指示牌，从而减少劳工。

在区域内，公共基础设施建筑活动的增加将为本集团的管道和道路以及建筑材料部门带来更多的商机。这包括文莱政府将按照“2035年文莱国家愿景”³计划继续投资开发和维持世界一流的基础设施。同样，在作为向亚太经济合作组织开放的10个经济特区之一的中国烟台，当地政府已承诺投资200亿元（3.14亿美元）建设各类服务设施，其中包括一个国际会展中心、一个专业商务社区和多个环保住宅区⁴。展望未来，我们将积极在这些海外市场上承建更多的项目，包括文莱的地下排污管道项目和立交桥建设项目。



¹ 上述信息摘录自MTI发表并在其网站上发布的题为“MTI Maintains its 2013 GDP Growth Forecast at 1.0 to 3.0 Per Cent”的新闻稿(http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2012/PR_4Q2012.pdf)

² 上述信息摘录自在线新闻网站BTInvest刊登的新加坡华侨银行发布的题为“Population White Paper Favours Infrastructure Plays”的报告(<http://www.btinvest.com.sg/system/assets/11661/OCBC%20-%20Population%20white%20paper%20favours%20infrastructure%20plays.pdf>)

³ 上述信息摘录自文莱经济发展局网站 (http://www.bedb.com.bn/why_wawasan2035.html)

⁴ 上述信息摘录自在线新闻网站China.org.cn上刊登的题为“Yantai's economic area becoming investment hot spot”新闻报道文章(http://www.china.org.cn/china/shandong/2012-06/15/content_25659706.htm)



RECYCLE

再循环

We collect and recycle construction wastes into recycled concrete aggregates. Our asphalt premix plants operate on natural gas and have built-in recycling features.

我们以回收建筑废料来生产再生混凝土骨料。我们的沥青混凝土制造厂使用天然气作为燃料并拥有内置回收系统。



BOARD OF DIRECTORS



1. MR KOH TIAM TENG FRANCIS
2. MR ANG MIAH KHIANG
3. MR MARCUS CHOW WEN KWAN
4. MR LEE GEE AIK

5. MR TAN TECK WEI
6. MR TOH CHEW LEONG
7. MR TOH CHOO HUAT
8. MR TOH SWEE KIM

BOARD OF DIRECTORS

Toh Choo Huat

Executive Chairman and Chief Executive Officer

Mr Toh Choo Huat is the Executive Chairman and Chief Executive Officer of Ley Choon Group Holdings Limited ("Ley Choon" or the "Group"). As one of the Group's founders, Mr Toh has played a pivotal role in the growth and development of the Group. He is responsible for the overall business development and general management of the Group. He also oversees the overall strategic directions and expansion plans for the growth and development of the Group.

Mr Toh has more than 20 years of experience in the business of Underground Utilities Infrastructure construction and maintenance, sewer pipeline rehabilitation, road and airfield construction and maintenance. Prior to the establishment of Ley Choon, Mr Toh worked as a maintenance technician in Fairchild Semiconductor Pte Ltd. In 1990, Mr Toh and his brothers incorporated Ley Choon Constructions and Engineering Pte Ltd ("LCCE").

Mr Toh holds a Diploma in Electrical & Electronic from Ngee Ann Technical College (in association with Central Polytechnic London).

Toh Swee Kim

Executive Director

Mr Toh Swee Kim is the Executive Director of Ley Choon. He oversees all operations for its Underground Utilities Infrastructure construction and maintenance business, including deployment of resources, purchasing, equipment maintenance, and manpower and operations management of the Group.

Mr Toh has an extensive experience of more than 20 years in the Group's pipe and cable laying business. In the 1990s, Mr Toh joined Ley Choon Construction Engineering Co, the predecessor of LCCE, as an operations manager and he has been responsible for overseeing the day to day operations of the pipe laying and cable laying business.

Toh Chew Leong

Executive Director

Mr Toh Chew Leong is the Executive Director of Ley Choon and is one of the founders of the Group. Mr Toh oversees the Group's asphalt premix plant and construction waste recycling plant and assists in the day to day operations of the Group's business in sewer pipeline rehabilitation and road resurfacing.



BOARD OF DIRECTORS

Koh Tiam Teng Francis

Executive Director

Mr Koh Tiam Teng Francis is the Executive Director of Ley Choon. He is responsible for the Group's overseas market expansion and development.

Mr Koh has more than 30 years of experience in the business of water-related fields and Asia-Pacific regional operations, including in China, Hong Kong, Indonesia, Malaysia and Vietnam. Prior to his appointment as Executive Director of the Group, Mr Koh was the Managing Director and Chief Executive Officer of Pan Asian Holdings Limited (formerly known as Pan Asian Water Solutions Limited), a company listed on the SGX Catalyst.

Mr Koh holds a Bachelor of Arts degree from Nanyang University of Singapore. Mr Koh is active in community services and is currently the Vice-President of the Singapore Koh Clan Association and the Vice-Chairman of the School Advisory Committee of Yu Neng Primary School.

Tan Teck Wei

Executive Director

Mr Tan Teck Wei is the Executive Director of Ley Choon. He is responsible for the overall coordination and general management of the Group's projects. Mr Tan also oversaw the setting up of the Group's asphalt premix plant and construction waste recycling plant.

Mr Tan joined the Group in 1998 as a civil engineer and was promoted to general manager in 2003. Prior to joining the Group, he worked as a site engineer and project engineer for various civil work contractors.

Mr Tan graduated with a Bachelor of Engineering degree from the School of Civil and Structural Engineering of the National University of Singapore and has more than 20 years of experience in the business of civil engineering and building construction and maintenance, Underground Utilities Infrastructure and sewer pipeline rehabilitation.

Lee Gee Aik

Lead Independent Director

Mr Lee Gee Aik is the Lead Independent Director and Chairman of the Audit Committee of Ley Choon. He was appointed to the Board on 25 July 2012. Mr Lee has over 30 years of extensive and varied experience in accounting, tax and financial matters, having previously worked with KPMG Singapore and KPMG USA and in the hospitality industry.

Mr Lee is currently a director of R Chan & Associates PAC, a member firm of the KS International network of accountants. He has been appointed by the Ministry of Health to serve as Lay Person member of the Complaints Panel of the Singapore Pharmacy Council and is currently an independent director of three other Singapore-listed companies, namely Anchun International Holdings Ltd, Leader Environmental Technologies Limited and Westminster Travel Limited.

Mr Lee obtained a Master of Business Administration from Henley Management College, United Kingdom in 2004. He is currently a fellow member of the Association of Chartered Certified Accountants, United Kingdom and a practicing fellow member of the Institute of Certified Public Accountants of Singapore.

BOARD OF DIRECTORS

Ang Miah Kiang

Independent Director

Mr Ang Miah Kiang is an Independent Director and Chairman of the Nominating Committee of Ley Choon. He was appointed to the Board on 25 July 2012.

Mr Ang spent the greater part of his career in the small-medium enterprise financing business, having held the position of Managing Director of GE Commercial Financing (S) Ltd (formerly known as Heller Financial (S) Ltd). He was also concurrently the regional director for GE related businesses in the Asia-Pacific region. More recently, he was Director, Corporate Advisory of Stone Forest Corporate Advisory Pte Ltd, where he provided support in areas of corporate and strategic development.

He is also an independent director of Uni-Asia Finance Corporation. Mr Ang's past directorships include Pan Asian Holdings Limited (formerly known as Pan Asian Water Solutions Limited), Cal-comp Precision (Singapore) Limited (formerly known as Avaplas Ltd), Heng Long International Ltd and Asia Enterprises Holdings Ltd. Mr Ang is a non-practising fellow member of the Institute of Certified Public Accountants of Singapore and holds a Bachelor of Accountancy degree from the University of Singapore.

Marcus Chow Wen Kwan

Independent Director

Mr Marcus Chow Wen Kwan is an Independent Director and Chairman of the Remuneration Committee of Ley Choon. He was appointed to the Board on 25 July 2012.

Mr Chow has more than ten years of experience in legal practice. He is currently a partner in ATMD Bird & Bird LLP. He is also an independent director of Hafary Holdings Limited, Zhongxin Fruit and Juice Limited (formerly known as New Lakeside Holdings Limited). Mr Chow's past directorships include Duty Free International Limited (formerly known as Esmart Holdings Limited) and Weiye Holdings Limited (formerly known as Kyodo-Allied Industries Ltd).

Mr Chow graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and was admitted as an advocate and solicitor of the High Court of Singapore in 2003. He obtained his Master of Laws from the University of Virginia School of Law, USA in 1999. He is also a member of the Law Society of Singapore and Singapore Academy of Law and is an Attorney at Law, New York State, USA. He has also obtained a certificate in governance as leadership from Harvard University, Kennedy School of Government, in 2010.

董事局

卓沐橙

执行主席兼总裁

卓沐橙先生为立塔集团控股有限公司执行主席兼总裁。他是本集团的创办人之一，在集团的成长与发展过程中发挥了举足轻重的作用。他负责本集团的总体业务开发和综合管理工作。此外，他还负责监督本集团整体发展与战略方向的确立及扩张计划的拟定与执行。

卓先生在地下基础设施建设与维护、地下排污管道修复、道路和机场的建设与维护等方面，拥有20多年的丰富经验。在创建立塔之前，卓先生在飞兆半导体私人有限公司（Fairchild Semiconductor Pte Ltd）担任维修技术员。1990年，卓先生和他的兄弟成立立塔建筑工程私人有限公司（简称“LCCE”）。

卓先生持有义安工艺学院电气与电子专业文凭。

卓树金

执行董事

卓树金先生为立塔执行董事，负责监督其地下基础设施建设与维护业务的全部运营工作，包括本集团的资源调配、采购、设备维修以及人力管理等。

卓先生在本集团的管道和电缆铺设业务方面拥有20多年的丰富经验。他于1990年加入立塔建筑工程公司（LCCE的前身），担任运营经理职务，负责监督管道和电缆铺设业务的日常运营工作。

卓树良

执行董事

卓树良先生为立塔执行董事，也是本集团创办人之一。卓先生负责监督本集团沥青混凝土制造厂和建筑废料再循环厂的日常运营工作，同时协助管理本集团地下排污管道修复及路面重铺业务的日常经营。

许钿挺

执行董事

许钿挺先生为立塔执行董事，负责本集团海外市场的扩张与开发。

许先生在水务经营和亚太地区业务运营方面拥有30年以上的经验；这包括中国、香港、印尼、马来西亚和越南等国家。许先生在受委担任本集团执行董事之前，曾在新加坡交易所凯利板上市公司百益胜控股有限公司（Pan Asian Holdings Limited）任董事经理兼总裁。

许先生持有新加坡南洋大学文学士学位。他积极参与社区服务，目前兼任新加坡许氏总会副主席和育能小学咨询委员会副主席等职务。

陈德伟

执行董事

陈德伟先生为立塔执行董事，负责本集团项目的总体协调和综合管理工作及沥青混凝土制造厂和建筑废料再循环厂的创建工程。

陈先生于1998年加入本集团，任土木工程师，并于2003年晋升为总经理。他在加入本集团之前，曾担任过多家土木工程承包商的现场工程师和项目工程师等职务。

陈先生毕业于新加坡国立大学土木与结构工程学院，持有工程学士学位，并在土木工程、建筑建设与维修以及地下基础设施和地下排污管道修复业务方面，拥有20多年的经验。

董事局

李宜益

首席独立董事

李宜益先生为立塔首席独立董事兼审计委员会主席，2012年7月25日加入董事局。李先生在会计、税务和财务等方面拥有30多年的丰富经验，曾在新加坡毕马威会计师事务所（KPMG）、美国毕马威会计师事务所（KPMG）和及酒店业任职。

李先生现任 R Chan & Associates PAC的董事，其公司也是KS International国际网络的会员公司。他曾受卫生部任命，担任新加坡药剂师理事会（Singapore Pharmacy Council）投诉委员会的业外人士委员。目前担任安淳国际控股有限公司（Anchun International Holdings Ltd）、利德环保技术有限公司（Leader Environmental Technologies Limited）及西敏旅行社（Westminster Travel Limited）等三家新加坡上市公司的独立董事。

李先生于2004年获颁英国亨里管理学院的工商管理硕士学位。他目前是英国特许公认会计师公会（ACCA）和新加坡注册会计师协会（ICPAS）的资深会员。

洪铭强

独立董事

洪铭强先生为立塔独立董事兼提名委员会主席，于2012年7月25日加入为董事局成员。

洪先生曾担任 GE Commercial Financing (S) Ltd（原Heller Financial (S) Ltd）的总经理职务，其大部分职业生涯，是在中小型企业融资业务中度过的。他还曾兼任GE相关企业在亚太地区的区域总监。目前任职于Stone Forest Corporate Advisory Pte Ltd公司企业咨询部主任，提供企业行政和战略发展方面的支持。

此外，他还担任 Uni-Asia Finance Corporation的独立董事。洪先生曾担任过多家公司董事职务的公司，包括百益胜控股有限公司（原百益胜水务有限公司）、Gal-comp Precision (Singapore) Limited（原 Avaplas Ltd）、Heng Long International Ltd和亚洲企业控股有限公司（Asia Enterprises Holdings Ltd）。洪先生是新加坡注册会计师协会（ICPAS）的非执业资深会员，并持有新加坡大学会计学学士学位。

周文光

独立董事

周文光先生为立塔独立董事兼薪酬委员会主席，于2012年7月25日被加入为董事局成员。

周先生在法律实务方面拥有超过10年的经验。目前，他是ATMD Bird & Bird LLP的合伙人。他还是合发利控股有限公司（Hafary Holdings Limited）和中新果业有限公司（原新湖滨控股有限公司）的独立董事。周先生过去曾担任过多家公司董事职务，包括 Duty Free International Limited（原Esmart Holdings Limited）和伟业控股有限公司（Weiye Holdings Limited）（原Kyodo-Allied Industries Ltd）。

周先生1998年毕业于新加坡国立大学，获颁法律（荣誉）学士学位，并于2003年成为新加坡高等法院认可的辩护律师。他于1999年获得美国弗吉尼亚大学法学院的法学硕士。他也是新加坡律师公会（Law Society of Singapore）和新加坡法律学会（Singapore Academy of Law）的会员以及美国纽约州执业律师。2010年，他还获得哈佛大学肯尼迪政府学院颁发的领导能力治理证书。

EXECUTIVE OFFICERS



From left to right: Mr Lim Fan Dr Low Boon Hwee Ms Seow Soon Kee Mr Toh Geok Boon Mr Toh Chew Chai

Mr Lim Fan

Chief Financial Officer

Mr Lim Fan is our Chief Financial Officer (“CFO”) and he was appointed in September 2012. He is responsible for the Group’s financial and management accounting, treasury, taxation and other corporate compliance matters.

Prior to the appointment as the Group’s CFO, Mr Lim has been Ley Choon Constructions and Engineering Pte Ltd’s (“LCCE”) Financial Controller since June 2011. From 2007 to 2011, Mr Lim was the CFO of Zhengzhong Auto Components Limited. From 2006 to 2007, Mr Lim was the CFO and Executive Director of China Huiyin Group Pte Ltd. From 2004 to 2006, he was an audit manager at Horwath First Trust where his main responsibility was in leading audit teams to assist PRC companies to list in Singapore. From 1997 to 2004, Mr Lim was an assistant audit manager in KPMG Singapore, where his main responsibilities involved statutory and compliance audit. From May 1997 to November 1997, Mr Lim was an

internal audit executive in the National University Hospital where he was responsible for the planning and executing of internal audits. From May 1995 to April 1997, Mr Lim was an audit assistant in Jee Ah Chian & Co.

Mr Lim graduated from the Nanyang Technological University of Singapore in 1995 with a Bachelor of Accountancy. He is a non-practising CPA Singapore of the Institute of Certified Public Accountants of Singapore since 1999.

Mr Toh Geok Boon

General Manager (Pipeline Operations) and Head of Tender Department

Mr Toh Geok Boon joined Ley Choon Group in 2006 as project manager and he is currently our General Manager (Pipeline Operations) and Head of Tender Department. Mr Toh is experienced in water piping installation and in oil and gas pipeline construction.

