



EXPANDING FOR SUSTAINABLE GROWTH

Ley Choon Group Holdings Limited
Annual Report 2013

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，致力于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垃圾回收与再循环。

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”) is an established one-stop underground utilities infrastructure construction and road works service provider. Since our inception as Ley Choon Constructions and Engineering Pte Ltd in 1990, we have grown our spectrum of services to encompass:

- I) Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fibre optic cables and sewer pipeline rehabilitation;
- II) Road and airfield construction and maintenance services;
- III) Manufacture of asphalt premix, which is an essential raw material required for the construction and maintenance of road, airfield and road resurfacing, and recycling of construction waste.

As a one-stop underground utilities infrastructure construction service provider, our core strengths reside with our technical expertise in underground utilities infrastructure and the in-house supply of asphalt premix and recycled aggregates as raw material.

Ley Choon is one of the only three asphalt plant operators in Singapore, operating two asphalt premix plants with a combined production capacity of 575 tons per hour. Our new asphalt premix plant, which commenced production in mid 2013, is currently Singapore’s largest plant in terms of production capacity of 400 tons per hour. The built-in recycling feature and the offering of various asphalt premix formulations to meet customer requirements provide us with a competitive advantage.

立堵集团控股有限公司（简称“立堵”或“本集团”），是一站式地下基础设施建设和道路工程服务供应商。本集团自1990年成立立堵建筑工程私人有限公司以来，业务范围逐渐拓展至包括以下方面：

1. 地下基础设施建设与维护工程服务，包括自来水管、新生水（NEWater）管道、高压天然气管道、高压电力电缆、光纤电缆以及地下排污管道等；
2. 道路与机场建设与维护工程服务；
3. 制造与提供沥青混凝土和建筑垃圾再生材料，以用于道路/机场建设与维护、路面重铺等。

作为一站式地下基础设施工程服务供应商，我们的核心优势包括在地下基础设施建设领域的专业技能，以及自主供应原材料，包括沥青混凝土和建筑垃圾再生材料。

本集团是新加坡仅有的三家沥青混凝土制造厂运营商之一，旗下两间沥青混凝土制造厂的合计生产能力达到每小时575吨。我们的新厂于2013年年中投产，以每小时400吨的生产能力成为新加坡目前规模最大的单厂。该厂的内置循环功能及提供各种沥青混凝土配方以满足客户的要求，为我们提供了竞争优势。

Our customers include the Singapore government agencies such as Public Utilities Board, Land Transport Authority, Housing and Development Board, Urban Redevelopment Authority, Building and Construction Authority (“BCA”), Jurong Town Corporation, as well as the reputable companies such as SingTel and PowerGas.

As a L6-registered contractor (the highest grade) with the BCA, Ley Choon is able to tender for Singapore’s public sector contracts of unlimited value in the categories of cable/pipe-laying and road reinstatement, pipes and other basic construction materials. The Group is also an A2-registered contractor in the category of civil engineering (CW02).

Leveraging on our expertise, the Group has been expanding overseas, for example, undertaking civil engineering projects, constructing water treatment plant and vehicle flyover, etc. in Brunei since 2011. The Group is also setting up its first plant in China, engaging in the construction waste recycling and the development, production and sale of eco-green construction materials.

Headquartered in Singapore with total staff strength of over 1,400, we build our technology capabilities by investing in people, and process and system optimization, such as the application of Enterprise Resource Planning (ERP) system, off-site CCTV monitoring system, etc.

As a testament to our technology advantage and service quality, Ley Choon has been accredited with ISO9001, ISO14001 and OHSAS 18001 and was awarded the “Enterprise 50 Award” in 2010.

Ley Choon was listed on the Mainboard of SGX-ST in August 2012 via a reverse takeover of Ultro Technologies Limited.

我们的客户包括公用事业局、陆路交通管理局、建屋发展局、城市发展局、建设局、裕廊镇管理局等新加坡政府机构，以及樟宜机场集团、新电信和新能源等知名大型企业。

立堵是新加坡建设局L6级（最高级别）资质注册承包商，能无限额竞标公共部门的管道/电缆铺设和道路维护工程。本集团还是土木工程类（CW02）的A2级资质注册承包商。

凭借技术优势，本集团正逐渐把业务拓展到海外，例如自2011年起在文莱承建土木工程项目以及建造自来水厂和汽车立交桥等。本集团也在中国设立第一间工厂，从事建筑垃圾回收处理业务以及开发、生产和销售绿色环保再生建筑材料等。

本集团总部设在新加坡，拥有超过1,400人的人力资源。通过人才培养以及流程和系统优化，如引进企业资源规划（ERP）系统和远程闭路电视监控系统，本集团进一步加强了技术优势。

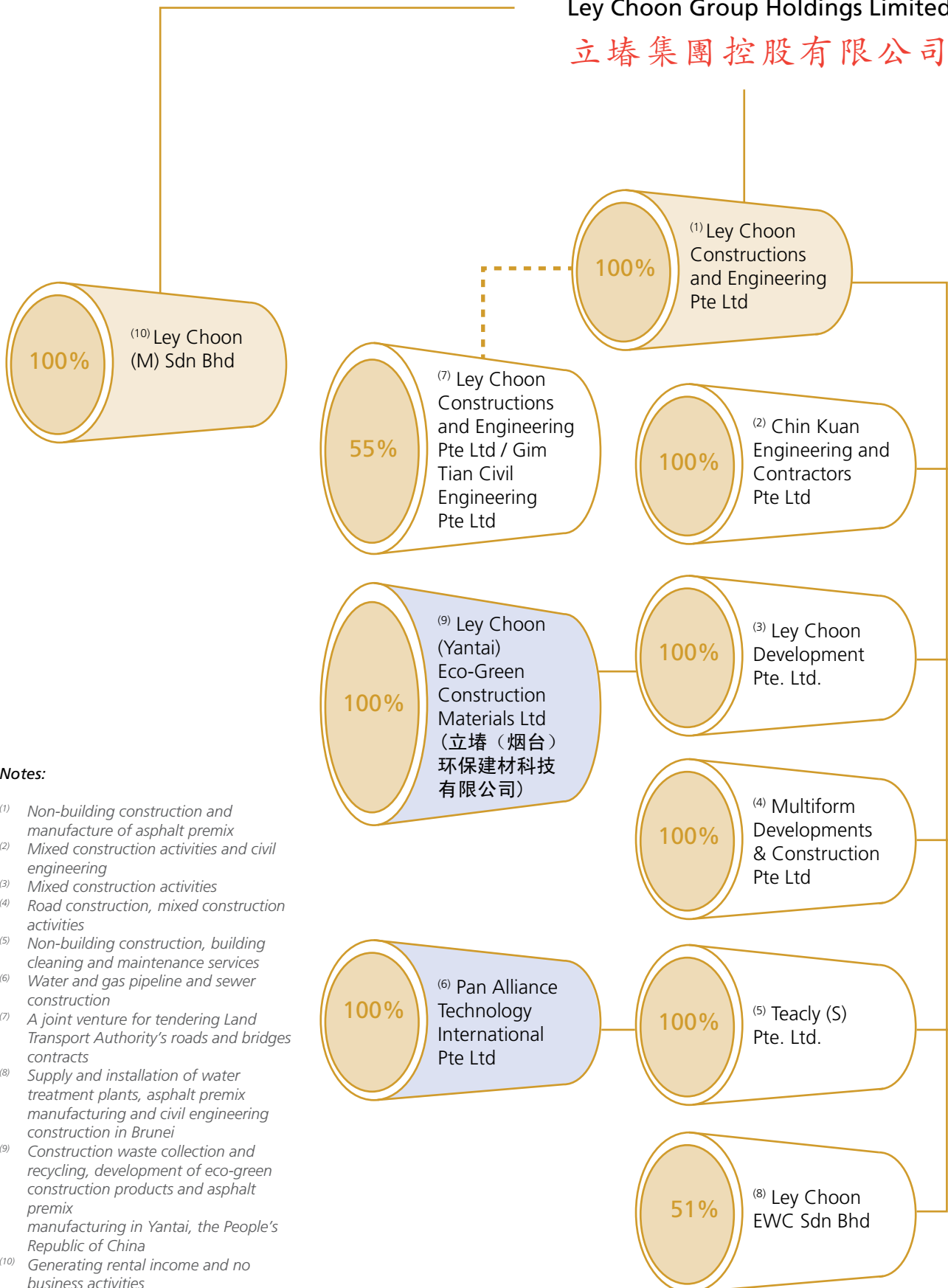
作为对本集团技术优势和服务质量的认可，立堵获颁ISO9001、ISO14001和OHSAS 18001质量认证，并荣获2010年度“企业50强”奖项。