EXECUTIVE OFFICERS

Prior to joining the Group, Mr Toh accumulated 15 years of construction management experience in various pipeline construction related companies. From 2003 to 2006, he was a project manager at WEC Engineers & Constructors Pte Ltd. From 1997 to 2003, Mr Toh was a project manager at Thong Nam Construction Pte Ltd.

Mr Toh holds a Bachelor of Science in Construction Management from Herriot Watt University, United Kingdom.

Ms Seow Soon Kee

General Manager (Administration)

Ms Seow Soon Kee joined Ley Choon Group in 1995 and has been instrumental in enhancing the Group's office administration system and for the growth of the Group's businesses.

As the Group's General Manager (Administration), Ms Seow is responsible for the overall general administration of the Group, including managing the office environment, providing administrative support to the various departments and managers of the Group, gathering, storing and distributing information within the Group as well as collating contracts entered into by the Group for monitoring purposes and ensuring proper submission.

Mr Toh Chew Chai

Senior Project Director

Mr Toh Chew Chai joined Ley Choon Group since its establishment. As the Group's Senior Project Director, he oversees all operations for Underground Utilities Infrastructure construction and maintenance business, including deployment of resources, purchasing, equipment maintenance, and manpower and operations management of the Group.

Mr Toh has extensive experience of more than 20 years in the Group's business in pipes and cable laying. In 1990, Mr Toh joined Ley Choon Construction Engineering Co, the predecessor of LCCE, as an operations manager.

Dr Low Boon Hwee

Group Technical Director

Dr Low Boon Hwee joined Ley Choon Group as Group Technical Director in 2012. He is responsible for the Group's technology development, Research and Development ("R&D"), and technical activities in the field of asphalt technology, pavement engineering and construction waste recycling. Dr Low's responsibilities also include developing business opportunities and strategies in line with the Group's vision as well as overseeing product development, quality control, plant production and operations management.

Dr Low has 20 years of experience in road construction materials related industry and conducted applied research for highway and airfield pavement, asphalt premix design and construction waste recycling technology. Prior to joining the Group, Dr Low was the National Technical Manager of Highway International Pte Ltd from 2009 to 2012. From 2000 to 2009, he was the National Technical Manager (Singapore & Malaysia) of Hanson Building Materials (S) Pte Ltd where his main responsibility was to spearhead the technical department and R&D activities for asphalt, ready-mix concrete and quarry businesses. From 1993 to 2000, Dr Low was the Technical Manager of Eng Seng Construction Pte Ltd where he was in charge of road projects and the technical department.

Dr Low holds a Bachelor of Engineering (Honours) degree and a Doctor of Philosophy (PhD) degree in Civil Engineering, specialising in Highway and Building Materials from the National University of Singapore.

主要管理层

林凡

首席财务官

林凡先生是我们的首席财务官，自2012年9月起任职至今。他负责本集团的财务和管理会计、资金、税务和公司其他合规事宜。

林先生自2011年6月起至2012年8月任立塔建筑工程私人有限公司(简称“LCCE公司”)的财务总监。2007年至2011年，林先生任振中汽车零部件有限公司的首席财务官；2006年至2007年，林先生任中华汇银私人有限公司的首席财务官兼执行董事；2004年至2006年，他在Horwath First Trust任职审计经理，主要职责是带领审计团队协助中国公司在新加坡上市；1997年至2004年，林先生任毕马威新加坡的副审计经理，主要负责审计工作。1997年5月至2004年11月，林先生任新加坡国立大学医院的内控审计执行官，负责内控审计工作的计划和实施。1995年5月至1997年4月，林先生任Jee Ah Chian & Co的审计助理。

林先生在1995年毕业于南洋理工大学，持有会计学学士学位。自1999年以来，他是新加坡会计师协会的非执业注册会计师会员。

卓玉文先生

总经理(管道运作)兼竞标部主管

卓玉文先生于2006年加入立塔担任项目经理。目前他担任集团管道运作总经理兼竞标部主管。卓先生在自来水管道的安装和煤气管道建设方面拥有丰富的经验。

在加盟本集团之前，卓先生在多家管道建设相关公司累积了长达15年的施工管理经验。2003年至2006年，他曾在WEC Engineers & Constructors Pte Ltd担任项目经理。1997年至2003年，卓先生在Thong Nam Construction Pte Ltd任项目经理。

卓先生持有英国赫瑞瓦特大学的建设施工管理学学士学位。

萧汛芝女士

总经理(行政主管)

萧汛芝女士于1995年加盟立塔，在改进本集团的办公管理系统和发展本集团的业务方面一直发挥着重要的作用。

萧女士负责本集团的全部行政管理工作，其职责包括管理办公环境，为各部门经理提供管理支援，收集、存贮，并在本集团内部分发各种信息，同时也监控集团签订的各项合同。

卓树财先生

高级项目总监

自立塔成立时起，卓树财先生就是成员之一。身为本集团的高级项目总监，他负责协助管理所有的地下公共基础设施建设和维护业务，包括资源开发、采购、设备维护、人力资源和运营管理。

卓先生在本集团的管道和电缆铺设业务方面拥有20多年的丰富经验。1990年，卓先生加盟LCCE，担任项目运作经理。

罗文伟博士

集团技术总监

罗文伟博士于2012年加盟立塔，担任集团技术总监。他负责本集团技术研发工作及沥青技术、路面工程和建筑废料回收领域的技术活动。另外，罗博士还负责开发商业机会、制定策略，并监督产品开发、质量控制、工厂生产和运营管理工作。

罗博士在道路建筑材料相关行业拥有20多年的经验，并曾从事公路/机场滑行道铺设、沥青混凝土设计和建筑废料回收技术的应用研究。在加盟本集团之前，罗博士曾于2009-2012年期间担任Highway International Pte Ltd的区域技术经理。2000年至2009年，他曾在Hanson Building Materials (S) Pte Ltd担任区域(新加坡和马来西亚)技术经理，主要职责是领导技术部门、沥青/预拌混凝土研发活动和采石场业务。1993年至2000年，罗博士担任 Eng Seng Construction Pte Ltd的技术经理，负责道路项目和技术部门的工作。

罗博士持有工程学(荣誉)学士学位，并获颁新加坡国立大学土木工程博士学位，专门研究公路与建筑材料。

CORPORATE GOVERNANCE REPORT

The Board of Directors of Ley Choon Group Holdings Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”), are committed to high standards of corporate governance and adopting the corporate governance practices contained in the Code of Corporate Governance 2005 (“**Code**”) so as to ensure greater transparency and protection of shareholders’ interests. The Board recognises the need for accountability, creating and preserving shareholder value and achieving its corporate vision for the Group. This report describes the Group’s corporate governance practices and activities with specific reference to the Code, during the financial year ended 31 December 2012 (“**FY2012**”).

(A) **BOARD MATTERS**

Board’s Conduct of its Affairs

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

As at the date of this Annual Report, the Board comprises five Executive Directors and three Independent Directors. The contribution of the experience and competency of each Director helps in the overall effective management of the Company and its subsidiaries (the “**Group**”).

The Board’s principal duties include the following:

- (i) protecting and enhancing long-term value and return to the Company’s shareholders (“**Shareholders**”);
- (ii) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
- (iii) ensuring the effectiveness and integrity of management;
- (iv) chartering the corporate strategy and direction of the Group and setting goals for the Management;
- (v) supervising and monitoring the Management’s achievement of these goals;
- (vi) conducting periodic reviews of the Group’s financial performance, internal controls and reporting compliance;
- (vii) approving nominations to the Board and appointment of key personnel;
- (viii) ensuring the Group’s compliance with all relevant and applicable laws and regulations;
- (ix) assuming responsibility for the corporate governance of the Group; and
- (x) setting the values and standards for the Group, and ensure that obligations to Shareholders and others are understood and met.

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee (collectively referred herein as “**Board Committees**”). The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also monitored.

The Executive Directors supervise the management of the business and affairs of the Company. However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board’s approval, including the following, but are not limited to:

- (i) review of the annual budget and the performance of the Group;
- (ii) review of the key activities and business strategies;
- (iii) approval of the corporate strategy and direction of the Group;

CORPORATE GOVERNANCE REPORT

- (iv) approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;
- (v) material acquisitions and disposals;
- (vi) corporate or financial restructuring and share issuances;
- (vii) declaration of dividends and other returns to Shareholders; and
- (viii) appointments of new Directors or key personnel.

Board meetings are conducted regularly on at least once every quarter to review the business affairs of the Group and approve the announcement of the quarterly financial results. When necessary, additional Board meetings will be held to deliberate on other substantive matters. Teleconferencing at meetings of the Board is allowed under the Company's Articles of Association. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

In the financial year under review⁽¹⁾, the attendances of the existing Directors at the schedule meetings of the Board and Board Committees during the FY2012⁽²⁾ were as follows:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Director								
Toh Choo Huat	2	2	–	–	–	–	–	–
Toh Swee Kim	2	2	–	–	–	–	–	–
Toh Chew Leong	2	2	–	–	–	–	–	–
Koh Tiam Teng	2	2	–	–	–	–	–	–
Tan Teck Wei	2	2	–	–	–	–	–	–
Lee Gee Aik	2	2	2	2	1	1	1	1
Ang Miah Kiang	2	2	2	2	1	1	1	1
Marcus Chow Wen Kwan	2	2	2	2	1	1	1	1

Notes:

- (1) Following the completion of the acquisition of Ley Choon Constructions and Engineering Pte Ltd on 25 July 2012 (the "RTO"), Mr Toh Choo Huat, Mr Toh Swee Kim, Mr Toh Chew Leong, Mr Koh Tiam Teng, Mr Tan Teck Wei, Mr Lee Gee Aik, Mr Ang Miah Kiang and Mr Marcus Chow Wen Kwan were appointed on 25 July 2012. The announcements in relation to each of their appointments were released via SGXNET on 25 July 2012. Pursuant to the completion of the RTO, 2 Board Meetings, 2 Audit Committee Meetings, 1 Remuneration Committee Meeting and 1 Nomination Committee Meeting were held during FY2012 and after the date of each of their appointment.
- (2) The attendance of the Directors, including those also acting as the members of the respective Board Committees, at the meetings of the Board and the Board Committees was recorded in the relevant attendance lists prepared and circulated by the Company Secretary prior to the commencement of such meetings and these attendance lists are kept in the statutory records of the Company.

All the newly appointed Directors were given an orientation to familiarise themselves with the Group's business and governance practices.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as directors to the Company.

Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim and Mr Tan Teck Wei attended the course on "Listed Companies Directors Responsibilities and Corporate Governance" conducted by the Singapore Chinese Chamber Institute of Business on 4 February 2010. Mr Koh Tiam Teng, Mr Lee Gee Aik and Mr Marcus Chow Wen Kwan attended a seminar during FY2012 conducted by SGX.

CORPORATE GOVERNANCE REPORT

In the event that a Director is interested in any transaction of the Group, he shall inform the Board accordingly and abstain from making any recommendation or decision with regards to the transaction.

Board Composition and Balance

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

The Board comprises eight Directors, of which three are Independent Directors. As at the date of the report, the composition of the Board is as follows:

Executive Directors

Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Toh Swee Kim (Executive Director)
Toh Chew Leong (Executive Director)
Koh Tiam Teng (Executive Director)
Tan Teck Wei (Executive Director)

Independent Directors

Lee Gee Aik (Lead Independent Director)
Ang Miah Khiang (Independent Director)
Marcus Chow Wen Kwan (Independent Director)

The Board considers a director to be "independent" if he/she has no relationship with the Company, the related companies or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that director's independent judgment of the conduct of the Group's affairs.

As more than one-third of the Board comprises of Independent Directors, the Company believes the Board shall be able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominate any decision making process.

The composition of the Board is also reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Nominating Committee is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience. Details on the experiences, professional qualifications and responsibilities of the Directors are set out in pages 25 to 27 of this Annual Report.

Executive Chairman and Group Managing Director

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

The Executive Chairman and Chief Executive Officer Mr Toh Choo Huat sets the tone for the conduct of the Board and ensures the Group's adherence to best corporate governance practices prescribed by the Code. He also ensures that the Board holds regular meetings and oversees the proper dissemination of corporate information to the relevant parties (including but not limited to the Directors and Shareholders).

All major decisions made by the Executive Chairman and the Chief Executive Officer are under the purview of review by the Audit Committee. His performance and appointment to the Board are also reviewed periodically by the Nominating Committee while his remuneration package is reviewed periodically by the Remuneration Committee. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

CORPORATE GOVERNANCE REPORT

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

In addition, the Board also believes that notwithstanding that the Executive Chairman and the Chief Executive Officer is the same person, the Group's interest is well served by:

- (i) the benefit of an Executive Chairman and Chief Executive Officer who is very experienced and knowledgeable about the Group's businesses, thereby ensuring the smooth and efficient implementation of decisions on policy issues;
- (ii) the good balance of power and authority on the Board as all the Board Committees of the Board are chaired by the Independent Directors;
- (iii) more than a third of the Board is made up of the Independent Directors to ensure independent review of the Management's performance; and
- (iv) the benefit of the objective and independent views that we receive from the Independent Directors.

In view that the Executive Chairman and the Chief Executive Officer is the same person, the Company has appointed Mr Lee Gee Aik as the Lead Independent Director to adhere to the principles set out in the Code. Mr Lee's appointment as Lead Independent Director was approved by the previous Nominating Committee and an announcement relating to this appointment was released via the SGXNET on 25 July 2012. As the Lead Independent Director, Mr Lee shall act as the contact person for the Shareholders in the event that the Shareholders have concerns or issues which communication with the Executive Chairman and the Chief Executive Officer or Chief Financial Officer ("CFO") is inappropriate or where such communication has failed to resolve the concerns or issues raised.

The Board has also adopted a succession policy in the event that the Executive Chairman and the Chief Executive Officer is unable to fulfil his duties for whatever reasons.

Board Membership

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

During the beginning of the FY2012, the Nominating Committee comprised Mr Timothy Teo Lai Wah (Independent Director) as Chairman, Mr Lee Keen Whye (Independent Director) and Mr Lim Ee Chuan (Executive Director/Chief Executive Officer) as members.

However, following the completion of the RTO on 25 July 2012, the Company reconstituted its Nominating Committee, which now comprises the Company's three Independent Directors, namely Mr Ang Miah Khiang (Chairman of the Nominating Committee), Mr Lee Gee Aik (Member of the Nominating Committee) and Mr Marcus Chow Wen Kwan (Member of the Nominating Committee).

The Nominating Committee is responsible for:

- (i) re-nominating the Directors having regard to the Directors' contribution and performance;
- (ii) determining annually whether or not an Independent Director is independent; and
- (iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Nominating Committee also make recommendations to the Board relating to:

- (i) the review of board succession plans for the Directors, in particular, the Chairman and the Chief Executive Officer;

CORPORATE GOVERNANCE REPORT

- (ii) the development of a process for evaluation of the performance of the Board, its board committees and the Directors;
- (iii) the review of the training and professional development programs for the Board;
- (iv) the appointment and re-appointment of the Directors (including alternate directors, if applicable); and
- (v) the appointment and re-appointment of the Chief Executive Officer, the CFO or any other person who holds a similar position to the Chief Executive Officer or the CFO by any name.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board is to enhance long-term Shareholders' value. As part of its review, the Nominating Committee will recommend to the Board a process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.

Each member of the Nominating Committee abstains from voting any resolutions and making recommendations and/or participating in any deliberations in respect of the assessment of his performance or re-nomination as a director.

For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the then existing Board. The Nominating Committee will do so by first evaluating the existing strengths and capabilities of the Board, assess the likely future needs of the Board, assess whether this need can be fulfilled by the appointment of one person and if not, then to consult the Board with respect to the appointment of two persons. The Nominating Committee will interview all potential candidates and make recommendations to the Board for approval. The Board will then consider the potential candidates and Directors newly appointed by the Board are appointed by way of board resolution, following which they are subject to election by Shareholders at the next annual general meeting immediately following their appointment and thereafter, they are subject to the one-third rotation rule.