立堵自2012年8月通过反向收购Ultro Technologies Limited成功在新加坡交易所主板挂牌上市。

Group Structure 集团架构



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



Notes:

- (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

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

Dr Low Boon Hwee

Group Technical 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

COMPANY SECRETARY

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

112 Robinson Road #05-01

Singapore 068902

INDEPENDENT AUDITORS

KPMG LLP

Public Accountants and Chartered Accountants

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Partner-in-charge: Barry Lee

(with effect from 25 July 2012)

PRINCIPAL BANKERS

Malayan Banking Berhad

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

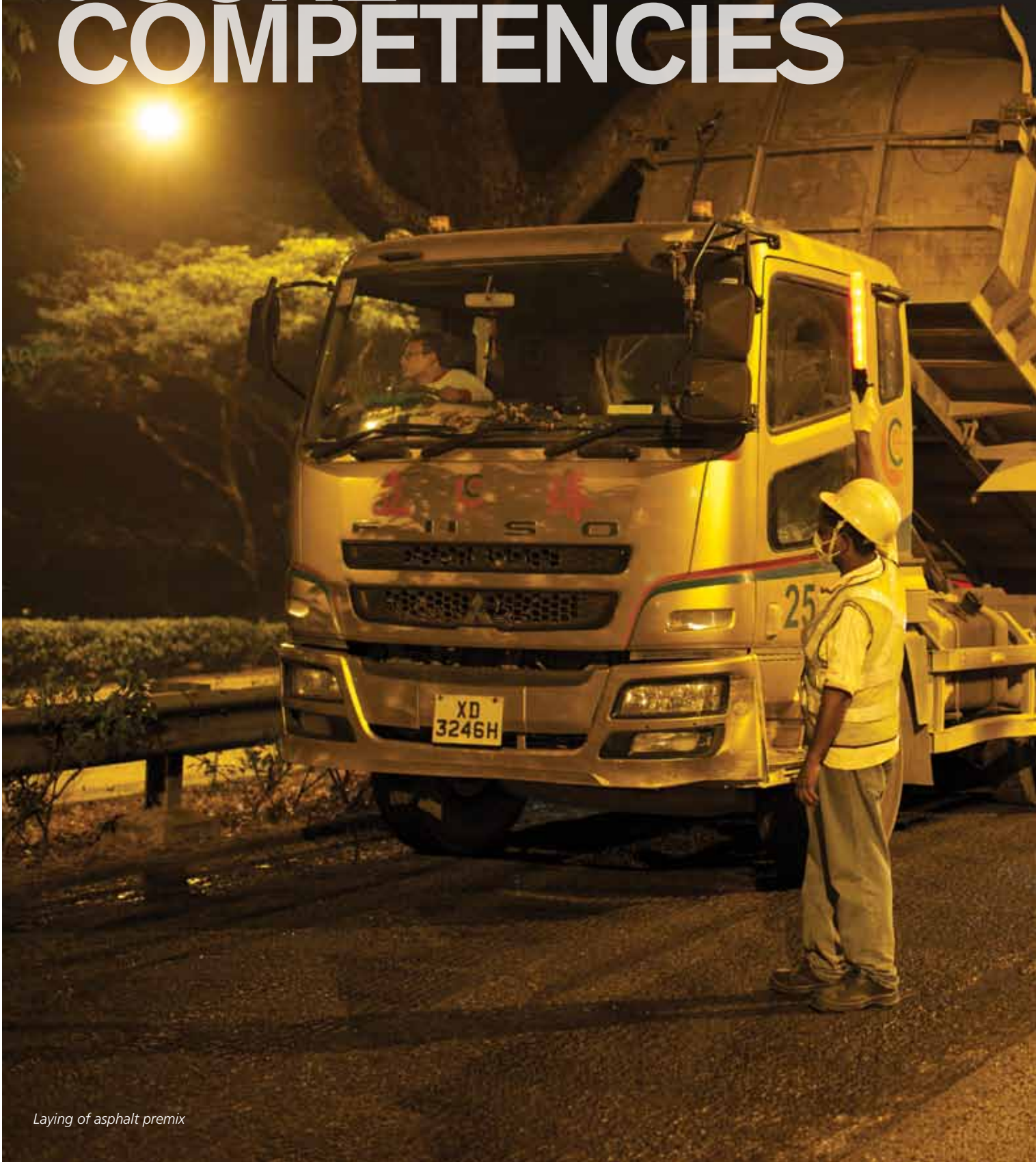
Singapore 069531

Industrial and Commercial Bank of China Limited

6, Raffles Quay #23-01

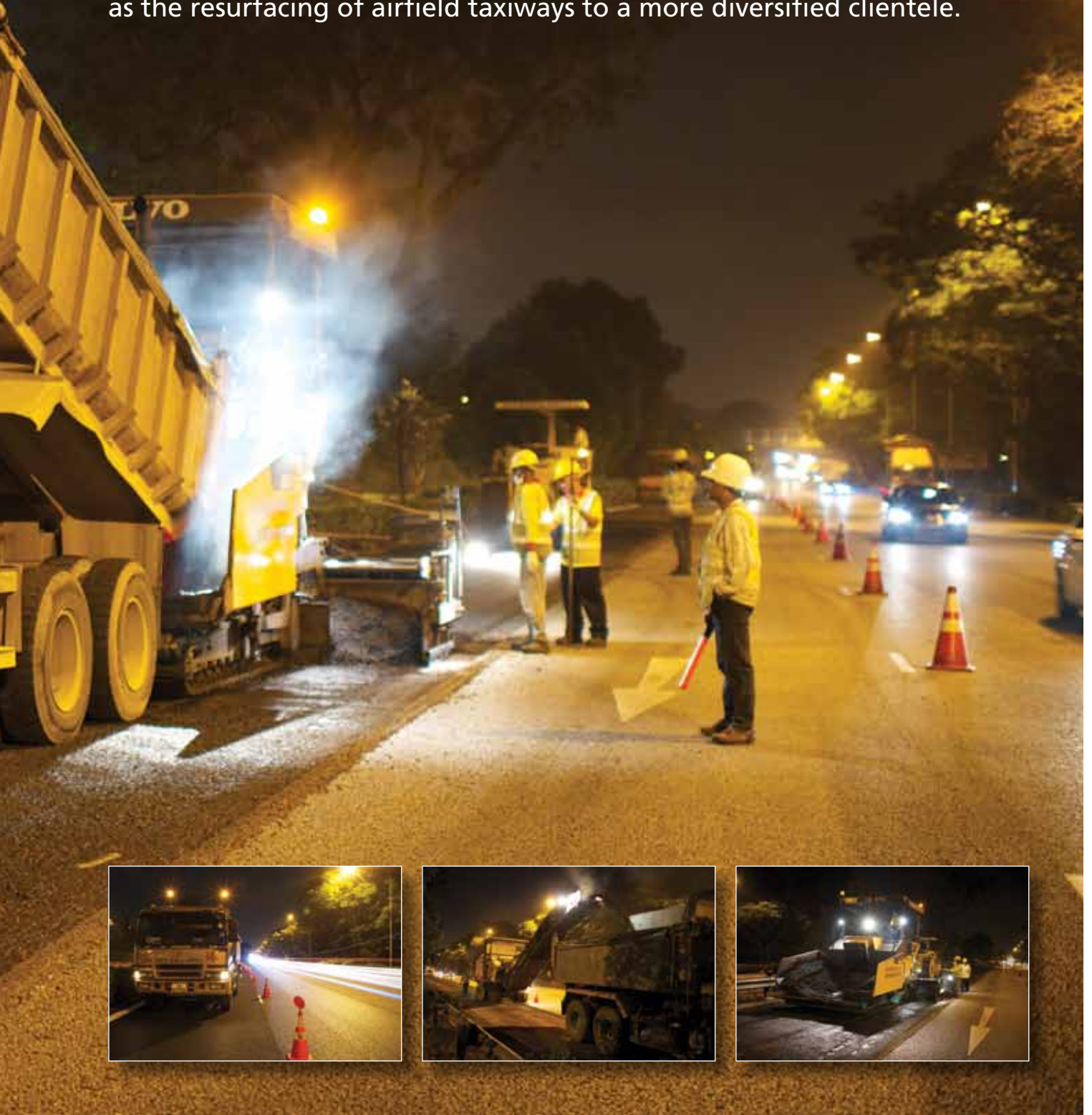
Singapore 048580

ENHANCING OUR CORE COMPETENCIES



Laying of asphalt premix

As we focus on our core business segments, we strive to be better rounded in our existing capabilities. We continue to enhance our core competencies, providing services for the construction and maintenance for roads, expressways, road related facilities and road structures as well as the resurfacing of airfield taxiways to a more diversified clientele.