The dates of initial appointment of each Director are set out as follows:

Name of Directors	Date of Initial Appointment
Toh Choo Huat	25 July 2012
Toh Swee Kim	25 July 2012
Toh Chew Leong	25 July 2012
Koh Tiam Teng	25 July 2012
Tan Teck Wei	25 July 2012
Lee Gee Aik	25 July 2012
Ang Miah Kiang	25 July 2012
Marcus Chow Wen Kwan	25 July 2012

Further to the above, the Nominating Committee reviews the independence of each of the Independent Directors annually. As part of their review process, the Nominating Committee requires the Independent Directors to complete and execute declaration forms in relation to their interdependence. These declaration forms are drawn up based on the guidelines in the Code. The Nominating Committee reviewed declarations forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the Nominating Committee is of the view that Mr Lee Gee Aik, Mr Ang Miah Kiang and Mr Marcus Chow Wen Kwan are independent of the Group and the Management.

The Nominating Committee also reviews the performance of the Directors as well as their contribution to the Board.

Mr Toh Choo Huat, Mr Toh Swee Kim, Mr Toh Chew Leong and Mr Tan Teck Wei do not hold any other existing directorships with other public listed companies and also did not hold such past directorships in the last 3 years.

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Mr Koh Tiam Teng was previously the Managing Director of Pan Asian Holdings Limited (formerly known as Pan Asian Water Solutions Limited). However, Mr Koh Tiam Teng currently does not hold directorships with other public listed companies.

The present and past directorships (held in the last 3 years) of the Independent Directors with other public listed companies are set out in the following tables:

Mr Lee Gee Aik

Other existing directorships with public listed companies:

Company	Position
Anchun International Holdings Ltd	Independent Director
Leader Environmental Technologies Limited	Independent Director
Westminster Travel Limited	Independent Director

Other past directorships with public listed companies (held in the last 3 years):

Company	Position
Sinostar Pec Holdings Limited	Independent Director

Mr Ang Miah Khiang

Other existing directorships with public listed companies:

Company	Position
Uni-Asia Finance Corporation	Independent Director

Other past directorships with public listed companies (held in the last 3 years):

Company	Position
Pan Asian Holdings Limited (formerly known as Pan Asian Water Solutions Limited)	Non-executive Director
Cal-comp Precision (Singapore) Limited (formerly known as Avaplas Ltd)	Non-executive Director
Heng Long International Ltd	Non-executive Director
Asia Enterprises Holdings Ltd	Non-executive Director

Mr Marcus Chow Wen Kwan

Other existing directorships with public listed companies:

Company	Position
Hafary Holdings Limited	Independent Director
Zhongxin Fruit and Juice Limited (formerly known as New Lakeside Holdings Limited)	Independent Director

Other past directorships with public listed companies (held in the last 3 years):

Company	Position
Esmart Holdings Limited (currently known as Duty Free International Limited)	Independent Director
Weiye Holdings Limited (formerly known as Kyodo-Allied Industries Ltd)	Independent Director

CORPORATE GOVERNANCE REPORT

After conducting reviews, the Nominating Committee is also satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they are able to fulfil their duties as directors of the Company.

Under Article 108 of the Company's Articles of Association, at least one-third of the Directors (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) is required to retire from the office of Director and stand for re-election at the Company's Annual General Meeting. Generally, the retiring Directors are Directors who have been the longest in office since their last election (unless otherwise nominated by the Nominating Committee).

Under Article 117 of the Articles of Association, any newly appointed Director shall hold office only until the next Annual General Meeting of the Company, and shall be eligible for re-election. As they were newly appointed Directors in FY2012, pursuant to Article 117 of the Articles of Association, Mr Toh Chew Leong, Mr Toh Swee Kim, Mr Tan Teck Wei, Mr Lee Gee Aik, Mr Ang Miah Kiang and Mr Marcus Chow Wen Kwan will be required to retire and stand for re-election at the forthcoming Annual General Meeting.

Further to the above, it should also be noted that the Nominating Committee also reviews the appointment of any manager of the Company or any of its principal subsidiaries, who is a relative of a Director or Chief Executive Officer or Substantial Shareholder. Pursuant to Rule 704(11) of the SGX-ST Listing Manual, the Company confirms that, as far as the Company is aware and save as set out below, there are no other persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries are as follows:

	Name	Current Position in the Company	Family Relationship with any Directors and/or Substantial Shareholders of the Company
1.	Seow Soon Kee	General Manger (Administration)	Spouse of Mr Toh Choo Huat
2.	Toh Chiew Boon	Assistant Logistic Manager	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim
3.	Ang Boon Lian	Assistant Logistic Manager	Spouse of Madam Toh Ley Keow who is the sister of Mr Toh Choo Huat, Mr Toh Chew Leong and Mr Toh Swee Kim
4.	Lim Tong Lee	Senior Construction Manager	Brother-in-law of Madam Oh Ah Ber who is the spouse of Mr Toh Swee Kim
5.	Seow Ruqing	Human Resource Executive	Niece of Ms Seow Soon Kee who is the spouse of Mr Toh Choo Huat
6.	Toh Kai Sheng	Project Manager	Son of Mr Toh Chew Chai, a substantial shareholder of the Company
7.	Toh Kai Hock	IT Manager	Son of Mr Toh Chew Chai
8.	Toh Chye Tiong	Operations Manager	Son of Mr Toh Choo Huat's cousin
9.	Toh Chew Chai	Logistic Director	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim

Board Performance

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

The Nominating Committee has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the Nominating Committee at least once a year. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

To assess the effectiveness of the Board as a whole, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) the size and composition of the Board;
- (ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
- (iii) the Board's access to information;
- (iv) the accountability of the Board to the shareholders;
- (v) the observation of risk management and internal control policies by the Board; and
- (vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

To assess the contribution of each individual Director, the factors evaluated by the Nominating Committee include but are not limited to:

- (i) his/her participation at the meetings of the Board;
- (ii) his/her ability to contribute to the discussion conducted by the Board;
- (iii) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
- (iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
- (v) his/her compliance with the policies and procedures of the Group;
- (vi) his/her performance of specific tasks delegated to him/her;
- (vii) his/her disclosure of any related person transactions or conflicts of interest; and
- (viii) for Independent Directors, his/her independence from the Group and the Management.

The Board and the Nominating Committee have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

Access to Information

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

To ensure that the Directors are able to effectively discharge their duties and be fully aware of the decisions and actions of the Management, the Directors have been given detailed information concerning the Group's business operations periodically. In particular, financial statements of the Group are also prepared on a quarterly basis and circulated to all Directors for their review, allowing the Directors to have an awareness of the Group's financial position. When required, board papers are also prepared for meetings of the Board to provide information on financial, business and any other corporate issues to the Board.

In addition, the Directors have, at all times

- (i) unrestricted access to the Company's records and information; and
- (ii) separate and independent unlimited access to the Joint Company Secretaries and the Management.

CORPORATE GOVERNANCE REPORT

At least one of the Joint Company Secretaries and/or her representatives attends all the meetings held by the Board and/or the Board Committees and their responsibilities include ensuring that procedures for these meetings (including those stipulated in the Articles of Association) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act (Cap. 50) and the Singapore Exchange Securities Trading Limited, are complied with.

The Board also supports the taking of independent professional advice, at the Company's expense, if necessary in order for it or an individual Director to effectively discharge his/her duties and responsibilities.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

As at the date of this Annual Report, the Remuneration Committee comprises the Company's three existing Independent Directors, namely Mr Marcus Chow Wen Kwan (Chairman of the Remuneration Committee), Mr Ang Miah Kiang (Member of the Remuneration Committee) and Mr Lee Gee Aik (Member of the Remuneration Committee).

However, during the beginning of FY2012, the Remuneration Committee comprised the Company's three Independent Directors then, namely Mr Lee Keen Whye (Chairman of the Remuneration Committee), Mr Timothy Teo Kai Wah (Member of the Remuneration Committee) and Ms Tan Siok Min (Member of the Remuneration Committee). When each of the aforementioned directors resigned from the position of a Director on Board with effect from 25 July 2012, each of them also stepped down from the Remuneration Committee.

The Remuneration Committee meets at least once annually. If so required, it may seek expert advice in the field of executive compensation outside the Company upon approval by the Board.

The Remuneration Committee is principally responsible for:

- (i) overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain our employees and the Board through competitive compensation and progressive policies;
- (ii) reviewing all aspects of remuneration including the Board's and Executive Officers' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind as well as the remuneration of persons related to the Company's Board and Substantial Shareholders;
- (iii) implementing and administering any share option scheme, share performance scheme and other performance bonus scheme(s) that the Group may set up in the future; and
- (iv) reviewing the Group's obligations arising in the event of the termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Pursuant to its review, the Remuneration Committee will submit its recommendations to the entire Board for endorsement.

Each member of the Remuneration Committee abstains from the decision making process and from voting on any resolutions in respect to his remuneration package.

Level and Mix of Remuneration

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

CORPORATE GOVERNANCE REPORT

The Remuneration Committee carries out annual reviews of the remuneration packages of the Directors and the Management, having due regard to their contributions as well as the financial and commercial needs of the Group.

The Remuneration Committee takes into account the industry norms/standards, the Group's performance as well as the contribution and performance of each Director when determining the remuneration packages of the Directors.

The Independent Directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The Independent Directors are not over-compensated to the extent their independence may be compromised.

The remuneration for the Executive Directors and the Management comprise a basic salary component and a variable component, namely, the annual bonus. The latter is based on the performance of the Group as a whole and their individual performance.

The Company has, in FY2012, entered into separate service agreements with each of Mr Toh Choo Huat, Mr Toh Swee Kim, Mr Toh Chew Leong, Mr Koh Tiam Teng and Mr Tan Teck Wei which set out the framework of their respective remuneration. These service agreements came into effect on 25 July 2012 and provide *inter alia* that either the each Executive Director or the Company may terminate that Executive Director's service agreement upon giving written notice of not less than six months.

Disclosure on Remuneration

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

In addition to its strict policies on bribery and money-laundering, the Group also maintains, under its Ethics, strict policies on gifts and entertainment which applies to all employees (including Directors). In the event that gifts, entertainment or other benefits are offered to employees, they must be properly declined if there is a risk of there being an appearance of impropriety. Similarly, all employees must also not offer any gifts, entertainment or other benefits to others if it creates an appearance of impropriety.

The breakdown of remuneration of the Directors for FY2012 is set out below:

Remuneration Band and Name of Directors	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
<i>Directors who receive S\$0 to S\$100,000</i>						
Lee Gee Aik	100	–	–	–	–	100
Ang Miah Khiang	100	–	–	–	–	100
Marcus Chow Wen Kwan	100	–	–	–	–	100
<i>Directors who receive S\$100,000 to S\$249,999</i>						
Tan Teck Wei	–	79	18	3	–	100
<i>Directors who receive S\$250,000 to S\$499,999</i>						
Toh Choo Huat	–	79	18	3	–	100
Toh Swee Kim	–	79	18	3	–	100
Toh Chew Leong	–	80	18	2	–	100
Koh Tiam Teng	–	79	18	3	–	100

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The breakdown of remuneration of the Executive Officers FY2012 is set out below:

Remuneration Band and Name of Executive Officer	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
Executive Officer who receive S\$0 to S\$100,000	–	–	–	–	–	–
<i>Executive Officer who receive S\$100,000 to S\$249,999</i>						
Seow Soon Kee, Shirley	–	71	20	9	–	100
Lim Fan, Edmund	–	79	21	–	–	100
Toh Geok Boon, David	–	68	28	4	–	100
Low Boon Hwee (Join Date: 8/10/2012)	50	40	7	–	3	100
<i>Executive Officer who receive S\$250,000 to S\$499,999</i>						
Toh Chew Chai	–	67	29	4	–	100

The breakdown of remuneration of the top Key Management for FY2012 is set out below:

Remuneration Band and Name of Executive Officers	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
<i>Executive Officers who receive less than S\$100,000</i>	–	–	–	–	–	–
<i>Executive Officers who receive S\$100,000 to S\$249,999</i>						
Wang Hung Tak, Peter	–	83	17	–	–	100
Lim Kok Nam, Kelvin	–	82	18	–	–	100

Pursuant to Rule 704(11) of the SGX-ST Listing Manual, the Company has disclosed in its full year results announcement released via SGXNET on 1 March 2013, a list of persons occupying managerial positions who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Group ("**Related Employees**"). The breakdown of Related Employees whose remuneration exceed S\$150,000 in FY2012 is set out below:

Name of Related Employees whose remuneration exceed S\$150,000 in FY2012	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-Kind (%)	Allowances (%)	Total (%)
Toh Chew Chai	–	67	29	4	–	100

CORPORATE GOVERNANCE REPORT

(C) **ACCOUNTABILITY AND AUDIT**

Accountability

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

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Shareholders. This accountability to the Shareholders is demonstrated through the presentation of its periodic financial statements as well as the timely announcements and news releases of significant corporate developments and activities so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Management maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or via email in which documents are circulated to the Board for their review or for their information. However, the Management prepares the financial results every quarter and meetings are held with the Board to review these financial results. The Management also prepares and updates the Company's budget and table the same to the Board for their review. The abovementioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievements of the goals and objectives determined and set by the Board.

For further accountability, the announcements containing the quarterly financial statements are signed jointly by the Executive Chairman and Chief Executive Officer, Mr Toh Choo Huat and the Executive Director, Mr Koh Tiam Teng for and on behalf of the Board, to confirm that it is to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results contained in the announcement to be false or misleading in any material aspects. The Directors' Report to the audited financial statements of the Company is also signed by the Executive Chairman and Chief Executive Officer Mr Toh Choo Huat and Mr Koh Tiam Teng, the Executive Director.

The Company also completes and submits the compliance checklists to SGX (if applicable and when required) to ensure that all announcements, circulars or letters to our Shareholder comply with the minimum requirements set out in the SGX-ST Listing Manual. For its annual reports, the Company also reviews the documents against the documents using the Governance and Transparency Index launched by The Business Times and the Singapore Corporate Governance & Financial Reporting Centre.

Audit Committee

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

As at the date of this Annual Report, the Audit Committee comprises the Company's three existing Independent Directors, namely, Mr Lee Gee Aik (Chairman of the Audit Committee), Mr Ang Miah Khiang (Member of the Audit Committee) and Mr Marcus Chow Wen Kwan (Member of the Audit Committee).

However, during start of the FY2012, the Audit Committee comprised the Company's two Independent Directors and one Non-Executive Director then, namely Mr Lee Keen Whye (Chairman of the Audit Committee, Independent Director), Mr Timothy Teo Lai Wah (Member of the Audit Committee, Independent Director) and Ms Tan Siok Min (Member of the Audit Committee, Non-Executive Director). When each of the Audit Committee's members resigned from their position in the Board with effect from 25 July 2012, he/she also stepped down from the Audit Committee.

The Company has appointed Mr Lee Gee Aik as the Chairman of the Audit Committee as he has a strong accounting and financial management expertise and is a fellow with the Association of Chartered Certified Accountants, United Kingdom and the Institute of Certified Public Accountants of Singapore. Further to the above, Mr Lee also sits on the board of directors of other listed companies.

The Audit Committee meets periodically and once every quarter to review the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group.

CORPORATE GOVERNANCE REPORT

The Audit Committee's duties include, amongst others, the review of:

- (i) the financial and operating results and accounting policies of the Group;
- (ii) the co-operation given by the Group's officers to the external auditors;
- (iii) the half yearly and annual, and quarterly if applicable, financial statements of the Group and the results announcements before the submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- (iv) the Group's administrative, operating and internal accounting and financial control procedures;
- (v) the nomination of external auditors and internal auditors for appointment or re-appointment and matters relating to the resignation or dismissal of the external auditors and internal auditors before making recommendations to the Board;
- (vi) interested person transactions falling within Chapter 9 of the SGX-ST Listing Manual ("**Interested Party Transaction**"), if any;
- (vii) any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Group's management's response;
- (viii) any potential conflicts of interest;
- (ix) the Group's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (x) the Group's significant financing reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (xi) hedging policies and instruments, if any, to be implemented by the Group before recommending the same to the Board;
- (xii) review the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (xiii) the effectiveness of the Group's internal audit function;
- (xiv) the independence of the Group's external auditors annually;
- (xv) the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- (xvi) the suitability of the Group's Chief Financial Officer/Financial Controller.

As part of its review, the Audit Committee shall also:

- (i) commission and review the findings of internal investigations into matter where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position;
- (ii) ensure that all future transactions with related parties shall comply with the requirements of the SGX-ST Listing Manual; and

CORPORATE GOVERNANCE REPORT

- (iii) evaluate and report to the Board at least annually the effectiveness of the Group's internal accounting control systems, including financial, operational, compliance and information technology controls and ensuring co-ordination between the external auditors, the internal auditors and the Group's management, and review the assistance given by the Group's management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Group's management, where necessary).

Under its terms of reference, the Audit Committee is entitled to obtain independent professional advice to execute its duties.

For FY2012, the Audit Committee has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The Audit Committee is also satisfied with the adequacy of the Company's accounts and financial reporting resources and the performance of the CFO and all other senior management in the Finance Department of the Company.

In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Audit Committee has also reviewed the arrangements by which the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are in place for independent investigations of such matters and for appropriate follow-up action as and when the need arise. As at the date of this Annual Report, the Company has put in place a whistle-blowing policy for this purpose. Under the Company's whistle-blowing policy, employees may submit a complaint (which may be on an anonymous basis) to their supervisors, the Human Resource department or the Audit Committee. The Audit Committee is obliged to review all reports received and take or approve the appropriate actions.

In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular transaction.

The Audit Committee reviewed the adequacy of audit plans, with particular emphasis on the observations of the external auditors, the scope and the results of their audits and the independence and objectivity of the external auditors.

The Audit Committee has also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. The Company's existing external auditor is Messrs KPMG LLP (the "**External Auditors**"). After taking into account that the resources and experience of Messrs KPMG LLP and the audit engagement partner assigned to the audit, Messrs KPMG LLP's other audit engagement, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Messrs KPMG LLP for the audit, the Audit Committee is of the opinion that Messrs KPMG LLP's independence has not been compromised and is able to meet its audit obligations. Together with the Board, the Audit Committee recommends the re-appointment of Messrs KPMG LLP at the forthcoming Annual General Meeting.

Messrs KPMG LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and was appointed on 25 July 2012. The audit fees paid to the External Auditors for their audit services in FY2012 are S\$ 300,000 (excluding disbursements and GST). The Audit Committee noted that Messrs KPMG LLP was not engaged to provide non-audit services in FY2012.

Messrs KPMG LLP was also appointed in the FY2012 to audit the accounts of the Company, its subsidiaries and its significant associated companies. The Company is compliance with Rule 712 and Rule 715 of the Listing Manual.

The Audit Committee and External Auditors have, at all times, unrestricted access to each other. The Audit Committee also meets annually with the External Auditors, without the presence of the Management and is authorized to have full and unrestricted access to management and all personnel, records, operation, properties and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

CORPORATE GOVERNANCE REPORT

The Audit Committee has also reviewed the arrangements by which the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are in place for independent investigations of such matters and for appropriate follow-up action as and when the need arise. As at the date of this Annual Report, the Company has put in place a whistle-blowing policy for this purpose. Under the Company's whistle-blowing policy, employees may submit a complaint (which may be on an anonymous basis) to the Chairman of the Audit Committee and/or the officer designated by the Audit Committee, who will proceed to investigate the complaint.

The previous directors of the Company (when it was formerly known as Ultro Technologies Limited) had proposed a Performance Share Plan (the "**Plan**") which had been approved by the Shareholders in the Extraordinary General Meeting held on 30 October 2009.

The objectives of the Plan are as follows:

- (a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (b) to provide an opportunity for participants of the Plan to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The Plan shall be administered by the Audit Committee with such discretion, powers and duties as are conferred on it by the Board of Directors. A member of the Audit Committee shall not be involved in the deliberations of the Committee in respect of the grant of awards to him. In exercising its discretion, the Audit Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Audit Committee shall refer any matter not falling within the scope of its terms of reference to the Board of Directors. Shareholders who are eligible to participate in the Plan shall abstain from voting on any resolution relating to the Plan.

The Plan shall continue to be in force at the discretion of the Audit Committee, subject to a maximum period of ten (10) years commencing on the date on which the Plan comes into effect, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No employee or Director has received 5% or more of the total number of options available under the Scheme and the Plan.

For FY2012, no performance shares have been allotted to and employees or directors of the Company.

Internal Control

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

In line with the Singapore Standards on Auditing and the Committee of Sponsoring Organizations of the Treadway Commission Internal Controls-Integrated Framework, "internal controls" is broadly defined as "a process effected by an entity's board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (i) effectiveness and efficiency of operations;
- (ii) reliability of financial reporting; and
- (iii) compliance with applicable laws and regulations.

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The first category addresses an entity's basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and condensed financial statements and selected financial data derived from such statements, such as earning releases, reported publicly. The third category deals with complying with those laws and regulations to which the entity is subject.

The Audit Committee conducts regular reviews of the effectiveness of the Group's internal controls, including financial, operational and compliance controls. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks are adequate as at 31 December 2012.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Internal Audit

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

The Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The Company has appointed the external audit firm Messrs RSM Ethos Pte Ltd to perform such internal audit functions ("**Internal Auditors**"). Messrs RSM Ethos Pte Ltd is not the external auditor of the Company and the Audit Committee noted that the internal audits conducted by Internal Auditors meet the standards set out by the Institute of Internal Auditors.

The role of the Internal Auditors is to support the Audit Committee in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigation as directed by the Audit Committee.

The Internal Auditors shall remain independent of Management and shall report directly to the Chairman of the Audit Committee. The Internal Auditors shall be responsible for the preparation of internal audit plans to be reviewed and approved by the Audit Committee.

The Audit Committee meets at least once annually to ensure the adequacy of the internal audit functions. The Audit Committee reviewed and approved the internal audit plan proposed by the Internal Auditors. The Audit Committee also believes that the system of internal controls and risk management maintained by the Company is adequate to safeguard the Shareholders' investment and the Company's assets.

The findings from the reviews and checks on the adequacy of the internal control and risk management are rated and reported to the Audit Committee. In particular, high risk matters are highlighted to the Audit Committee and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management.

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

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

The Company endeavours to maintain constant and effective communication with Shareholders through timely and comprehensive announcements. Price-sensitive information is released to all parties such as Shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective quarterly, half-yearly and full year results (all issued within the mandatory period) is disseminated through SGXNET.

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The Company communicates regularly through the following channels:

- (i) the SGXNET;
- (ii) news and press releases;
- (iii) the annual report; and
- (iv) if it receives any email queries from Shareholders, replies by email.

The Group's material development and information shall also be disclosed in:

- (i) the Company's announcement of periodic financial results on the SGXNET;
- (ii) notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
- (iii) press releases for the Group's half-year and full-year results as well as other briefings, as appropriate;
- (iv) press releases on major developments and corporate affairs of the Group (which the Company also releases as announcements via SGXNET and any supporting materials to these press release such as PowerPoint slides are also attached to these announcements); and
- (v) circular or letters to shareholders to provide the shareholders with more information on its major transactions.

In addition to the above, the Shareholders can access the Company's corporate website (<http://www.leychoon.com>) at their convenience to receive updates. The Company's corporate website also provides information about the Company, its products and its directors. In the investor relation section of the corporate website, we maintain website links to the latest announcements released on SGXNET by the Company, latest financial results released on SGXNET by the Company and latest annual report of the Company.

The Company also engages an external investor relation consultant firm 29 Communications LLP to support the Group in promoting the communication with its Shareholders and the investment community

Greater Shareholder Participation

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

The Board regards the Annual General Meeting as an opportunity to communicate directly with the Shareholders and encourages attendance and participative dialogue during the Annual General Meeting. The notice of the Annual General Meeting is dispatched to the Shareholders with the Annual Report (together with explanatory notes or a circular/letter to shareholders on items of special business, if applicable) at least 14 days before the Annual General Meeting if ordinary businesses are to be transacted at the meeting or at least 21 days before the meeting if special businesses are to be transacted at the meeting. The notice, first disseminated via SGXNET, is also advertised in newspapers.

It is crucial that the notice of the Annual General Meeting is reached out to the Shareholders prior to the Annual General Meeting as it sets out the agendas that will be discussed, some of which may be of interest to the Shareholders. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his place. The Chairman of the Annual General Meeting and the other Directors attending the Annual General Meeting will be available to answer questions from the Shareholders present. The External Auditors are also invited to attend the Annual General Meeting and will assist the Directors in addressing relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of the External Auditors' report. Votes at the Annual General Meeting are taken by way of show of hands, unless a poll is called by the Chairman of the Annual General Meeting or any Shareholder.

CORPORATE GOVERNANCE REPORT

The Company also encourages all the Shareholders to attend the Annual General Meeting to grasp a better understanding the Group's business and be informed of the strategic goals and objectives. The Board and Management are committed to an open dialogue with the Shareholders at the Annual General Meeting to address the Shareholders' issues, views and concerns.

The Company's Articles of Association allow the Shareholder to appoint one or two proxies to attend the Annual General Meeting and vote in place of that Shareholder. The Board is of the view that voting in absentia can only be possible if there is absolute certainty that integrity of the information and authentication of the identity of such Shareholder is not compromised.

The Chairmen of the Audit Committee, Remuneration Committee and Nominating Committee are normally available at the Annual General Meeting as well to answer questions relating to the work of the Board Committees. The results of the Annual General Meeting will be released as an announcement via SGXNET.

(E) **DEALING IN SECURITIES**

The Group has adopted and implemented the best practices guidelines advised by SGX-ST in relation to the dealing of shares of the Company. The Group has in place procedures prohibiting the Directors and employees of the Group from dealing in the Company's shares during the periods commencing two weeks before the Company's quarterly or half year results until after the date of announcement of the results and one month prior to the announcement of the Group's full year financial results and ending on the date of the announcement of the full year results, or if they are in possession of unpublished material price-sensitive information of the Group.

The Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and employees are expected not to deal in the Company's securities on short term considerations.

(F) **INTERESTED PERSON TRANSACTIONS**

To ensure compliance with the relevant rules under Chapter 9 of the SGX-ST Listing Manual on interested person transactions, the Board and Audit Committee regularly reviews if the Company enters into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

As set out in the Company's circular to the Shareholders dated 25 July 2012 (the "**Circular**"), the Company has implemented, *inter alia*, the following procedures to ensure that all Interested Party/Related Person Transaction are undertaken on normal commercial terms:

- (a) in the case of a purchase from or procurement of services from an Interested Person or a Related Person, the Group shall require that quotations be obtained from such Interested Person or Related Person and at least two other quotations from unrelated third parties; and
- (b) in the case of a sale to or provision of services to an Interested Person or a Related Person, comparison will be made with reference to (i) at least two latest similar transactions between the Group and unrelated third parties or (ii) if relevant market rates from independent sources are available, such market rates; and

if the Company does enter into an Interested/Related Party Transaction and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board. In addition, the Audit Committee will carry out quarterly reviews to ensure that the established guidelines and procedures for Interested/Related Party Transaction have been complied with and the relevant approvals are obtained.

CORPORATE GOVERNANCE REPORT

Save as the interested person transactions disclosed below and as set out in the Circular, no other interested person transactions was entered into during FY2012:

Name of Interested Person and/or Related Person	Aggregate value of all Interested/ Related Person Transactions during the FY2012 (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all Interested/ Related Person Transactions conducted under the IPT Mandate granted by the Shareholders pursuant to the Extraordinary General Meeting held on 13 July 2012 (excluding transactions less than S\$100,000)
Pan Asian Holdings Limited ("PAH")	Nil	Purchases: S\$6,975,546
Hen Sheng Civil Engineering Pte. Ltd ("HS")	Nil	Services rendered by HS : S\$195,692 Sale of Premix to HS: S\$213,958
Sing & San Construction Pte Ltd ("SS")	Nil	Sale of Premix to SS: S\$460,272
Oh Kian Ann	Nil	Nil
Toh Kah Sing	Nil	Nil

(G) MATERIALS CONTRACTS

Save as disclosed under "Material Contracts" in the announcements made on SGXNET, the audited financial statements of this Annual Report and the service agreements entered into between the Company and the Executive Directors, there were no material contracts of the Company or its subsidiaries involving the interests of the Executive Chairman and Managing Director, Chief Executive Officer, any Director or Controlling Shareholder subsisting at the end of FY2012, or if not then subsisting, entered into since the end of previous financial year.

(H) REPORT ON THE USE OF PLACEMENT SHARE PROCEEDS

Pursuant to a placement exercise, the Company issued 81,000,000 new ordinary shares at S\$0.22 per share for cash on 26 July 2012. Of the gross proceeds of approximately 12.67 million raised from the aforementioned placement exercise, the balance of the unutilised funds as at the date of this Annual Report is as follows:

Net proceeds received	S\$'000 12,271
Amount utilised	
1st Tranch	(4,270)
2nd Tranch	(885)
3rd Tranch	(1,998)
Balance available	5,118

SUSTAINABILITY REPORT

People Development

At Ley Choon Group ("LC Group"), our employees are our most valuable resources. The success of our projects depends largely on the dedication, skill, knowledge and experience of our people. Hence, their well-being and professional development are crucial to our growth as a company. We are committed to the betterment of our workplace and developing our people guided by our principles of People-Centric, Workforce Diversity and Training and Development.

- People-centric

To build a people-centric culture, we have been working towards increasing organisational communication by simplifying the communication process across all levels and among the various subsidiaries. We encourage feedback and implement regular dialogue sessions so that our management and staff – from supervisory to administrative and support to site construction - are in contact with each other when planning and executing their projects. We also initiate social activities and events such as dinner and dance to foster close working relationships and to build a strong corporate community among our people.

- Workforce Diversity

We are committed to building a strong, diverse workforce composition which is critical in our projects as they require different perspectives and broad experiences, particularly in resolving complex technical challenges.

- Training and Development

We have in place an effective staff orientation programme which seeks to integrate new employees into the company. The programme familiarises new staff with the company's vision, mission, values and corporate culture, and contributes significantly to staff retention. We also implement regular training and development programmes by providing both off-site and on the job training that includes in-house workshops and external instructor-led training sessions. We also provide our staff with project certification courses relevant to their career development.

Safety & Health

The LC Group is committed to providing a safe work environment for all our employees. We have obtained OHSAS Certification for occupation safety and health (OHSAS18001: 2007) and also the BizSafe Level Star certification. This is a national programme that recognises companies that promote workplace safety and health. To further demonstrate our commitment to safety, we were conferred the bizSAFE star status by the Workplace Safety and Health Council. This is the highest level award given to organisations for their commitment to maintaining a good Risk Management ("RM") and Workplace Safety and Health ("WSH") management system.

In addition, we place great emphasis on instilling work safety practices and promoting good environmental awareness which are integral to our operations and project management. This helps to enhance our working environment and ensure our staff personal safety. Some of our work safety initiatives include designating at least one first-aid trained staff on site to handle emergencies when the need arises. All our first-aid staff are sent for continual upgrading to ensure they are equipped with the latest first-aid knowledge and emergency procedures. Emergency drills are also conducted on a scheduled basis to prepare site workers in the event of accidents, fires and chemical spillage.

- Ensuring High Standards

We are committed to the highest standards of quality, environmental, health and safety practices as we believe these are vital to our overall business management, especially at our worksites. We make it a point to integrate Quality, Environmental, Health and Safety ("QEHS") in our workplace. Our QEHS Management System features the internationally recognised ISO9001:2008, ISO14001: 2004, OHSAS 18001. These certifications are pre-requisites for the LC Group to maintain our ranking as a L6 registered contractor (highest grade) in the categories of cable/ pipe laying and road reinstatement with the Building and Construction Authority ("BCA"). We are also a A2 category contractor for civil engineering.

SUSTAINABILITY REPORT

Corporate Social Responsibility

Corporate Social Responsibility (“CSR”) is about a company’s long term strategy of aligning business strategy and operations with universal values to achieve positive and sustainable outcomes for customers, suppliers, employees, shareholders, communities as well as the environment.