Chairman's Statement

"At Ley Choon, we constantly push the boundaries of innovation to strengthen our advantages in order to seize opportunities in the underground infrastructure construction and road works in Singapore and abroad."



Toh Choo Huat
Executive Chairman and Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors, it is our pleasure to present to you, the Annual Report for the financial year ended 31 December 2013 ("FY2013").

Sustainable core business despite one-offs

The Group registered a net profit of S\$14.3 million for FY2013, coming off a net loss of S\$3.2 million for FY2012. This was resulted from higher revenue, which grew 3.2% year-on-year to S\$153.2 million, a one-off gain of S\$11.4 million on disposal of the industrial building at 61 Senoko Drive, Singapore and a one-off downward revenue revision of S\$5.3 million due to several unapproved works and variation orders.

Excluding the one-offs, the Group would have achieved a gross profit margin of 20.7% and profit before tax of S\$10.2 million for FY2013. This was compared to the gross profit margin of 18.4% and profit before tax of S\$10.5 million recorded for FY2012, after adjusting for the one-off S\$11.3 million goodwill impairment arising from the reverse takeover ("RTO") exercise.

Order momentum backed by cost advantages

The Group's order book by end February 2014 stood at S\$189 million, deliverable over the next two years. This was S\$33 million or 21.2% higher than a year ago, riding on robust demand from various infrastructure sectors and the Group's competitive edge.

Several significant contracts, including S\$63.9 million worth of road maintenance works and S\$16.2 million worth of sewer projects from the Land Transport Authority (“LTA”), S\$21.1 million worth of water pipe/main improvement works from the Public Utilities Board (“PUB”) and S\$23.6 million worth of gas pipe laying jobs from PowerGas Limited, were clinched amongst others last year, lifting the average order inflow to S\$46.5 million per quarter. This represents a 21.5% increase from the average revenue of S\$38.3 million per quarter in FY2013.

The strong order momentum was achieved on the back of the Group’s technical skills such as pipe jacking and micro tunneling, and its cost advantage from the in-house supply of asphalt premix, which is a major material used for road construction and resurfacing. The Group’s cost advantage is reinforced by the application of recycled materials for the production of asphalt premix and as backfill material for its underground utility projects.

The Group’s construction waste recycling unit, established in 2012, has received accreditation from various certifying bodies, such as the Waste Management and Recycling Association of Singapore (“WMRAS”), the Building & Construction Authority (“BCA”), the LTA and the National Environment Agency of Singapore (“NEA”).

Diversification within the infrastructure engineering and construction sector

Widely known as the leading player in water/NEWater pipe laying and sewer pipeline rehabilitation, the Group has always been exploring opportunities to strengthen its presence in other infrastructure sectors, such as high-voltage power cable laying, high-pressure gas pipe laying, road/flyover construction, etc, so as to broaden its revenue streams.

Such efforts have been paid off with the LTA, PowerGas, SP PowerAssets, Changi Airport and some other private construction companies contributing higher sales/order flows to the Group, while lowering sales contribution from the previously single largest customer, the PUB.

Backed by the diversified clientele and services, the Group is poised to gain from Singapore’s ambitious infrastructure expansion with the aim to accommodate a possible 6.9 million population by 2030¹.

Among the infrastructure projects include the doubling of the rail network length to 360km by 2030 with the additions of five more lines², the construction of the 21.5km long North-South Expressway, the rehabilitation of 1,130km or 1/3 of Singapore’s public sewers³, the development of about 18km of deep tunnel sewerage system in Tuas⁴, the construction of the 45km long gas pipeline network connecting the liquefied natural gas terminal on Jurong Island to Senoko in the North⁵, the refurbishment of water transmission and distribution mains across Singapore, etc.

The Singapore Government is also mulling over the possibility of an underground master plan that includes the development of malls, pedestrian links, cycling lanes and research facilities⁶.

Overseas ventures start to bear fruits

Following a variety of contracts worth S\$54 million secured for civil engineering works and installation of water treatment plants in Brunei since late 2011, the Group is now widely acknowledged in Southeast Asia for its technical expertise and capability. This was reflected in the Group’s success in securing a Brunei Dollar 29.6 million worth of construction projects including a flyover bridge at Jalan Gadong/Jalan Telanai and the supply & installation of sewerage systems/lines at Subok, Brunei in July 2013.

The Group remains optimistic about overseas market, in view of the growing demand for infrastructure construction/upgrading in South/Southeast Asia.

The Group made its first foray into the Chinese market by building the construction waste recycling and ready-mix concrete plant in Yantai, Shandong, an affluent city in northern China. The plant is scheduled to commence trial production in mid 2014.

Chairman's Statement

This plant, as a flagship foreign investment project, enjoys the "two-year exemption and three-year half payment" income tax preference and the 17% Value-Added Tax ("VAT") rebate that is applicable particularly to some recycling businesses.

The Group's venture in China is integral to its plan of franchising the technical expertise in the recycling business, in view of the greater emphasis of environmental protection and proper disposal of construction waste in Tier Two/Three cities in China. It also serves as a testament of the Group's focus on technology innovation to stay at the forefront of the industry and its commitment to the corporate social responsibility of preserving and restoring the environment.

Besides the eco-friendly ready-mix concrete and asphalt premix, we are also exploring the technical know-how of producing eco-friendly bricks/blocks with the high quality and carefully graded recycled aggregates from the Group's construction waste recycling plant.

Various pockets of growth

Resilient demand for asphalt premix - The Group's second asphalt premix plant, the largest single plant in Singapore with production capacity of 400 tons per hour, has received strong demand since its trial production in August 2013 with the external sales of asphalt premix increasing by 75.0% year-on-year for FY2013. Around 30-40% of the asphalt premix produced was sold to external customers, while the remainder was used for internal purposes.

The asphalt premix business is expected to continue its growth as the Group ramps up production in the new asphalt premix plant and achieves the plant's design capacity of recycling up

to 70%. The built-in recycling feature of the new plant helps lower the production cost and stay ahead of the competition.

Opportunistic property development project - Located along the Pasir Panjang Road near the Haw Par Villa MRT station, the land parcel is situated within a short distance to business parks and research & education institutions. The Group intends a soft launch of six units of free-hold cluster strata semi-detached houses in mid 2014. The construction of the property is estimated to last for two years.

Rewarding shareholders

We are pleased to propose a tax exempt one-tier final dividend of 0.25 Singapore cents per share, subject to shareholders' approval at the coming Annual General Meeting. Early last year, we proposed and distributed a tax exempt one-tier interim dividend of 0.25 Singapore cents per share, bringing the total dividend to 0.50 Singapore cents per share for FY2013.

Acknowledgements

On behalf of the Board, I would like to extend my utmost appreciation to our management and staff, shareholders, business partners and customers for their dedication and commitment. Without your professionalism and loyalty, the Group would not have achieved what it has done so far. We will continue to put in our best efforts to deliver value to all our stakeholders.

Mr Toh Choo Huat

Executive Chairman and Chief Executive Officer

1. Source: Channel NewsAsia, <http://www.channelnewsasia.com/news/specialreports/parliament/news/transport-system-will-have--enough-buffer--for-possible-6-9m-people/578492.html>
2. Source: OCBC Investment Research, BTInvest, <http://www.btinvest.com.sg/system/assets/11661/OCBC%20-%20Population%20white%20paper%20favours%20infrastructure%20plays.pdf>
3. Source: PUB, http://www.pub.gov.sg/annualreport2009/pub_strategy_greenlight2.html
4. Source: Channel News Asia, <http://www.youtube.com/watch?v=97J3TyhkP0>
5. Source: The Business Times, http://www.timesdirectories.com/marine_offshore/news/Work%20on%20three%20new%20gas%20pipelines%20to%20begin%20soon/625944
6. Source: The Straits Times, <http://news.asiaone.com/news/singapore/singapores-costly-underground-ambitions?page=0%2C0>

“在立塔，我们持之以恒，不断创新，强化核心优势，紧紧抓住新加坡及海外地区大力发展地下基础设施建设和道路工程的历史机遇。”



卓沐橙 先生
执行主席兼总裁

尊敬的各位股东，

我谨代表董事局，欣然提呈截至2013年12月31日之财政年度（“2013财年”）报告。

尽管受一次性因素影响，核心业务保持可持续发展

本集团2013财年实现净利1,432万元，从2012财年的净亏损316万元扭亏为盈。这主要得益于营收增长及一次性资产脱售利得。本集团2013财年营收同比增长3.2%至1.532亿元，并通过脱售位于新加坡圣诺哥通道61号的工业大厦获取一次性收益约1,140万元。此外，数个未获批准的工程和修改订单导致一次性下调收入约530万元。

如果不计上述一次性因素的影响，本集团2013财年实现毛利率20.7%和税前利润1,020万元。2012财年，如果不计借壳上市产生的一次性商誉减值费用约1,130万元，本集团的毛利率和税前利润应分别为18.4%和1,050万元。

成本优势保障订单持续增长

本集团截至2014年2月底在手订单金额达到1.89亿元，将于两年内完成交付。较一年前增长3,300万元，即21.2%。订单增长主要受益于各基础设施行业的强劲需求及本集团的竞争优势。

去年，本集团获取的较大金额工程合同包括来自陆路交通管理局的价值6,390万元的道路维修工程和价值1,620万元的地铁线路污水管改道工程、来自公用事业局的价值2,110万元的自来水管道的修缮工程、以及来自PowerGas有限公司的价值2,360万元的天然气管道铺设工程等。因此，2013财年本集团平均每季度新增订单4,650万元，较平均季度营收的3,830万元高出21.5%。

强劲的订单增长势头来源于本集团独特的技术优势，如顶管和微型隧道施工，以及内部沥青预混料供应带来的成本优势。沥青预混料是用于道路建设和路面重铺的主要材料。再生材料被用于生产沥青预混料和作为地下基础设施工程的回填材料也进一步加强了本集团的成本优势。

主席致词

Profiling of road surface
by milling



自2012年成立至今，本集团的建筑垃圾回收业务获得了各认证机构的广泛认可，包括新加坡垃圾管理与循环利用协会、建筑与工程局、陆路交通管理局和国家环境局。

基础设施工程和建筑行业内的多元化发展

广泛被认可为自来水/新生水管道铺设和排污管道维护行业的领军企业，本集团也一直寻求机会深入发展其他基础设施领域的业务，如高压电力电缆铺设、高压天然气管道铺设、道路/天桥建设等，以扩充其收入来源。

随着本集团从陆路交通管理局、PowerGas、SP PowerAssets、樟宜机场和一些私人建筑公司等客户处获取更高的销售/订单，同时降低最大单一客户——公用事业局的销售贡献比例，本集团逐渐转型向多元化发展。

依托多元化的服务领域和客户资源，本集团期待积极投入到新加坡为了适应人口总数到2030年可能增长至690万¹而大规模兴建/扩建基础设施的活动中。

这些基础设施项目包括在2030年以前新增五条铁路线，使地铁线路延长一倍至360公里²、长达21.5公里的南北高速公路、长达1,130公里即占新加坡总长1/3的公共污水渠³、在大士修建长达18公里的地下深隧道排污系统⁴、长达45公里的衔接液化天然气储存中心裕廊岛与北部圣诺哥的天然气管线⁵、以及新加坡环岛自来水输配管线维护等。

此外，新加坡政府也在酝酿地下发展总蓝图，包括地下商场、行人通道、自行车道和研究设施等⁶。

海外发展战略初显成效

自2011年底以来，本集团在文莱陆续承接价值5,400万元的土木工程和自来水处理厂项目，我们的技术专长和实力受到南亚市场的广泛认可。这反映在本集团于2013年7月再次赢得价值文莱元2,960万的合同，于文莱Jalan Gadong / Jalan Telanai建设一座汽车立交桥和在Subok供应及安装排污系统/管线。

随着南亚地区基础设施建设需求的不断增长，本集团对海外市场拓展前景保持乐观。

同时，本集团首次进军中国市场，在北方发达城市烟台开设建筑垃圾回收和再生预拌混凝土工厂。该工厂预定于2014年中旬开始试产。

作为旗舰外商投资项目，该工厂将享受“两免三减半”的所得税优惠和仅适用于部分回收业务的17%增值税退税优惠。

鉴于中国二三线城市越来越重视环境保护和建筑垃圾的妥善处理，本集团迈出进军中国市场的第一步后，将继续着眼于在中国大规模推广其在建筑垃圾回收领域的专业技能。这也印证了本集团一贯注重技术创新以保持保持在行业前列，并践行保护和维持环境的社会责任。

除了环保预拌混凝土和环保沥青预混料，我们也在探讨利用本集团建筑垃圾回收厂生产的高品质、精心分级的再生材料制造环保再生砖块。

多种渠道促进增长

沥青预混料市场需求强劲——本集团的第二个沥青预混料工厂以每小时400吨的生产能力成为新加坡生产能力最大的单厂。自2013年8月工厂试产以来，沥青预混料市场需求强劲。2013财年对外销售沥青预混料同比增长75.0%，对外销售占本集团总产量的30%-40%。

随着新工厂继续扩大生产并实现高达70%的回收材料设计使用能力，本集团的沥青预混料业务将持续增长。新工厂安装的回收利用功能有效降低了生产成本，使本集团在行业竞争中保持前列。

房地产开发项目——坐落于虎豹别墅地铁站附近的巴西班让道，该地块毗邻商业园以及研究和教育中心。本集团拟在2014年年中推出6间永久地契、聚落式的半独立式洋房别墅。该房地产项目的建设周期预计持续两年左右。

回馈股东

我们很高兴地提议派送每股新币0.25分的免税年终股息，该议案须待股东于应届股东大会上表决通过后，方可作实。去年年初，我们已经提议并派发了每股新币0.25分的免税中期股息。这样，本集团2013财年合计派发股息为每股新币0.50分。

致谢

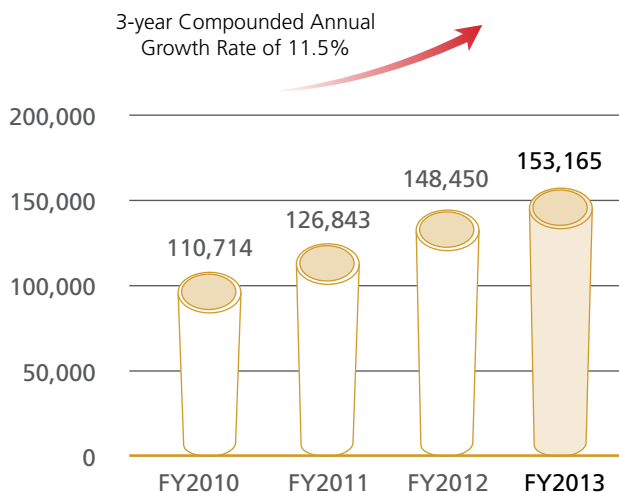
谨代表董事会，我想借此机会向我们的管理团队、全体员工、股东、合作伙伴及客户致以最深的谢意，感谢你们对本集团的奉献和支持。没有你们的敬业和忠诚，本集团将无法达到它迄今完成的成绩。我们将继续尽最大的努力，为立塔集团及所有相关方创造价值。