The LC Group is committed to promoting and implementing CSR. Every year, we reach out to the needy elderly within our community through activities such as “Feast for a Thousand People” where they are invited to enjoy a sumptuous meal. Through these activities we seek to befriend and provide social support to this segment of our community.

- Promoting a Green Environment

In line with our corporate tagline, “Build. Renew. Recycle”, we make every effort to protect the environment through implementing on-going initiatives to promote a greener environment. We are also committed to complying with all applicable environmental laws and regulations.

Risk Assessment and Management

The risk assessment and management process helps companies to recognise potential adverse events, be more proactive and forward-looking and establish appropriate risk responses, thereby reducing the costs or losses associated with potential business disruptions.

The following are the categories of risk which could impact the LC Group and how we intend to mitigate them:

- *Downgrade or loss of the LC Group’s BCA gradings or builder’s licences will adversely affect our business and our financial performance*

We are required to register ourselves as registered contractors and/or licensed builders with the BCA for our business.

Based on the gradings granted to us as registered contractors, the LC Group is allowed to tender for public sector projects, subject to the stipulated limit. To maintain existing contractor gradings in each of the workhead categories for each company in the LC Group, there are certain requirements stipulated by BCA to be complied with, including but not limited to the following:

- (a) each company in the LC Group must meet the stipulated requirements with regards to the value of contracts undertaken by that company in the past three financial years;
- (b) each company in the LC Group must meet the minimum paid-up share capital and the minimum net worth requirement; and
- (c) each company in the LC Group must employ the required number of professionals or technical personnel and these professionals or technical personnel must have the minimum professional qualifications stipulated by BCA, being a recognised degree in Architecture, Building, Civil/Structural Engineering or the equivalent qualifications approved by the BCA and have the stipulated number of years of relevant experience.

We would therefore lose our existing BCA contractor gradings and/or builder’s licences if we are unable to comply with any of the requirements imposed by the BCA. Accordingly, our BCA contractor gradings and our class of builder’s licences may be downgraded or be revoked. This would not only adversely affect our market reputation but would reduce our tendering capacity drastically. In such event, our operations and our financial performance will be adversely affected.

However, we review and conduct checks on a regular basis to ensure the above requirements are met.

SUSTAINABILITY REPORT

- *We are dependent on public sector demand for Underground Utilities Infrastructure construction and maintenance, sewer pipeline rehabilitation and road and airfield construction and maintenance in Singapore*

We are a contractor for (i) Underground Utilities Infrastructure construction and maintenance; (ii) sewer pipeline rehabilitation; and (iii) road and airfield construction and maintenance in Singapore. As our revenue is derived mainly from the Singapore public sector, our business is vulnerable to the cyclical fluctuations of the construction industry in Singapore and is dependent on the general health of the Singapore economy as well as the availability of the government's civil engineering projects in Singapore.

Public sector demand for civil engineering services in Singapore is dependent on factors such as the Singapore economy, Singapore's development plans and government budgets. A reduction in the public sector construction demand will lead to a decline in revenue arising from a smaller number of projects and/or a decline in profit margin due to competition to secure available projects. This will have a material adverse effect on our business and financial performance.

We have expanded our business into the production of asphalt pre-mix and construction waste recycling and management which will supplement our core business mentioned above. We have also ventured into overseas markets to grow our core businesses and reduce to our exposure to a single market.

- *Our financial performance depends on our ability to secure new projects and hence our revenue and profit may be subject to volatility*

Our revenue and profit are also dependent on the number, value and duration of our projects. All our businesses except asphalt pre-mix production and construction waste recycling are usually undertaken on project-basis and are non-recurring in nature. Our revenue and profits may therefore be subjected to some degree of volatility in the event that we are not able to secure new projects or meet the project schedule.

We are dependent on government bodies /government-related bodies for business. However, public sector projects are subject mainly to an open public tender process and are usually awarded to tenderers with the lowest quotations which meet their requirements. Therefore, our ability to secure business through public bidding process at the lowest rate will affect our profitability. Accordingly, we may not be awarded with projects if our pricing is not competitive and this will have a negative impact on our operations and our financial performance.

We constantly review and improve the productivity and cost structure in order to achieve our targeted financial performance.

- *We may be affected by a shortage in labour (including foreign workers)*

Certain divisions of our businesses are highly labour intensive. As the pool of local workers available in Singapore for the industries we are in is limited and the cost of labour is high, we rely heavily on foreign labour. Most of our workers are foreign workers who come from India, PRC, Malaysia, Thailand, Myanmar and Bangladesh and are subject to foreign workers' levy. On this basis, our operations and our financial performance are vulnerable to any shortage in the supply of foreign workers and any increase in the cost of foreign labour. Any changes in the policies of the foreign workers' countries of origin may affect the supply and cost of foreign labour and cause disruptions to our operations which may result in a delay in the completion of our projects.

The supply of foreign labour and the number of foreign workers that we and our sub-contractors are allowed to employ are further subject to the policies and regulations imposed by the Ministry of Manpower ("MOM"), including safety regulations. In the event we infringe such policies and regulations, MOM may freeze our Man-Year Entitlements ("MYE") and our applications for new and renewal of work passes for all foreign employees will be rejected. MYE is a work permit allocation system pertaining to the employment of construction workers from Malaysia, Hong Kong, Macau, South Korea, Taiwan, India, Sri Lanka, Thailand, Bangladesh, the Republic of the Union of Myanmar, Philippines and PRC ("specific construction workers"). The MYE determines the total quota of foreign construction workers that can be allocated to us as a main contractor for a specific construction project as one-man year allows for the employment of one specific number of construction workers for a project.

SUSTAINABILITY REPORT

If there are any further changes in the foreign labour policies imposed by the MOM which may result in restrictions on the supply of foreign labour, we may have to seek alternative and more costly sources of labour for our projects. In addition, in the event that there is an increase in the foreign workers levies payable by us, our overall costs will increase and our operations and our financial performance may be materially and adversely affected.

To reduce our reliance on foreign labour, we have been restructuring our operations and remodeling our businesses through investment in equipment and systems, deploying technology and skills upgrading and to raise our productivity.

- *We are dependent on certain key personnel for our continued success*

The LC Group's success to date is attributable to the contributions and expertise of our Executive Directors who have built the Group's business. Our continued success and growth are therefore dependent on the retention of our Executive Directors as well as our ability to continue to attract, retain and motivate our qualified personnel. Consequently, the loss of the services of one or more of these individuals without suitable and timely replacement or the inability to attract new qualified personnel could have a material and adverse effect on our operations and financial performance. We have been strengthening our human capital through the active recruitment of professionals and specialists to augment our senior management team.

- *We are subject to regulations and guidelines imposed by various government and regulatory authorities*

We are subject to regulations and guidelines, including safety regulations, imposed by various government and regulatory authorities in Singapore.

In the event of a breach of regulations and regulatory guidelines imposed by the regulatory authorities such as the National Environment Agency ("NEA"), Public Utilities Board ("PUB") and Land Transport Authority ("LTA"), we may be subject to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to our projects. In addition, judgments and decrees awarded that are unfavourable to us would have a negative effect on our reputation. In such instances, our financial performance will be adversely affected.

Regulations and regulatory guidelines are subject to amendments from time to time. Any changes in government legislation, regulations or policies affecting our industry could adversely affect our business operations and/or have a negative effect on the demand for our services. Should this risk materialise, our financial performance may be adversely affected. There is also no assurance that we will be able to comply with any changes and in the event that compliance with such new regulations or regulatory guidelines increases our costs, and if such increase is significant, our financial performance may be adversely affected.

- *Any cost overruns will adversely affect our financial performance*

In preparation for tenders for projects, we will carry out internal costing and budgeting estimates of labour and material costs, which are based on the quotations given by our suppliers and/or sub-contractors, as well as our own estimate of costs. Thereafter, the contract value quoted in the tender submission for a project is determined after having evaluated all related costs including the indicative pricing of our suppliers and/or sub-contractors. However, unforeseen circumstances such as adverse weather conditions, unanticipated construction constraints at the worksites which may arise during the course of construction, or fluctuations in the costs of labour, raw materials, equipment, rental and sub-contracting services, miscalculation of estimated cost, or other costs not previously factored into the contract value may lead to cost overruns which may have to be absorbed by us. In the event of any of the above circumstances, our profit margin for the project may also be reduced or eroded and accordingly, our operations and financial performance may be adversely affected.

The LC Group is in the process of implementing Enterprise Resource Planning ("ERP") system which will facilitate us in collating relevant data across departments and enhance our human resource planning and cost estimates, thereby helping us to improve productivity, increase efficiency and to reduce costs.

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REPORT OF THE DIRECTORS

Year ended December 31, 2012

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2012.

Directors

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

Toh Choo Huat	(Appointed on 25 July 2012)
Toh Swee Kim	(Appointed on 25 July 2012)
Tan Teck Wei	(Appointed on 25 July 2012)
Toh Chew Leong	(Appointed on 25 July 2012)
Koh Tiam Teng	(Appointed on 25 July 2012)
Lee Gee Aik	(Appointed on 25 July 2012)
Ang Miah Khiang	(Appointed on 25 July 2012)
Marcus, Chow Wen Kwan	(Appointed on 25 July 2012)

Change of name of Company

At an Extraordinary General Meeting of the Company held on 13 July 2012, it was resolved by way of special resolution that the name of the Company be changed to Ley Choon Group Holdings Limited with effect from 24 July 2012.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Direct interests		Deemed interests	
	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
The Company				
– ordinary shares				
Toh Choo Huat	–	–	303,574,700	309,050,700
Toh Swee Kim	–	–	303,574,700	309,050,700
Toh Chew Leong	–	–	303,574,700	309,050,700
Tan Teck Wei	15,011,935	15,011,935	–	–
Koh Tiam Teng	29,008,571	29,008,571	–	–

By virtue of Section 7 of the Singapore Companies Act, Toh Choo Huat, Toh Swee Kim and Toh Chew Leong are deemed to have an interest in all the subsidiaries of the Company, at the date of appointment and at the end of the financial year.

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

There were no changes in any of the abovementioned interest in the Company between the end of the financial year and 21 January 2013.

REPORT OF THE DIRECTORS

Year ended December 31, 2012

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

Except for salaries, bonuses and fees and those benefits that are disclosed in Note 29 to the financial statements, since the end of the last financial year, no director 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 he is a member, or with a company in which he has a substantial financial interest.

Share options

The Performance Share Plan (the "Plan") was approved by its members at an Extraordinary General Meeting held on 30 October 2009. The Plan shall be administered by a committee to be established, with such discretion, powers and duties as will be conferred on it by the Board of Directors.

The objectives of the Plan are as follows:

- (a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (b) to provide an opportunity for participants of the Plan to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The Plan shall continue to be in force, subject to a maximum period of ten years commencing on the date on which the Plan comes into effect, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by an ordinary resolution in the general meeting and of any relevant authorities which may then be required.

No employee or director has received 5% or more of the total number of options available under the Plan.

For the financial year ended 31 December 2012, no performance shares have been allotted and issued to any employees or directors of the Company.

In the financial year ended 30 June 2010, the Company completed the issuance of renounceable rights issue of 143,952,885 shares with 143,952,885 free detachable warrants. Each warrant entitles the warrant holder to subscribe for one new share in the share capital of the Company at an exercise price of \$0.10 in cash during the exercise period (commencing from the warrant issue date to the date immediately preceding the third anniversary of the warrants issue date), subject to the terms of the warrants as set out in the deed poll. The warrants were listed on the SGX-ST on 17 June 2010.

On 24 July 2012, the Company underwent a warrant consolidation of ten existing warrants into one consolidated warrant. Each consolidated warrant entitles the warrant holder to subscribe for one new share in the share capital of the Company at an exercise price of \$1.00 in cash during the exercise period.

During the current financial year, 5,000 (2011: Nil) consolidated warrants were exercised. As at 31 December 2012, there were 14,390,289 (2011: 14,395,289) consolidated warrants outstanding.

During the financial year, there were:

- (a) no options granted by the Company and its subsidiaries to any person to take up unissued shares in the Company and its subsidiaries; and
- (b) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

REPORT OF THE DIRECTORS

Year ended December 31, 2012

Audit committee

The members of the Audit Committee at the date of this report are:

Lee Gee Aik (Chairman), non-executive director
Ang Miah Khiang, non-executive director
Marcus Chow Wen Kwan, non-executive director

The Audit Committee has held four meetings since the last directors' report. Specific functions of the Audit Committee include reviewing the scope of work of the external auditors, and receiving and considering the auditors' reports. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit fees.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Singapore Exchange Listing Manual, reviewed the requirements of approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, seek approval for interested person transactions and reviewed interested person transactions.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Auditors

At an Extraordinary General Meeting of the Company held on 13 July 2012, it was resolved by way of special resolution that KPMG LLP be appointed as auditors of the Company with effect from 25 July 2012.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Toh Choo Huat

Director

Koh Tiam Teng

Director

8 April 2013

STATEMENT BY THE DIRECTORS

Year ended December 31, 2012

In our opinion:

- (a) the financial statements set out on pages 62 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Toh Choo Huat

Director

Koh Tiam Teng

Director

8 April 2013

INDEPENDENT AUDITORS' REPORT

To the Members of Ley Choon Group Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Ley Choon Group Holdings Limited (formerly known as Ultron Technologies Limited) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 62 to 103.

Management's responsibility for the financial statements

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Other matters

The financial statements for the period ended 31 December 2011 were audited by another firm of Certified Public Accountants whose report dated 2 April 2012 expressed an unqualified opinion on those statements.

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 those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore

8 April 2013

STATEMENTS OF FINANCIAL POSITION

Year ended December 31, 2012

	Note	Group		Company		30 June 2010 \$'000
		31 December 2012 \$'000	2011 \$'000	31 December 2012 \$'000	2011 \$'000	
Restated						
Non-current assets						
Property, plant and equipment	5	68,186	48,554	–	–	161
Investment property	6	2,101	–	–	–	–
Subsidiaries	7	–	–	110,000	–	823
Club membership		271	42	–	–	–
		<u>70,558</u>	<u>48,596</u>	<u>110,000</u>	<u>–</u>	<u>984</u>
Current assets						
Inventories	8	7,093	4,302	–	–	–
Contracts work-in-progress	9	84,037	51,534	–	–	–
Trade and other receivables	10	29,152	15,198	4,574	439	6,355
Financial assets designated at fair value through profit or loss	11	92	77	–	–	–
Cash and cash equivalents	12	23,891	28,168	7,097	4,694	3,605
		<u>144,265</u>	<u>99,279</u>	<u>11,671</u>	<u>5,133</u>	<u>9,960</u>
Total assets		<u>214,823</u>	<u>147,875</u>	<u>121,671</u>	<u>5,133</u>	<u>10,944</u>
Equity						
Share capital	13	55,527	16,137	121,746	57,462	59,313
Reserves	13	21,456	42,274	(1,962)	(53,814)	(49,942)
Equity attributable to owners of the Company		<u>76,983</u>	<u>58,411</u>	<u>119,784</u>	<u>3,648</u>	<u>9,371</u>
Non-controlling interests		<u>1,020</u>	<u>420</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total equity		<u>78,003</u>	<u>58,831</u>	<u>119,784</u>	<u>3,648</u>	<u>9,371</u>
Non-current liabilities						
Loans and borrowings	14	38,692	24,424	–	–	–
Trade and other payables	15	–	–	–	100	165
Deferred tax liabilities	17	3,986	3,893	–	–	–
		<u>42,678</u>	<u>28,317</u>	<u>–</u>	<u>100</u>	<u>165</u>
Current liabilities						
Loans and borrowings	14	54,389	34,159	–	–	–
Trade and other payables	15	37,016	24,478	1,887	1,385	1,408
Provisions	18	106	106	–	–	–
Current tax payable		2,631	1,984	–	–	–
		<u>94,142</u>	<u>60,727</u>	<u>1,887</u>	<u>1,385</u>	<u>1,408</u>
Total liabilities		<u>136,820</u>	<u>89,044</u>	<u>1,887</u>	<u>1,485</u>	<u>1,573</u>
Total equity and liabilities		<u>214,823</u>	<u>147,875</u>	<u>121,671</u>	<u>5,133</u>	<u>10,944</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2012