卓沐機 先生
执行主席兼总裁

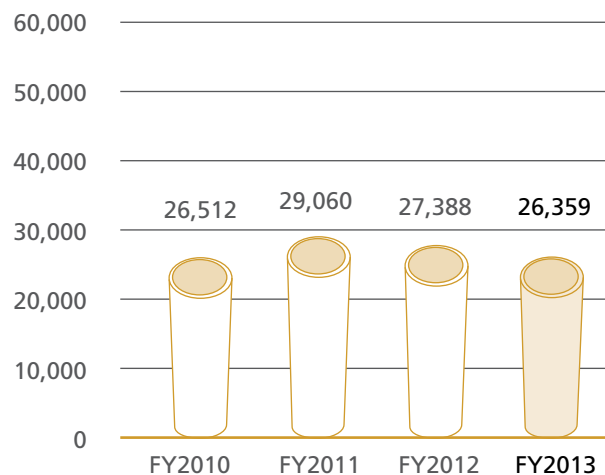
1. 来源：亚洲新闻台，<http://www.channelnewsasia.com/news/specialreports/parliament/news/transport-system-will-have-enough-buffer-for-possible-6-9m-people/578492.html>
2. 来源：华侨证券投资研究，BTInvest，<http://www.btinvest.com.sg/system/assets/11661/OCBC%20-%20Population%20white%20paper%20favours%20infrastructure%20plays.pdf>
3. 来源：公共事业局，http://www.pub.gov.sg/annualreport2009/pub_strategy_greenlight2.html
4. 来源：亚洲新闻台，<http://www.youtube.com/watch?v=97J3TtyhkP0>
5. 来源：商业时报，http://www.timesdirectories.com/marine_offshore/news/Work%20on%20three%20new%20gas%20pipelines%20to%20begin%20soon/625944
6. 来源：海峡时报，<http://news.asiaone.com/news/singapore/singapores-costly-underground-ambitions?page=0%20>

Financial Highlights 财务概要

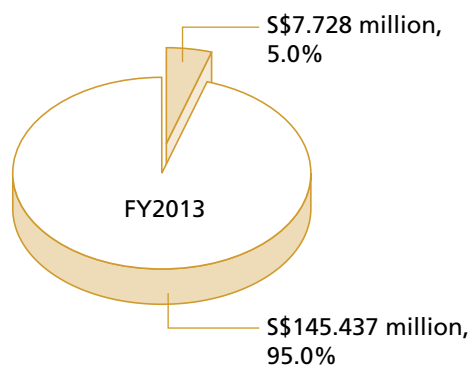
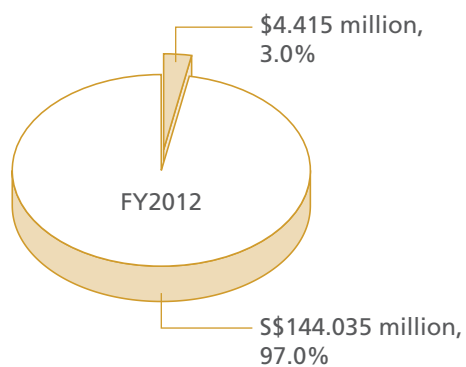
Revenue (\$'000)



Gross Profit (\$'000)



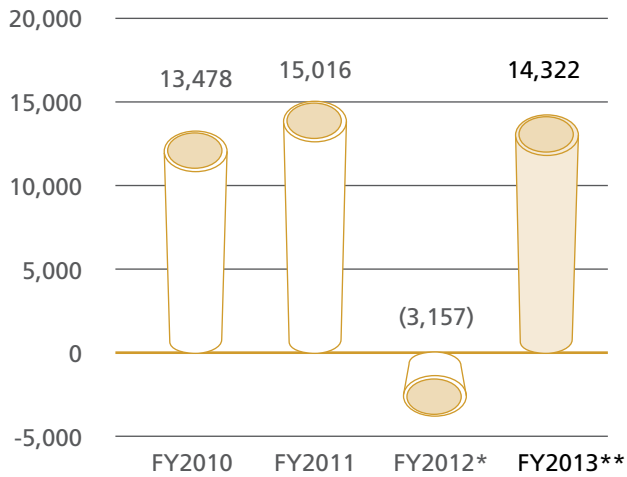
Revenue by Segment (External Sales)



□ Pipes and Roads

■ Construction Materials

Net Profit After Tax (S\$'000)

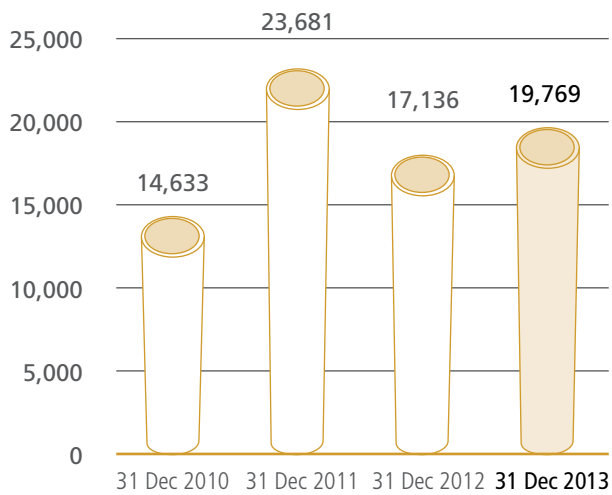


* Including a S\$11.3 million goodwill impairment in relation to the reverse acquisition of Ultron Technologies Limited which was completed on 25 July 2012

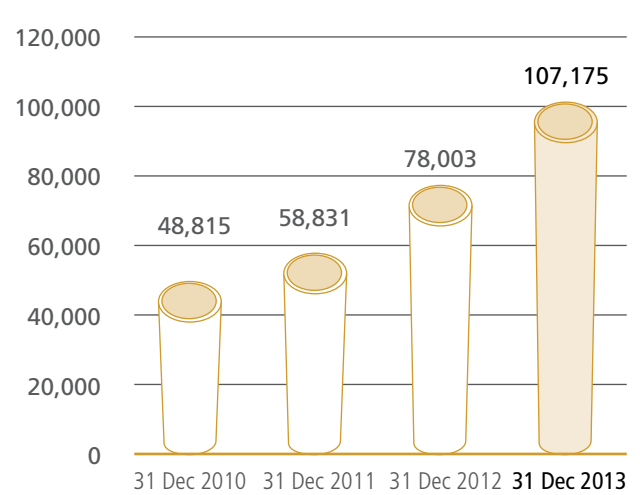
** Including a S\$11.4 million disposal gain from the industrial building at 61 Senoko Drive, Singapore

Cash and Cash Equivalents (S\$'000)

(As per Cash Flow Statement)



Total Equity (S\$'000)



Operations Review

SEGMENTAL OVERVIEW

Pipes & Roads

The Pipes & Roads segment, engaging in the construction and maintenance of underground utilities infrastructure such as water and gas pipes, high-voltage power cables and sewer pipeline rehabilitation, as well as roads, airfield taxiways and parking aprons, was the Group's main revenue driver at S\$145.4 million for FY2013. The revenue of the Pipes & Roads segment represented 95.0% of the Group's revenue and a marginal increase of 1.0% from a year ago.

The Group secured several major projects in FY2013, boosting its order book to S\$189.0 million by end February 2014, from S\$156.0 million a year ago. Among the new contracts are the S\$63.9 million worth of expressway and road maintenance works from the Land Transport Authority, the S\$23.6 million worth of high-pressure gas transmission pipeline works from PowerGas Limited, the Brunei Dollar 29.6 million worth of construction work for a flyover bridge and various sewerage systems / lines in Brunei, etc.

Looking ahead, the Group is optimistic about the growing infrastructure demand to address Singapore's demographic challenges, and being a potential beneficiary of the numerous construction projects to be undertaken around the island. These projects will include but not limited to the following:

Gas pipelines¹



Work on three new gas pipelines to begin soon

By **RONNIE LIM**
SINGAPORE will start work soon on three new gas pipelines - costing an estimated \$300 million to \$400 million - to transport re-gasified LNG (liquefied natural gas) from its upcoming \$1.5 billion LNG terminal to power stations and industry.

later - are integral to Singapore's plan to import LNG from multiple sources worldwide. They will transport the re-gasified gas through a pipeline network of 70km in total, running from the LNG terminal now under construction on Jurong Island.

The first two pipelines - a couple of kilometres

pipelines will be connected first, and the longer Senoko pipeline later, in 2015.

Mr Khoo said he agrees with a ballpark estimate made recently by EMA chief executive Lawrence Wong that the first three pipelines will cost around \$300 million-\$400 million in total.

The consultancy study

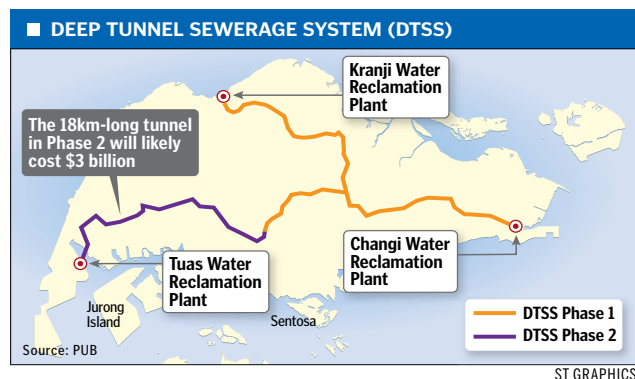
- 70km gas pipelines worth S\$300-400 million began construction since late 2010

Sewer Pipeline Rehabilitation²



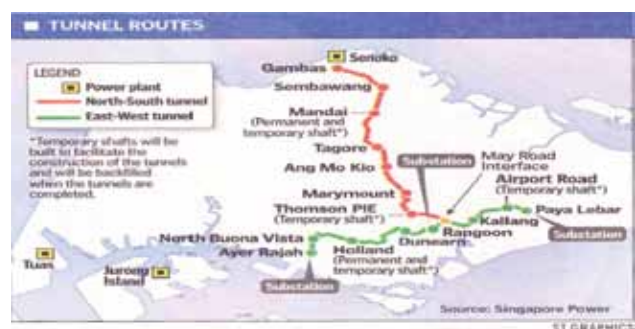
- Rehabilitation of 1,130km of public sewers and 50km of pumping mains using trenchless technology before 2014

Deep Tunnel Sewerage System³



- Phase 2 worth about S\$3 billion to be built by 2022
- Phase 1 worth S\$3.4 billion was completed in 2010

Underground tunnels to house electricity cables⁴



- 35km 60m-deep underground tunnels worth S\$2 billion to be built in stages in 2017-2018

The North-South Expressway⁵



- 21.5km North-South Expressway worth between S\$7 billion and S\$8 billion, ready in 2020

Railway⁶



- 42km Downtown Line worth S\$20.7 billion, ready in stages from 2013 to 2017
- 30km Thomson Line worth S\$18 billion, ready in stages from 2019 to 2021

Changi Airport Singapore

- Terminal 4 being built on the site of the previous budget terminal, to be completed by 2017⁷
- The construction of a proposed new Air Force base and the fourth runway at Changi East⁸

PSA Singapore Terminals⁹



- S\$3.5 billion for the development of Phases 3 and 4 of Pasir Panjang Terminal
- Phase 3 is to be operational in 2014, Phase 4 to be completed by 2020
- Consolidation of all container port activities at Tuas from 2027

1. Source: Singapore Power, *The Business Times*

2. Source: Public Utilities Board Singapore, http://www.pub.gov.sg/annualreport2009/pub_strategy_greenlight2.html

3. Source: *The Straits Times*, Channel NewsAsia, <http://www.youtube.com/watch?v=97J3TtyhkP0>

4. Source: Singapore Power, *The Straits Times*

5. Source: Land Transport Authority

6. Source: Land Transport Authority, *The Straits Times*, <http://www.hss.ntu.edu.sg/News/Documents/Massive%20construction%20boom%20on%20the%20horizon.pdf>

7. Source: Changi Airport Singapore, <http://www.changiairport.com/lat-changi/our-terminals/terminal-4>

8. Source: Today Online, <http://www.todayonline.com/singapore/paya-lebar-air-base-move-changi>

9. Source: PSA Singapore Terminals, <https://www.singaporepsa.com/images/2012/10/OCT2012.pdf>

Operations Review

Construction Materials

The Construction Materials segment, specialising in the manufacturing of asphalt premix and the recycling of construction waste, recorded external sales of S\$7.7 million for FY2013 or a 75.0% increase from a year ago. This was mainly attributable to the production capacity improvement of asphalt premix from 175 tons per hour to 575 tons per hour with the completion of the Group's second asphalt premix plant in mid 2013. Riding on the robust demand from the road construction and resurfacing work, about 30%-40% of the asphalt premix production was sold to external customers, increasing from around 20% a year ago.

The internal supply of asphalt premix and recycled aggregates from the Group's construction waste recycling business provides cost advantage to our Pipes & Roads business.

As the first step towards the Group's long-term plan of scaling and franchising its expertise in the arena of construction waste recycling and the development of eco-green construction products, the Group is building a construction waste recycling plant in Yantai, China. The construction of the plant has commenced in mid 2013 and is scheduled to complete by mid 2014.

Financial Performance

The Group's revenue increased 3.2% year-on-year to S\$153.2 million for FY2013 with improvement in both business segments.

The Group's gross profit declined 3.8% year-on-year to S\$26.4 million for FY2013. This was mainly due to reversal of revenue of about S\$5.3 million pertaining to cost allocation, non-approval of certain scope of works and variation orders, besides higher labour and direct operational costs.

The Group's administrative expenses increased by 24.2% year-on-year to S\$17.9 million for FY2013, as the Group ramped up its personnel to expand into the high-voltage power cable laying business and enhance its presence in the road building and maintenance sector. The additional property tax incurred by the Group's new asphalt premix plant also contributed partially to the increase.

Boosted by the one-off gain of S\$11.4 million on disposal of an industrial building, FY2013 net profit after tax jumped to S\$14.3 million, a reverse from the loss of S\$3.2 million a year earlier.

For FY2013, net cash used in operating activities reached S\$45.0 million as the Group scaled up to take on bigger and more complex projects.

Notwithstanding an increase in trade and other receivables to S\$47.0 million as at 31 December 2013 from S\$29.2 million a year ago, S\$0.2 million worth of bad debt was written-off for FY2013 as there is typically limited risk in debt collection for the government-led infrastructure projects.

The Group's cash and cash equivalents remained healthy at S\$19.8 million as at 31 December 2013, as compared to S\$17.1 million a year ago.

部门业务回顾

管道与道路

集团的管道及道路部门，主要从事地下公用基础设施如自来水及天然气管道、高压电力电缆和排污管道修复，以及道路、机场滑行道和停机坪的建设和维护，是集团的主要收入来源。在2013财年，管道及道路部门营收为1.454亿元，占集团总收入的95.0%，较去年同期微涨1.0%。

集团于2013财年获得多项重大项目合同，在手订单金额从一年前的1.56亿元提高至截止2014年2月底的1.89亿元。在新增订单中包括陆路交通管理局的价值6,390万元的高速公路和道路维护工程，PowerGas有限公司的价值约2,360万元的高压输气管道工程，在文莱修建价值文莱元2,960万元的一座汽车立交桥和排污系统/管线安装等。

展望未来，集团对新加坡基础设施需求持续增长以适应人口增长预期表示乐观，并期待成为环岛开展的众多基础设施建设项目的受益者。这些项目将包括但不限于以下：

天然气管道¹



Work on three new gas pipelines to begin soon

By RONNIE LIM
SINGAPORE will start work soon on three new gas pipelines - costing an estimated \$300 million to \$400 million - to transport re-gasified LNG (liquefied natural gas) from its upcoming \$1.5 billion LNG terminal to power stations and industry later - are integral to Singapore's plan to import LNG from multiple sources worldwide. They will transport the re-gasified gas through a pipeline network of 70km in total, running from the LNG terminal now under construction on Jurong Island. The first two pipelines - a couple of kilometres