	Note	2012 \$'000	2011 \$'000
Revenue	19	148,450	126,843
Cost of sales		(121,062)	(97,783)
Gross profit		<u>27,388</u>	<u>29,060</u>
Other income	20	3,087	1,475
Distribution expenses		(687)	(377)
Administrative expenses		(14,383)	(11,460)
Other operating expenses		(13,099)	(706)
Results from operating activities		<u>2,306</u>	<u>17,992</u>
Finance costs	21	(3,141)	(2,129)
(Loss)/profit before tax		<u>(835)</u>	<u>15,863</u>
Tax expense	22	(2,322)	(847)
(Loss)/profit for the year	23	<u>(3,157)</u>	<u>15,016</u>
Other comprehensive expense			
Foreign currency translation differences			
- foreign operations		(307)	-
Other comprehensive expense for the year, net of tax		(307)	-
Total comprehensive (expense)/income for the year		<u>(3,464)</u>	<u>15,016</u>
(Loss)/profit attributable to:			
Owners of the Company		(3,511)	14,856
Non-controlling interests		354	160
		<u>(3,157)</u>	<u>15,016</u>
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(3,818)	14,856
Non-controlling interests		354	160
		<u>(3,464)</u>	<u>15,016</u>
Earnings per share			
Basic and diluted earnings (cents)	25	<u>(0.81)</u>	<u>3.78</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2012

	Share capital \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2011	16,137	32,418	48,555	260	48,815
Total comprehensive income for the year					
Profit for the year/Total comprehensive income for the year	–	14,856	14,856	160	15,016
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
One-tier tax exempt interim dividend of \$0.20 per ordinary share in respect of the year ended 31 December 2010	–	(3,000)	(3,000)	–	(3,000)
One-tier tax exempt interim dividend of \$0.13 per ordinary share in respect of the year ended 31 December 2011	–	(2,000)	(2,000)	–	(2,000)
Contributions by and distributions to owners/Total transactions with owners	–	(5,000)	(5,000)	–	(5,000)
At 31 December 2011	16,137	42,274	58,411	420	58,831

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2012

	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2012	16,137	–	42,274	58,411	420	58,831
Total comprehensive (expense)/income for the year						
(Loss)/profit for the year	–	–	(3,511)	(3,511)	354	(3,157)
Other comprehensive expense						
Foreign currency translation differences/Total other comprehensive expense	–	(307)	–	(307)	–	(307)
Total comprehensive (expense)/income for the year	–	(307)	(3,511)	(3,818)	354	(3,464)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
One-tier tax exempt interim dividend of \$0.13 per ordinary share in respect of the year ended 31 December 2011	–	–	(2,000)	(2,000)	–	(2,000)
Issue of bonus shares	15,000	–	(15,000)	–	–	–
Increase in share capital arising from reverse takeover	12,093	–	–	12,093	–	12,093
Issue of shares pursuant to share placement exercise	12,678	–	–	12,678	–	12,678
Share issuance expenses	(381)	–	–	(381)	–	(381)
Total contributions by and distributions to owners	39,390	–	(17,000)	22,390	–	22,390
Changes in ownership interests in subsidiaries						
Capital injection in a subsidiary without a change in control	–	–	–	–	246	246
Total transactions with owners	39,390	–	(17,000)	22,390	246	22,636
At 31 December 2012	55,527	(307)	21,763	76,983	1,020	78,003

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
(Loss)/profit for the year		(3,157)	15,016
Adjustments for:			
Depreciation of investment property		26	–
Depreciation of property, plant and equipment		7,373	6,340
Dividend from quoted shares		(2)	–
Provisions for legal claims and damages reversed		–	(230)
Interest income		(26)	(28)
Finance costs		3,141	2,129
Changes in fair value of financial assets designated at fair value through profit or loss		(15)	–
Gain on disposal of property, plant and equipment		(503)	(130)
Impairment loss on trade receivables reversed		(15)	(21)
Bad debts written off		51	–
Goodwill on consolidation written off		11,298	–
Tax expense		2,322	847
		<u>20,493</u>	<u>23,923</u>
Changes in working capital:			
Inventories		(2,791)	937
Contracts work-in-progress		(32,503)	(18,320)
Trade and other receivables		(14,526)	(1,540)
Trade and other payables		11,729	3,525
Provisions		–	(40)
Cash (used in)/generated from operations		<u>(17,598)</u>	<u>8,485</u>
Tax (paid)/refunded		(1,620)	106
Net cash (used in)/generated from operating activities		<u>(19,218)</u>	<u>8,591</u>
Cash flows from investing activities			
Acquisition of a subsidiary	24	1,725	–
Acquisition of financial assets at fair value through profit or loss		–	(21)
Acquisition of club membership		(229)	–
Acquisition of property, plant and equipment		(19,620)	(7,807)
Balances with related parties (non-trade)		535	(86)
Dividend from quoted shares		2	–
Interest received		26	28
Proceeds from disposal of property, plant and equipment		1,176	711
Net cash used in investing activities		<u>(16,385)</u>	<u>(7,175)</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from financing activities			
Balances with related parties		1,794	–
Cash distribution to shareholders		(2,000)	–
Cash injection by minority shareholder		246	–
Dividends paid		(4,000)	(3,000)
(Increase)/decrease in fixed deposits pledged with banks		(2,320)	63
Interest paid		(3,141)	(2,129)
Proceeds from issue of shares		12,678	–
Share issuance expenses		(381)	–
Proceeds from borrowings		44,713	28,970
Repayment of borrowings		(13,385)	(11,277)
Repayment of finance lease liabilities		(4,839)	(4,995)
Net cash generated from financing activities		29,365	7,632
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		23,681	14,633
Effect of exchange rate fluctuation on cash held		(307)	–
Cash and cash equivalents at end of year	12	17,136	23,681

During the financial year ended 31 December 2012, the Group acquired property, plant and equipment with an aggregate cost of \$27,681,000 (2011: \$10,392,000), of which \$8,061,000 (2011: \$2,585,000) were acquired under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 April 2013.

1 Domicile and activities

Ley Choon Group Holdings Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at No 4 Sungei Kadut Street 2, Singapore 729226. With effect from 25 July 2012, the Company changed its name from Ultron Technologies Limited to Ley Choon Group Holdings Limited.

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The immediate and ultimate holding company during the year was Zheng Choon Holding Pte Ltd, a company incorporated in the Republic of Singapore.

2 The Reverse Takeover

On 26 December 2011, the Company entered into a sale and purchase agreement (which has been amended and supplemented by the First Supplemental Agreement, Second Supplemental Agreement and Third Supplemental Agreement) with Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Chew Chai, Mr Toh Swee Kim, Mr Koh Tiam Teng, Mr Tan Teck Wei and Mr Liang Say Juan (collectively, the "Vendors"), to acquire the entire issued and paid-up share capital of Ley Choon Constructions and Engineering Pte Ltd (the "Acquisition") from the Vendors and to dispose of the Company's existing businesses and assets, save for a cash balance of \$2.4 million, \$0.6 million of current liabilities and the entire equity interests in a subsidiary, Ranoda (M) Sdn Bhd. On 25 July 2012, the Company completed its Acquisition through the allotment and issuance of 3,928,571,429 new ordinary shares to the Vendors at an issue price of \$0.028 per ordinary share. The Acquisition resulted in a Reverse Takeover ("RTO") of the Company. In connection with the RTO, the Company underwent a share consolidation of ten existing shares into one consolidated share (the "Share Consolidation").

The Acquisition has been accounted as a RTO in accordance with FRS103, and the legal subsidiary, Ley Choon Constructions and Engineering Pte Ltd ("LC"), is regarded as the acquirer and the Company as the acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of LC and its subsidiaries ("LC Group")'s financial statements. The comparative figures presented in these consolidated financial statements are that of the consolidated financial statements of LC Group for the financial year ended 31 December 2011.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

3.2 Basis of measurement

The financial statements have been presented on the historical cost basis, except where otherwise indicated in the accounting policies set out in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

3 Basis of preparation

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 5 – measurement of recoverable amounts of property, plant and equipment
- Note 19 – estimation of the percentage of completion of the projects, attributable profits and foreseeable losses
- Note 30 – assessment of allowance for impairment losses on doubtful receivables

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

4.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS103 Business Combinations as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

4 Significant accounting policies (continued)

4.1 Basis of consolidation (continued)

Business combinations (continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

Reverse acquisition

As set out in Note 2, the Acquisition has been accounted for as a RTO and the legal subsidiary, LC, is regarded as the acquirer and the Company as the acquiree for accounting purposes.

Since such consolidated financial statements represent a continuation of the financial statements of LC Group:

- (a) the assets and liabilities of LC Group are recognised and measured in the statement of financial position of the Group at their pre-acquisition carrying amounts;
- (b) the accumulated profits and other equity balances recognised in the consolidated financial statements are the accumulated profits and other equity balances of LC Group immediately before the business combination;
- (c) the amount recognised as issued equity instruments in the consolidated financial statements is the issued equity of LC Group immediately before the business combination (Note 2). However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflect the equity structure of the legal parent, including the equity instruments issued by the Company in conjunction with the RTO; and
- (d) the comparative figures presented in these consolidated financial statements are those of LC Group.

Reverse acquisition accounting applies only in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

4 Significant accounting policies (continued)

4.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Property under construction is not depreciated. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the assets is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land	50 years
Leasehold buildings	18 to 50 years
Plant and equipment	5 to 10 years
Motor vehicles	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

4 Significant accounting policies (continued)

4.10 Impairment (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

4 Significant accounting policies (continued)

4.13 Revenue

Contract revenue

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by reference to the ratio of contract costs incurred to date to the estimated total costs for the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of constructions materials, transfer usually occurs when the product is received at the customer's warehouse.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

Dividend income

Dividends income is recognised on the date that the Group's right to receive payment is established.

Income from supply of labour

Income from supply of labour is recognised on the date that the Group's right to receive payment is established.

4.14 Finance costs

Finance costs comprise interest expenses on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

4 Significant accounting policies (continued)

4.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

5 Property, plant and equipment (continued)

Depreciation of and impairment loss on property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The estimation of useful lives is based on assumptions about wear and tear, ageing, technical standards and changes in demand as well as the Group's historical experience with similar assets. Changes in these factors may impact the useful lives of assets, which could result in higher annual depreciation expenses.

Impairment losses would be made by the Group for property, plant and equipment whenever there is objective evidence that the assets are impaired.

	Group	
	2012 \$'000	2011 \$'000
Carrying amount of property, plant and equipment under finance lease obligations	18,446	15,266
Depreciation of property, plant and equipment which has been capitalised in contract work-in-progress	6,208	5,460
Carrying amount of property, plant and equipment mortgaged to banks to secure banking facilities (see Note 14) - Leasehold land and buildings	11,099	4,624

6 Investment property

	Note	Group	
		2012 \$'000	2011 \$'000
Costs			
At 1 January		-	-
Acquisition of subsidiary	24	2,120	-
Translation differences		7	-
At 31 December		2,127	-
Accumulated depreciation			
At 1 January		-	-
Depreciation charge for the year		26	-
At 31 December		26	-
Carrying amounts			
At 31 December		2,101	-

The fair value of the investment property of the Group, based on the valuation performed by an independent professional valuer, VPC Alliance (JB) Sdn. Bhd, is \$2,127,000 at 31 December 2012. In determining the fair value, the valuer used the market condition and sales of comparable properties approach.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

11 Financial assets designated at fair value through profit or loss

	Group	
	2012 \$'000	2011 \$'000
Quoted equity shares, at fair value	92	77

The Group's exposure to credit risk related to financial assets designated at fair value through profit or loss are included in Note 30.

12 Cash and cash equivalents

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Cash at bank and on hand	17,402	23,999	5,796	2,240
Fixed deposits	6,489	4,169	1,301	–
Margin money deposit	–	–	–	2,454
	23,891	28,168	7,097	4,694
Bank overdrafts	(266)	(318)		
Deposits pledged	(6,489)	(4,169)		
Cash and cash equivalents in the consolidated statements of cash flows	17,136	23,681		

The fixed deposits of the Group are pledged to banks for letters of guarantee, performance guarantee facilities and bank borrowings granted to the Group.

The margin money deposit of the Company was pledged as collateral security for bank guarantees provided by a financial institution to the Company's landlord.

The Group's and the Company's exposure to interest rate risk and sensitivity analysis for financial assets are disclosed in Note 30.

13 Capital and reserves

Share capital

	Company	
	2012 Number of shares '000	2011 Number of shares '000
Fully paid ordinary shares, with no par value:		
On issue at beginning of year	431,859	431,859
Issue of new shares pursuant to the RTO	3,928,571	–
Exercise of warrants	50	–
	4,360,480	431,859
Share Consolidation	(3,924,432)	–
	436,048	431,859
Issue of shares pursuant to share placement exercise	57,625	–
	493,673	431,859

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

13 Capital and reserves (continued)

Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 9 May 2012, 50,000 ordinary shares were issued as a result of the exercise of warrants. Warrants were exercised at a price of \$0.10 per warrant.

As at 31 December 2012, there were 14,390,289 (2011: 14,395,289) consolidated warrants outstanding. During the current financial year, 5,000 (2011: Nil) consolidated warrants were exercised.

On 25 July 2012, the Company issued 3,928,571,429 ordinary shares at an issue price of \$0.028 per ordinary share, pursuant to the RTO as disclosed in Note 2. In connection with the RTO, the Company underwent a share consolidation of ten existing shares into one consolidated share.

On the same date, 57,625,000 ordinary shares were issued to the public at \$0.22 per share pursuant to a share placement exercise. All new ordinary shares were fully subscribed and paid.

Warrants

On 24 July 2012, the Company underwent a warrant consolidation of ten existing warrants into one consolidated warrant. Each consolidated warrant entitles the warrant holder to subscribe for one new share in the share capital of the Company at an exercise price of \$1.00 in cash during the exercise period.

During the current financial year, 5,000 (2011: Nil) consolidated warrants were exercised. As at 31 December 2012, there were 14,390,289 (2011: 14,395,289) consolidated warrants outstanding.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains sound capital position in order to support its business and maximise shareholders' value. The Group is also committed to maintain efficient use of debt and equity in order to achieve optimal cost of capital, while taking into account the adequacy of access to cash flows.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's approach to capital management during the financial year. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Reserves

The reserves of the Group and the Company comprise the following:

	Group		Company	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Accumulated profits/(losses)	21,763	42,274	(993)	(53,814)
Foreign currency translation reserve	(307)	–	–	–
Capital reserve	–	–	(969)	–
	<u>21,456</u>	<u>42,274</u>	<u>(1,962)</u>	<u>(53,814)</u>

Foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations when the measurement currency is different from that of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

13 Capital and reserves (continued)

Reserves (continued)

Capital reserve relates to the net assets available for distribution to the shareholders of the Company as at 24 July 2012, prior to the completion of the RTO.

In conjunction with the RTO, the Company undertook an exercise to streamline its capital structure as well as return the surplus capital to the pre-RTO shareholders ("Entitled Shareholders") through the cancellation of paid-up share capital and cash distribution as follows:-

- (a) reduction of its issued and paid-up share capital by approximately \$2 million effected and satisfied by returning cash to the Entitled Shareholders as at 24 July 2012; and
- (b) reduction of its issued and paid-up share capital effected by cancelling the issued and paid-up share capital of the Company. The credit arising from the cancellation of the issued and paid-up capital was applied to cancel the accumulated losses of the Company.

The Company has also undertaken to declare and pay to the Entitled Shareholders of the Company a special interim dividend post completion of the RTO, subject to compliance with the relevant rules and regulations, including but not limited to the requirements of the Listing Manual ("Contingent Dividend"). The declaration and payment of this Contingent Dividend is subject to, *inter alia*, the following conditions:

- (a) the fulfillment of minimum cash balance of \$100,000 in a Special Account (a bank account set up with a Singapore-licensed bank nominated by the Company for the purpose of receiving cash, including cash held by the Company prior to the completion of the RTO) ("Minimum Dividend Requirement");
- (b) if necessary, the Company obtaining approval from, *inter alia*, SGX-ST and The Central Depository (Pte) Limited; and
- (c) the Company being able to collect the receivables due to the Group prior to the completion of the RTO (the "Collection Receivables") within 365 days from 24 July 2012.