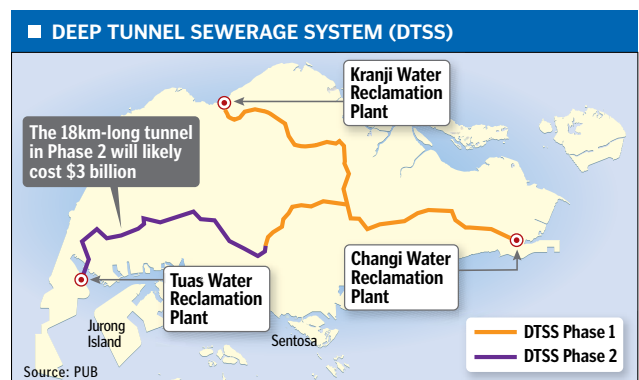
- 自2010年年底，建设长达70公里的天然气管道，价值3-4亿元

地下排污管道维修²



- 在2014年之前，采用技术维修长达1,130公里的地下排污管道及50公里的抽水管道

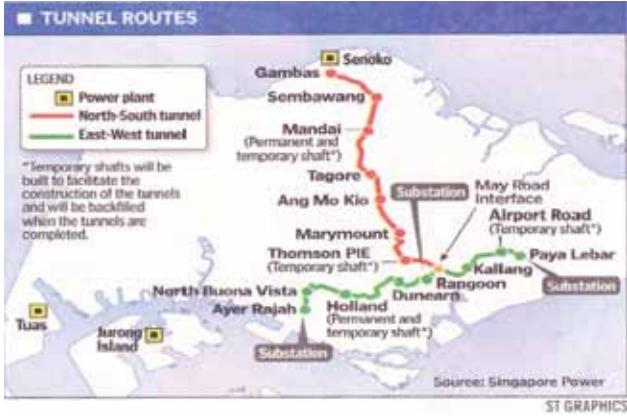
地下深层排污系统³



- 在2022年之前建成第2阶段，价值约30亿元
- 第1阶段，价值约34亿元已于2010年完成

业务回顾

地下电力电缆隧道⁴



- 从2017年至2018年，分阶段兴建长35公里、深60米的地下隧道，价值20亿元

南北高速公路⁵



- 在2020年之前，建设长达21.5公里的南北高速公路，价值70-80亿元

铁路⁶

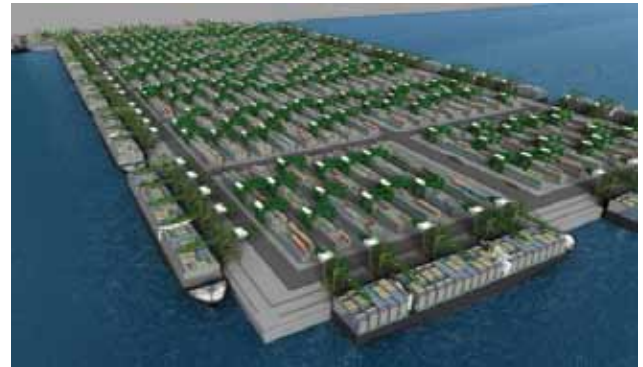


- 从2013年至2017年，分阶段修建长达42公里的市区线，价值207亿元
- 从2019年至2021年，分阶段修建长达30公里的汤申线，价值180亿元

新加坡樟宜机场

- 在2017年之前，在以前的廉价航空航站楼修建4号航站楼⁷
- 在樟宜东修建新的空军基地和第四条跑道⁸

PSA 新加坡码头⁹



- 发展巴西班让码头3期及4期，价值35亿
- 3期于2014年投入运营，4期于2020年完成
- 从2027年起，所有集装箱港口业务合并到大士码头

建筑材料

集团的建筑材料部门，专门从事生产沥青预混料和回收再生建筑垃圾，在2013财年取得对外销售770万元，较一年前增长75.0%。这主要是由于2013年年中，集团的第二个沥青预混料工厂完工，促使集团的沥青预混料产能从175吨/小时提高至575吨/小时。受益于来自道路建设和重铺工程的强劲需求，约30%-40%的沥青预混料用于对外销售，较去年同期的约20%显著提高。

集团管道及道路部门与建筑材料部门间的协同作用，包括自给供应沥青预混料及由建筑垃圾回收部门生产的用于地下基建工程的再生回填材料，为集团的管道及道路业务提供了成本优势。

作为集团长期扩展和大规模推广建筑垃圾回收和绿色建筑产品开发领域的专业技能的第一步，集团正在在中国烟台建立首座建筑垃圾回收工厂。第一期厂房的建设于2013年年中展开，并预计于2014年年中完成。

财务表现

由于两个业务部门的业绩攀升，集团2013财年营收比去年同期增长3.2%至1.532亿元。

集团2013财年实现毛利2,640万元，比去年同期下降了3.8%。除了较高的劳动力和直接运营成本以外，这主要是源于成本分摊、未获批准的工程和修改订单导致收入修订约530万元。

由于集团增加人员以扩展到高压电力电缆铺设业务并提升其在公路建设和维修行业的实力，集团2013财年行政开支较去年同比增长24.2%至1,790万元。集团新增沥青预混料工厂产生的物业税也促使这部分费用有所增加。

受脱售一幢工业大厦产生一次性收益约1,140万元的影响，集团2013财年税后净利润从去年同期的亏损320万元扭亏为盈，跃升至1,430万元。

2013财年，随着集团扩大规模以承担更大、更复杂的项目，经营活动所用现金净额达到4,500万元。

尽管应收账款及其他应收款在从去年同期的2,920万元增加至截止2013年12月31日的4,700万元，集团2013财年仅仅有20万元的坏账被核销。这主要因为政府主导的基础设施项目通常债务违约风险较低。

截止2013年12月31日，集团的现金及现金等价物价值1,980万元，较去年同期的1,710万元仍保持在健康水平。

1. 来源: Singapore Power, 商业时报
2. 来源: 新加坡公用事业局, http://www.pub.gov.sg/annualreport2009/pub_strategy_greenlight2.html
3. 来源: 海峡时报, 亚洲新闻台, <http://www.youtube.com/watch?v=97J3TtyhkP0>
4. 来源: Singapore Power, 海峡时报
5. 来源: 陆路交通管理局
6. 来源: 陆路交通管理局, 海峡时报, <http://www.hss.ntu.edu.sg/News/Documents/Massive%20construction%20boom%20on%20the%20horizon.pdf>
7. 来源: 新加坡樟宜机场, <http://www.changiairport.com/at-changi/our-terminals/terminal-4>
8. 来源: Today Online, <http://www.todayonline.com/singapore/paya-lebar-air-base-move-changi>
9. 来源: PSA Singapore Terminals, <https://www.singaporepsa.com/images/2012/10CT2012.pdf>

Artist's impression of our construction waste recycling plant at Yantai, China

EXPANDING OUR REACH

We are successfully expanding our reach into new markets, seizing opportunities for overseas expansion. We have been awarded contracts for various construction works in Brunei, and have commenced the building of our construction waste recycling plant in Yantai, China. Such ventures provide new revenue streams and serve as a platform to sustain the growth of our business as we expand further in the overseas markets.



Board of Directors 董事局



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2

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1. TOH CHOO HUAT
Executive Chairman and
Chief Executive Officer
卓沐櫟
执行主席兼总裁

2. TOH SWEE KIM
Executive Director
卓树金
执行董事

3. TOH CHEW LEONG
Executive Director
卓树良
执行董事

4. KOH TIAM TENG FRANCIS
Executive Director
许钿挺
执行董事

5. TAN TECK WEI
Executive Director
陈德伟
执行董事

6. DR LOW BOON HWEE
Group Technical Director
罗文伟博士
集团技术董事

7. LEE GEE AIK
Lead Independent Director
李宜益
首席独立董事

8. ANG MIAH KHIANG
Independent Director
洪铭强
独立董事

9. MARCUS CHOW WEN KWAN
Independent Director
周文光
独立董事



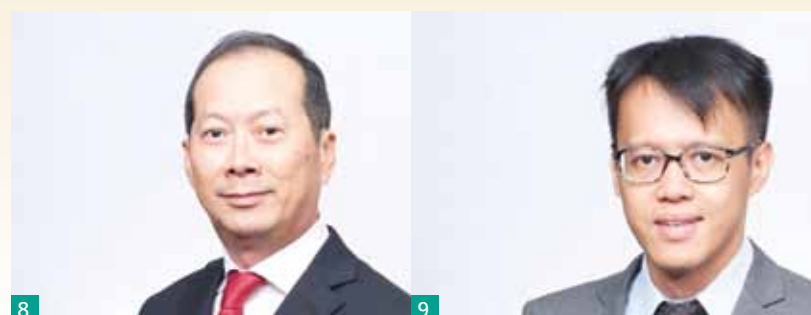
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TOH CHOO HUAT

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).