Provided always that the Minimum Dividend Requirement is met, the aggregate amount of the Contingent Dividend shall be at least an amount equivalent to any cash balance in the Special Account at the date which is 365 days after 24 July 2012 or the date on which the aggregate sum of receivables due to the Company prior to 25 July 2012 are received, whichever is the earlier, less all costs which may be incurred for the Contingent Dividend which are to be deducted from the Special Account.

As at 31 December 2012 and the date of these financial statements, the Company has not declared the Contingent Dividend.

14 Loans and borrowings

	Group	
	2012 \$'000	2011 \$'000
Non-current liabilities		
Secured bank loans	31,658	19,915
Finance lease liabilities	7,034	4,509
	<u>38,692</u>	<u>24,424</u>
Current liabilities		
Bank overdraft	266	318
Secured bank loans	25,188	13,697
Bills payable	24,205	16,111
Finance lease liabilities	4,730	4,033
	<u>54,389</u>	<u>34,159</u>
Total loans and borrowings	<u><u>93,081</u></u>	<u><u>58,583</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

15 Trade and other payables

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Trade payables	30,230	18,107	973	1,110
Other payables	1,034	23	777	155
Amounts due to joint venture partner, non-trade	1,708	–	–	–
Amounts due to a director of LC, non-trade	86	–	–	–
Accruals	3,925	3,782	137	220
Dividend payable	–	2,000	–	–
Excess of progress billings over contracts work-in-progress	33	566	–	–
	<u>37,016</u>	<u>24,478</u>	<u>1,887</u>	<u>1,485</u>
Non-current	–	–	–	100
Current	37,016	24,478	1,887	1,385
	<u>37,016</u>	<u>24,478</u>	<u>1,887</u>	<u>1,485</u>

The non-trade amounts due to joint venture partner and a director of LC are unsecured and interest-free, and are repayable on demand.

The Group's and the Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 30.

16 Employee benefits

The Performance Share Plan ("the Plan") was approved by its members at an Extraordinary General Meeting held on 30 October 2009. The Plan shall be administered by a committee to be established, with such discretion, powers and duties as will be conferred on it by the Board of Directors.

The objectives of the Plan are as follows:

- (a) to motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
- (b) to provide an opportunity for participants of the Plan to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;
- (c) to give recognition to contributions made or to be made by participants by introducing a variable component into their remuneration package; and
- (d) to make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The Plan shall continue to be in force, subject to a maximum period of ten years commencing on the date on which the Plan comes into effect, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by an ordinary resolution in the general meeting and of any relevant authorities which may then be required.

No employee or director has received 5% or more of the total number of options available under the Plan.

For the financial year ended 31 December 2012, no performance shares have been allotted and issued to any employees or directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

17 Deferred tax liabilities

Movements in deferred tax liabilities of the Group and the Company during the year are as follows:

	Note	Group \$'000	Company \$'000
Property, plant and equipment			
At 1 January 2011		3,056	–
Recognised in profit or loss	22	837	–
At 31 December 2011		3,893	–
Acquisition of subsidiary	24	40	–
Recognised on profit or loss	22	53	–
At 31 December 2012		3,986	–

18 Provisions

	Provision for legal claims \$'000	Provision for damages \$'000	Total \$'000
Group			
At 1 January 2011	250	126	376
Provisions reversed	(230)	–	(230)
Provisions utilised	(20)	(20)	(40)
At 31 December 2011 and 2012	–	106	106

Provision for legal claims

The provision for legal claims was in respect of the alleged offences under the Electricity Act. The offence was related to earthworks carried out within the vicinity of a 6.6 kilowatt high voltage electricity cable on an electricity licensee by the Group, which is not an electricity licensee, carrying out earthworks without giving notice in writing of not less than seven days on the date on which the said earthworks were supposed to commence.

The claim was fully settled in 2011.

Provision for damages

In November 2009, Power Gas Limited (“Claimant”) made a claim against the Group for the damages caused by a project on a Power Gas Transmission Pipeline surface. The Group has since negotiated and agreed with the Claimant to have the damages repaired. The provision made represents the management’s estimate of the total repair cost, which takes into consideration the amount quoted by a gas pipe specialist.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

19 Revenue

	Group	
	2012 \$'000	2011 \$'000
Contract revenue	144,035	122,748
Sale of construction materials	4,415	4,095
	<u>148,450</u>	<u>126,843</u>

Revenue from 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 the ratio of contract costs incurred to date to the estimated total costs for the contract. Significant judgement is required in determining the stage of completion, 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.

The estimation of total contract costs is based on historical experience and contractual arrangements with contractors/suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group in order to determine the cost to be recognised in profit or loss at each reporting date and to assess whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

20 Other income

	Group	
	2012 \$'000	2011 \$'000
Dividend from quoted shares	2	–
Foreign exchange gain/(loss)	114	(51)
Gain on disposal of property, plant and equipment	503	130
Income from supply of labour	188	11
Insurance claims	73	90
Interest income	26	28
Rental income	777	145
Sale of scraps	626	767
Sundry income	778	355
	<u>3,087</u>	<u>1,475</u>

21 Finance costs

	Group	
	2012 \$'000	2011 \$'000
Recognised in profit or loss		
Interest expenses on loans and borrowings	<u>3,141</u>	<u>2,129</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

22 Tax expense

	Group	
	2012 \$'000	2011 \$'000
Current tax expense		
Current year	1,959	1,614
Under/(over) provision in prior years	310	(1,604)
	<u>2,269</u>	<u>10</u>
Deferred tax expense		
Current year	213	837
Over provision in prior years	(160)	–
	<u>53</u>	<u>837</u>
Total tax expense	<u>2,322</u>	<u>847</u>
Reconciliation of effective tax rate		
(Loss)/profit for the year	(3,157)	15,016
Total tax expense	2,322	847
(Loss)/profit excluding tax	<u>(835)</u>	<u>15,863</u>
Tax using the Singapore tax rate of 17% (2011: 17%)	(142)	2,697
Tax effect on non-taxable items	(261)	(99)
Tax effect on non-tax deductible items	2,633	335
Under/(over) provision in prior year	150	(1,604)
Tax exempt income	(129)	(112)
Tax incentive	–	(263)
Others	71	(107)
	<u>2,322</u>	<u>847</u>

23 (Loss)/profit for the year

The following items have been included in arriving at (loss)/profit for the year:

	Note	Group	
		2012 \$'000	2011 \$'000
Goodwill on consolidation written off	24	11,298	–
Contributions to defined contribution plans included in staff costs		1,230	1,072
Changes in fair value of financial assets designated at fair value through profit or loss		(15)	–
Cost of inventories recognised in cost of sales		35,148	31,143
Impairment loss on trade receivables reversed		(15)	(21)
Operating lease expenses		2,041	1,928
Provisions for legal claims and damages reversed		–	(230)
Staff costs		31,072	26,667
Bad debts written off		51	–
Operating expenses arising from the lease of investment property		26	–
RTO costs expensed off		1,548	648

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

24 Acquisition of subsidiary

As described in Note 2 to the financial statements, Ley Choon Constructions & Engineering Pte. Ltd. became the parent of the Group for accounting purpose, and the Company and its subsidiary before the RTO became the acquiree. The net assets acquired and the goodwill arising from the RTO are as follows:-

	Pre- acquisition carrying amounts \$'000	Fair value adjustments \$'000	Fair value on date of acquisition \$'000
Cash and cash equivalents	3,075	—	3,075
Trade and other receivables	66	—	66
Investment property	1,356	764	2,120
Trade and other payables	(1,575)	—	(1,575)
Tax payable	(5)	—	(5)
Deferred tax liabilities	(40)	—	(40)
Liabilities to shareholders	(1,496)	—	(1,496)
Net assets acquired	1,381	764	2,145
Goodwill on consolidation			11,298
			13,443
Purchase consideration			
- Equity instruments issued as settlement of purchase consideration			12,093
- Cash			1,350
			13,443
Cash consideration			1,350
Cash acquired			(3,075)
Net cash inflow			(1,725)

25 Earnings per share

	Group	
	2012 \$'000	2011 \$'000
Basic earnings per share is based on: (Loss)/profit attributable to equity holders of the Company	(3,511)	14,856
	2012 No. of shares '000	2011 No. of shares '000
Weighted average number of ordinary shares at 31 December	434,922	392,857

As at the reporting date, warrants were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. The average market value of the Group's shares for the purposes of calculating the dilutive effect of warrants was based on quoted market prices for the year during which the warrants were outstanding.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

26 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies.

For each of the strategic business unit, the Group's CEO reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- (a) Pipes and Roads Segment which comprises underground utilities infrastructure construction and maintenance; sewer pipeline rehabilitation; and road and airfield construction and maintenance.
- (b) Construction Materials Segment which comprises asphalt pre-mix production; and construction waste recycling.

Other operations relate to general corporate activities and others.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The segment information provided to the Group's CEO for the reportable segments for the year ended 31 December 2012 is as follows:

	Pipes and roads \$'000	Construction materials \$'000	Others \$'000	Total \$'000
For the financial year ended 31 December 2012				
External revenues	144,035	4,415	–	148,450
Inter-segment revenue	62,478	18,309	–	80,787
Total revenue	206,513	22,724	–	229,237
Interest income	–	–	26	26
Interest expenses	(394)	–	(2,747)	(3,141)
Depreciation	(5,593)	(604)	(1,176)	(7,373)
Reportable segment profit/(loss) before tax	23,250	1,258	(25,343)	(835)
Reportable segment assets	146,857	12,306	55,660	214,823
Capital expenditure	8,187	5,145	14,349	27,681
Reportable segment liabilities	51,935	10,885	74,000	136,820
For the financial year ended 31 December 2011				
External revenues	122,748	4,095	–	126,843
Inter-segment revenue	37,213	14,955	–	52,168
Total revenue	159,961	19,050	–	179,011
Interest income	–	–	28	28
Interest expenses	(522)	–	(1,607)	(2,129)
Depreciation	(5,460)	(399)	(481)	(6,340)
Reportable segment profit/(loss) before tax	26,193	1,259	(11,589)	15,863
Reportable segment assets	99,552	7,623	40,700	147,875
Capital expenditure	3,935	1,603	4,854	10,392
Reportable segment liabilities	32,833	7,002	49,209	89,044

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

27 Contingent liabilities

	Group	
	2012 \$'000	2011 \$'000
Corporate guarantees given to banks in respect of credit facilities utilised by the subsidiaries	–	80

28 Commitments

Capital commitments

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Acquisition of property, plant and equipment contracted but not provided for in the financial statements	31,803	7,623	–	–

Leases as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Payable:				
Within 1 year	1,698	1,250	–	2,406
After 1 year but within 5 years	3,998	2,087	–	2,044
More than 5 years	8,832	7,773	–	–
	14,528	11,110	–	4,450

29 Related parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The following persons are considered as key management personnel:

- (i) directors of the Company; and
- (ii) members of the Company's key management team.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

29 Related parties (continued)

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Key management personnel				
Short-term employee benefits	2,894	2,240	266	535
Post-employment benefits	80	143	190	–
	<u>2,974</u>	<u>2,383</u>	<u>456</u>	<u>535</u>

Other related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the transactions with related parties entered into based on terms agreed between the parties are as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Company in which the key management personnel have control				
Service income	50	73	–	–
Purchases	<u>33</u>	<u>39</u>	<u>–</u>	<u>–</u>

30 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In the financial year ended 31 December 2012, approximately 88% (2011: 89%) and Nil% (2011: Nil%) of the Group's and the Company's revenue is attributable to sales transactions with its top five customers, respectively. The transactions with the Group's and the Company's most significant customer amounted to \$8,392,000 (2011: \$6,291,000) and \$ Nil (2011: \$Nil), representing 32% (2011: 48%) and Nil% (2011: Nil%) of the trade receivables carrying amount as at 31 December 2012, respectively.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing of its trade receivables on an on-going basis.

As the Group does not hold any collateral and the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. The carrying amounts of trade and other receivables, and cash and cash equivalents represented the maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Management of credit risk

- The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made up front by customers which do not meet the Group's credit requirements.
- Amount due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. The resultant effects of these measures have kept the Group's exposure to bad debts at an insignificant level.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Impairment losses

The ageing of trade receivables and impairment losses at the reporting dates can be analysed as:

	Group				Company			
	Impairment		Impairment		Impairment		Impairment	
	Gross	losses	Gross	losses	Gross	losses	Gross	losses
	2012	2012	2011	2011	2012	2012	2011	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	18,081	-	8,310	-	-	-	-	-
31 days to 60 days	2,380	-	1,610	-	-	-	-	-
61 days to 90 days	1,082	-	690	-	-	-	-	-
Past due > 90 days	5,406	(573)	3,174	(588)	-	-	1,266	(1,266)
	<u>26,949</u>	<u>(573)</u>	<u>13,784</u>	<u>(588)</u>	-	-	<u>1,266</u>	<u>(1,266)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Credit risk (continued)

Impairment losses (continued)

The movements in impairment loss in respect of loans and receivables are as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
At beginning of the year	588	609	1,266	1,266
Impairment losses reversed	(15)	(21)	(220)	–
Impairment losses utilised	–	–	(1,046)	–
At end of the year	573	588	–	1,266

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade receivables balance, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due more than 90 days. These receivables are mainly arising by customers that have good payment records with the Group.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting dates. The Group has not recognised impairment losses on certain trade receivables which are past due more than 90 days at the reporting dates as there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment loss recognised.

Allowance for impairment losses

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The component of this allowance is specific loss that relates to individually significant exposures.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
Group				
31 December 2012				
Non-derivative financial liabilities				
Loans and borrowings	93,081	96,932	56,495	40,437
Trade and other payables*	36,983	36,983	36,983	–
	<u>130,064</u>	<u>133,915</u>	<u>93,478</u>	<u>40,437</u>
31 December 2011				
Non-derivative financial liabilities				
Loans and borrowings	58,583	60,904	35,379	25,525
Trade and other payables*	23,912	23,912	23,912	–
	<u>82,495</u>	<u>84,816</u>	<u>59,291</u>	<u>25,525</u>
Company				
31 December 2012				
Non-derivative financial liabilities				
Trade and other payables*	1,887	1,887	1,887	–
	<u>1,887</u>	<u>1,887</u>	<u>1,887</u>	<u>–</u>
31 December 2011				
Non-derivative financial liabilities				
Trade and other payables*	1,485	1,485	1,485	–
	<u>1,485</u>	<u>1,485</u>	<u>1,485</u>	<u>–</u>

* Excludes excess of progress billings over contracts work-in-progress.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows:

	Euro \$'000
Group	
31 December 2012	
Trade and other payables	135
31 December 2011	
Trade and other payables	41

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against the following currencies at reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis is based on foreign currency rate variances that the Group considered to be reasonably possible at the end of the reporting periods. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Group	
	2012 \$'000	2011 \$'000
Profit or loss		
Euro	14	4

A weakening of the Singapore dollar against the above currency at reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting dates, the interest rate profile of the interest-bearing financial assets and financial liabilities was as follows:

	Group		Company	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Fixed rate instruments				
Finance lease liabilities	(11,764)	(8,542)	-	-
Secured bank loans	(56,846)	(33,612)	-	-
Cash and cash equivalents	23,891	28,168	7,097	4,694
	<u>(44,719)</u>	<u>(13,986)</u>	<u>7,097</u>	<u>4,694</u>
Variable rate instruments				
Bank overdraft	(266)	(318)	-	-
Bills payable	(24,205)	(16,111)	-	-
	<u>(24,471)</u>	<u>(16,429)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss (retained earnings) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss	
	100 bp Increase \$'000	100 bp Decrease \$'000
<hr/>		
Group		
31 December 2012		
Variable rate instruments	(245)	245
	<hr/>	<hr/>
31 December 2011		
Variable rate instruments	(164)	164
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Trading \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Other liabilities outside the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Group							
31 December 2012							
Trade and other receivables*	10	-	26,775	-	-	26,775	26,775
Financial assets designated at fair value through profit or loss	11	92	-	-	-	92	92
Cash and cash equivalents	12	-	23,891	-	-	23,891	23,891
		92	50,666	-	-	50,758	50,758
Loans and borrowings:							
- secured bank loans	14	-	-	56,846	-	56,846	59,623
- finance lease liabilities	14	-	-	-	11,764	11,764	12,355
- bills payable	14	-	-	24,205	-	24,205	24,205
- bank overdrafts	14	-	-	266	-	266	266
Trade and other payables#	15	-	-	36,983	-	36,983	36,983
		-	-	118,300	11,764	130,064	133,432
Group							
31 December 2011							
Trade and other receivables*	10	-	13,770	-	-	13,770	13,770
Financial assets designated at fair value through profit or loss	11	77	-	-	-	77	77
Cash and cash equivalents	12	-	28,168	-	-	28,168	28,168
		77	41,938	-	-	42,015	42,015
Loans and borrowings:							
- secured bank loans	14	-	-	33,612	-	33,612	35,372
- finance lease liabilities	14	-	-	-	8,542	8,542	9,224
- bills payable	14	-	-	16,111	-	16,111	16,111
- bank overdrafts	14	-	-	318	-	318	318
Trade and other payables#	15	-	-	23,912	-	23,912	23,912
		-	-	73,953	8,542	82,495	84,937

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Fair values versus carrying amounts (continued)

	Note	Trading \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Company						
31 December 2012						
Trade and other receivables*	10	–	4,557	–	4,557	4,557
Cash and cash equivalents	12	–	7,097	–	7,097	7,097
		–	11,654	–	11,654	11,654
Trade and other payables#	15	–	–	1,887	1,887	1,887
31 December 2011						
Trade and other receivables*	10	–	429	–	429	429
Cash and cash equivalents	12	–	4,694	–	4,694	4,694
		–	5,123	–	5,123	5,123
Trade and other payables#	15	–	–	1,485	1,485	1,485

* Excludes prepayments, advances to suppliers and downpayment for the purchase of land

Excludes excess of progress billings over contracts work-in-progress

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and are as follows:

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Secured bank loans	4.89	5.25	–	–
Finance lease liabilities	5.02	8.23	–	–

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

30 Financial risk management (continued)

Fair value hierarchy (continued)

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2012				
Financial assets designated at fair value through profit or loss	92	–	–	92
31 December 2011				
Financial assets designated at fair value through profit or loss	77	–	–	77

31 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) *Equity securities*

The fair value of equity securities is determined by reference to their quoted bid price at the reporting date.

(ii) *Interest bearing bank loans*

The carrying values of interest-bearing bank loans that reprice within six months of the reporting dates approximate their fair values. Fair value of all other interest-bearing loans is calculated based on discounted expected future principal and interest cash flows.

(iii) *Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

32 Joint venture

On 28 June 2010, the Group entered into a joint venture with a third party for the purpose of undertaking certain contracts. The effective equity interest held by the Group is 55% and the Group is entitled to 41.25% share of project profit generated by the joint venture.

The following amounts are included in the Group's financial statements as a result of proportionate consolidation of the joint venture:

	2012 \$'000	2011 \$'000
Total assets	17,115	16,322
Total liabilities	16,773	16,002
	342	320
Income	793	13,492
Expenses	771	13,228

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2012

33 Prior year adjustments

The audited financial statements of the Company for the financial year ended 31 December 2011 were incorrectly stated as the Company had wrongly expensed off an amount of approximately \$1,851,000 to the profit or loss for the period ended 31 December 2011. This amount relates to the exchange difference arising from the translation of the share capital from the United States dollar to the Singapore dollar as a result of the prospective change of the Company's functional currency on 1 July 2010. This error has the financial effects of decreasing opening accumulated losses and increasing share capital as at 1 July 2010, as follows:-

	31 December	
	As previously reported	As restated
	2011 \$'000	2011 \$'000
The Company		
Statements of financial position		
Equity		
Share capital	59,313	57,462
Accumulated losses	(55,665)	(53,814)

34 Comparative information

Certain reclassifications have been made to the prior year financial statements to enhance comparability with current period financial statements.

The items were reclassified as follows:-

	31 December	
	As previously reported	As restated
	2011 \$'000	2011 \$'000
The Company		
Statements of financial position		
Non-current assets		
Cash and cash equivalents	2,454	-
Current assets		
Cash and cash equivalents	2,240	4,694

The financial statements for the period ended 31 December 2011 were audited by another firm of Certified Public Accountants.

SHAREHOLDINGS STATISTICS

As at 18 March 2013

Class of Shares	:	Ordinary shares
Voting Rights	:	On a show of hand, One vote for each member
On a Poll	:	One vote for each ordinary share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	1,290	40.96	465,629	0.09
1,000 - 10,000	1,286	40.84	4,080,019	0.83
10,001 - 1,000,000	550	17.47	49,850,684	10.10
1,000,001 and above	23	0.73	439,276,664	88.98
	3,149	100.00	493,672,996	100.00

SHAREHOLDINGS HELD IN THE HAND OF PUBLIC SHAREHOLDERS

As at 18 March 2013, approximately 28.44% of the shareholdings is held in the hand of public. At least 10% of the Company's issued ordinary shares are held in the hands of the public at all times and the Company is in compliance with Rule 723 of the listing manual.

TOP 20 SHAREHOLDERS

S/No	Name of Shareholder	No. of Shares	%
1.	Zheng Choon Holding Pte Ltd	309,250,700	62.64
2.	Koh Tiam Teng	29,008,571	5.88
3.	Maybank Kim Eng Securities Pte Ltd	21,869,200	4.43
4.	Liang Say Juan	15,316,935	3.10
5.	Tan Teck Wei	15,011,935	3.04
6.	DMG & Partners Securities Pte Ltd	10,638,600	2.16
7.	Lim Ee Ann	5,524,665	1.12
8.	Lim Ee Chuan	4,450,443	0.90
9.	Kwa Chee Tiong	3,709,000	0.75
10.	Phillip Securities Pte Ltd	3,070,900	0.62
11.	Toh Keng Hong	2,517,000	0.51
12.	OCBC Securities Private Ltd	2,448,442	0.50
13.	Teo Kye Hwee Tony	2,340,000	0.47
14.	Kwan Chee Seng	2,245,700	0.46
15.	DBS Vickers Securities (S) Pte Ltd	2,081,723	0.42
16.	Wong Nyuk Lian	1,690,000	0.34
17.	DBS Nominees Pte Ltd	1,334,350	0.27
18.	Bank of Singapore Nominees Pte Ltd	1,300,000	0.26
19.	Ali Santoso or Tjendra Kasih Santoso	1,230,000	0.25
20.	Lim Ee Hock	1,122,900	0.23
		436,161,064	88.35

SHAREHOLDINGS STATISTICS

As at 18 March 2013

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares Held		%
	Direct Interest	Deemed Interest	
Zheng Choon Holdings Pte Ltd	309,250,700	–	62.64
Toh Choo Huat	–	309,250,700	62.64
Toh Chew Leong	–	309,250,700	62.64
Toh Swee Kim	–	309,250,700	62.64
Toh Chew Chai	–	309,250,700	62.64
Seow Soon Kee	–	309,250,700	62.64
Koh Tiam Teng	29,008,571	–	5.88

Please refer to the register of Directors Shareholdings

ANALYSIS OF WARRANTHOLDINGS

Range of Warrantholdings	No. of Warrantholders		No. of Warrants	%
		%		
1 - 999	740	57.86	310,976	2.16
1,000 - 10,000	427	33.38	1,318,901	9.17
10,001 - 1,000,000	110	8.60	8,460,758	58.79
1,000,001 and above	2	0.16	4,299,600	29.88
	1,279	100.00	14,390,235	100.00

TOP 20 WARRANTHOLDERS

S/No	Name of Warrantholder	No. of Warrants	%
1.	Ang Boon Seng	3,031,000	21.06
2.	Kwan Chee Seng	1,268,600	8.82
3.	DBS Vickers Securities (S) Pte Ltd	754,123	5.24
4.	Leow Peng Kham	670,000	4.66
5.	Chia Wei Chiang Andrew	516,500	3.59
6.	Yu Chung Jack (Yu Chongjie)	479,000	3.33
7.	Lim Ee Hock	425,046	2.95
8.	DMG & Partners Securities Pte Ltd	394,900	2.74
9.	Peh Hock Choon	324,000	2.25
10.	Maybank Kim Eng Securities Pte Ltd	257,100	1.79
11.	OCBC Securities Private Ltd	245,798	1.71
12.	UOB Kay Hian Pte Ltd	232,100	1.61
13.	Ong Kian Soon	188,800	1.31
14.	Citibank Nominees Singapore Pte Ltd	165,800	1.15
15.	United Overseas Bank Nominees Pte Ltd	156,200	1.09
16.	Cheng Meng Fong Adriel Emanuel	142,500	0.99
17.	Teo Lye Choo	125,400	0.87
18.	Pok Wann Min	124,900	0.87
19.	Sim Lai Huay	121,800	0.85
20.	Tan Suan Pit	120,088	0.83
		9,743,655	67.71

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Conference Room, No 4 Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729226 on Friday, 26 April 2013 at 10 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors of the Company. (Resolution 1)
2. To re-elect as a Director, Mr Toh Swee Kim who is retiring under Article 117 of the Company's Articles of Association.
Mr Toh Swee Kim will, upon re-election as a Director of the Company, remain an Executive Director of the Company. (Resolution 2)
3. To re-elect as a Director, Mr Toh Chew Leong who is retiring under Article 117 of the Company's Articles of Association.
Mr Toh Chew Leong will, upon re-election as a Director of the Company, remain an Executive Director of the Company. (Resolution 3)
4. To re-elect as a Director, Mr Koh Tiam Teng who is retiring under Article 117 of the Company's Articles of Association.
Mr Koh Tiam Teng will, upon re-election as a Director of the Company, remain an Executive Director of the Company. (Resolution 4)
5. To re-elect as a Director, Mr Tan Teck Wei who is retiring under Article 117 of the Company's Articles of Association.
Mr Tan Teck Wei will, upon re-election as a Director of the Company, remain an Executive Director of the Company. (Resolution 5)
6. To re-elect as a Director, Mr Lee Gee Aik who is retiring under Article 117 of the Company's Articles of Association.
Mr Lee Gee Aik will, upon re-election as a Director of the Company, remain a Non-Executive and Independent Director of the Company as well as the Chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee and will be considered independent of management. (Resolution 6)
7. To re-elect as a Director, Mr Ang Miah Khiang who is retiring under Article 117 of the Company's Articles of Association.
Mr Ang Miah Khiang will, upon re-election as a Director of the Company, remain a Non-Executive and Independent Director of the Company as well as the Chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee and will be considered independent of management. (Resolution 7)
8. To re-elect as a Director, Mr Marcus Chow Wen Kwan who is retiring under Article 117 of the Company's Articles of Association.
Mr Marcus Chow Wen Kwan will, upon re-election as a Director of the Company, remain a Non-Executive and Independent Director of the Company as well as the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating Committee and will be considered independent of management. (Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. To approve the payment of Directors' fees of S\$137,083.00 for the financial year ended 31 December 2012. (Resolution 9)
10. To approve the payment of Directors' fees of S\$175,000.00 for the financial year ending 31 December 2013, to be paid quarterly in arrears. (Resolution 10)
11. To re-appoint Messrs KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 11)
12. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

13. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution, with or without modifications:

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

- (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
(ii) Make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation or 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, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided always that:

- (I) the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to the Shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such calculation 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 (I) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the Company at the time of the passing of this Resolution, after adjusting for:
- (aa) new shares arising from the conversion or exercise of any convertible securities;
- (bb) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (cc) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

- (III) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (IV) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.”

(Resolution 12)

[See Explanation Note (I)]

14. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

“That resolved that the Board of Directors of the Company be and is hereby authorised to offer and grant awards (“**Awards**”) in accordance with the provisions of the Ultra Performance Share Plan (the “**Performance Share Plan**”) and pursuant to Section 161 of the Act to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the Performance Share Plan provided always that the total number of new shares to be issued pursuant to the Awards granted under the Performance Share Plan, when added to the number of new shares issued and issuable in respect of all Awards granted under the Performance Share Plan shall not exceed 15% of the issued share capital of the Company from time to time.”

(Resolution 13)

[See Explanatory Note (II)]

15. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

“That:

- (a) approval be and is hereby given, for the renewal of the mandate for the purpose of Chapter 9 of the SGX-ST Listing Manual, for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person / Related Person Transactions (as defined in the letter and particulars of which are set out in the letter) in accordance with the guidelines of the Company for Interested Person /Related Person Transactions as set out in the letter;
- (b) such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the SGX-ST Listing Manual which may be prescribed by the SGX-ST from time to time;

NOTICE OF ANNUAL GENERAL MEETING

- (d) the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Resolution; and
- (e) such approval shall unless earlier revoked or varied by the Company in general meeting, continue to be in force until the next Annual General Meeting is held or required by law to be held, whichever is earlier.”

(Resolution 14)

[See Explanatory Note (III)]

By Order of the Board

Ong Beng Hong / Tan Swee Gek
Joint Company Secretaries
11 April 2013

Explanatory Notes:

- I. The Ordinary Resolution 12 in item 13 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

- II. The Ordinary Resolution 13 proposed under item 14 above, if passed, will authorise the Directors to offer and grant Awards in accordance with the provisions of the Performance Share Plan and pursuant to Section 161 of the Act to allot and issue shares under the Performance Share Plan. The Performance Share Plan was first approved by the Shareholders of the Company (when it was formerly known as Ultro Technologies Limited) in the Extraordinary General Meeting on 30 October 2009. Please refer to the Company's (when it was formerly known as Ultro Technologies Limited) Circular to Shareholders dated 7 October 2009 for further details.
- III. The Ordinary Resolution 14 proposed under item 15 above relates to the renewal of a mandate given by shareholders to the Company on 13 July 2012, allowing the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into transactions with interested persons as defined in Chapter 9. Please refer to the letter to shareholders dated 11 April 2013 for details.

Notes:

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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.
- (3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No 4 Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729226 at least 48 hours before the time fixed for the Annual General Meeting.

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PROXY FORM

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198700318G)

I/We _____ (Name)

of _____ (Address)

being a member/members of Ley Choon Group Holdings Limited (the "Company") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding (%)	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding (%)	
			No. of shares	%

or failing which, the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at the Conference Room, No 4 Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729226 on Friday, 26 April 2013 at 10 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of the Audited Accounts for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors of the Company		
2.	Re-election of Mr Toh Swee Kim as a Director of the Company		
3.	Re-election of Mr Toh Chew Leong as a Director of the Company		
4.	Re-election of Mr Koh Tiam Teng as a Director of the Company		
5.	Re-election of Mr Tan Teck Wei as a Director of the Company		
6.	Re-election of Mr Lee Gee Aik as a Director of the Company		
7.	Re-election of Mr Ang Miah Khiang as a Director of the Company		
8.	Re-election of Mr Marcus Chow Wen Kwan as a Director of the Company		
9.	Approval of Directors' fees for the financial year ended 31 December 2012		
10.	Approval of Directors' fees for the financial year ending 31 December 2013, to be paid quarterly in arrears		
11.	Re-appointment of Messrs KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
12.	Authority to allot and issue new shares		
13.	Authority to allot and issue new shares pursuant to the Performance Share Plan		
14.	The proposed renewal of the Shareholders' Mandate on Interested Person / Related Person Transactions		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this _____ day of _____ 2013.

Total number of Shares held



Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

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, Cap. 50), 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 registered in 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 entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at No 4 Sungei Kadut Street 2, Sungei Kadut Industrial Estate, Singapore 729226, not less than 48 hours before the time set for the Meeting
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
8. 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, Cap. 50 of Singapore.
9. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Annual General Meeting if he is able to do so.

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form 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.



Ley Choon Group Holdings Limited

(Company Registration No. 198700318G)

No 4 Sungei Kadut Street 2 Singapore 729226

Tel: (65) 6757 0900 Fax: (65) 6757 0100

Email: admin@leychoon.com

www.leychoon.com