卓沐橙

执行主席兼总裁

卓沐橙先生为立堦集团控股有限公司（“立堦”）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。在创建立堦之前，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堦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。

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, 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.

卓树金

执行董事

卓树金先生为立堦执行董事，负责监督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、人力及运营管理等。

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1900年加入立堦建筑工程公司（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。

卓树良先生为立堦执行董事，也是本集团创办人之一。卓先生负责监督沥青混凝土制造厂和建筑垃圾回收处理厂的日常运营，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。

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.

卓树良

执行董事

卓树良先生为立堦执行董事，也是本集团创办人之一。卓先生负责监督沥青混凝土制造厂和建筑垃圾回收处理厂的日常运营，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。

Board of Directors 董事局

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 Catalist.

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.

许钿挺

执行董事

许钿挺先生为立堦执行董事，负责本集团海外市场业务的开拓与发展。

许先生在水务领域和跨亚太区域经营方面，包括中国、香港、印尼、马来西亚和越南等国家，拥有30年以上的经验。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。他积极参与社区公益服务，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。

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.

陈德伟

执行董事

陈德伟先生为立堦执行董事，负责本集团项目总体协调和综合管理工作，以及负责监督建造沥青混凝土制造厂和建筑垃圾回收厂。

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、楼宇建筑与维修、以及地下基础设施和排污管道修复方面，拥有20多年的经验。

DR LOW BOON HWEE

Group Technical Director

Dr Low Boon Hwee joined Ley Choon as Group Technical Director in 2012 and joined the Board in 2013. He is responsible for the Group's technology development, Research and Development, 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 over 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.

罗文伟博士

集团技术董事

罗文伟博士于2012年加入立堵，担任集团技术董事，2013年加入董事会。他负责本集团的技术研发工作、以及向沥青制造、路面工程和建筑垃圾回收业务提供技术支持。另外，罗博士还负责拓展商业机会、制定发展战略，及监督产品开发、质量控制、工厂生产和运营管理等。

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、沥青混凝土和建筑垃圾回收技术的应用研究。在加入本集团之前，罗博士曾于2009-2012年期间担任Highway International Pte Ltd的区域技术经理。自2000年至2009年，罗博士在Hanson Building Materials (S) Pte Ltd担任区域（新加坡和马来西亚）技术经理，带领技术部门研发沥青/预拌混凝土制造和采石技术。自1993

年至2000年，罗博士在Eng Seng Construction Pte Ltd担任技术经理，负责道路项目和技术部门工作。

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。

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 one of the Big Four international accounting firms and also 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 a few companies listed on SGX-ST.

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 Singapore Chartered Accountants.

李宜益

首席独立董事

李宜益先生为立堵首席独立董事兼审计委员会主席，于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。

李先生同时在凯斯国际联盟（KS International）的成员公司R Chan & Associates PAC担任董事。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。目前还担任数间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。

Board of Directors 董事局

ANG MIAH KHIANG

Independent Director

Mr Ang Miah Khiang 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. He currently holds various non-executive directorship positions and provides advisory services from time to time.

He is also an independent director of Uni-Asia Finance Corporation, PS Group Holdings Ltd and Baker Technology Ltd. Mr Ang's past directorships include 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 of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the University of Singapore.

洪铭强

独立董事

洪铭强先生为立靖独立董事兼提名委员会主席，于2012年7月25日加入董事局。

洪先生曾在GE Commercial Financing (S) Ltd (原Heller Financial (S) Ltd) 担任总经理，其职业生涯的大部分时间用于帮助解决中小型企业融资。他还曾兼任GE在亚太地区相关业务的区域总监。洪先生同时担任数个董事职位，提供企业咨询服务。

此外，洪先生同时担任 Uni-Asia Finance Corporation、PS Group Holdings Ltd 和 Baker Technology Ltd 的独立董事。洪先生曾担任过多家公司的董事职务，包括泰金宝精密（新加坡）有限公司 (Cal-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。

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.

周文光

独立董事

周文光先生为立靖独立董事兼薪酬委员会主席，于2012年7月25日加入董事局。

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。周先生曾担任过多家公司的董事职务，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)。

周先生于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证的辩护律师。他于1999年获得美国弗吉尼亚大学法学院的法学硕士学位。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) 会员以及美国纽约州执业律师。在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 主要管理层



- 1. TOH CHEW CHAI**
Deputy Chief Operating Officer
卓树财先生
高级项目总监
- 2. EDMUND LIM FAN**
Chief Financial Officer
林凡
首席财务官
- 3. SEOW SOON KEE**
Group Admin Manager
萧汛芝
集团行政部总经理

- 4. TOH KAI SHENG, ADAM**
Head, Operational Information
卓楷胜
运营信息部主管
- 5. TOH KOK HEAN, BRAYDEN**
Plant Manager – Construction Materials Division
卓国贤
建筑材料部工厂经理



Executive Officers 主要管理层

TOH CHEW CHAI

Deputy Chief Operating Officer

Mr Toh Chew Chai joined Ley Choon Group since its establishment. As the Group's Deputy Chief Operating Officer, 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.

卓树财

副首席运营官

卓树财先生自立塔成立时起即加入本集团。作为副首席运营官，他负责管理本集团的地下基础设施建设和维护业务，包括资源调配、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，卓先生加入立塔建筑工程公司（LCCE的前身），担任项目经理。

EDMUND LIM FAN

Chief Financial Officer

Mr Lim Fan was appointed as our Chief Financial Officer ("CFO") since 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 was the Financial Controller of Ley Choon Constructions and Engineering Pte Ltd ("LCCE") 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 with a portfolio mainly involved in assisting PRC companies to list

in Singapore Exchange. From 1997 to 2004, Mr Lim was an assistant audit manager in KPMG Singapore, where his main responsibilities involved statutory and compliance audit of companies and MNCs from diverse industries. From May 1997 to November 1997, Mr Lim was an internal audit executive in the National University Hospital. 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 member of the Institute of Singapore Chartered Accountants.

林凡

首席财务官

林凡先生为立塔首席财务官，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。自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，自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，自2004年至2006年，他在Horwath First Trust担任审计经理，带领审计团队协助中国公司在新加坡上市；自1997年至2004年，林先生在新加坡毕马威会计师事务所担任副审计经理，负责外部审计工作。自1997年5月至2004年11月，林先生在新加坡国立大学医院担任内控审计执行官，负责内控审计工作的计划和实施。自1995年5月至1997年4月，林先生在新加坡Jee Ah Chian & Co担任审计助理。

林先生于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（ICPAS）的非执业注册会计师会员。

SEOW SOON KEE

Group Admin Manager

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 Admin Manager, 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.

萧汛芝

集团行政部总经理

萧汛芝女士于1995年加入立堦，在办公管理系统改进和业务方面发挥出重要的作用。

作为集团行政部总经理，萧女士负责本集团的行政管理工作，包括管理办公环境、为各部门提供行政支持、内部资料收集、存档及分发，以及合同监督管理。

TOH KAI SHENG, ADAM

Head, Operational Information

Mr Toh Kai Sheng joined Ley Choon Group in 2009 as management executive, and has since worked under various departments within the group, including operations, finance, logistics, training centre and property development. He is currently our Head of Operational Information Department, and is responsible for providing management information on all operations to the heads of operation and the senior management.

Mr Toh graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy with First Class Honours and second specialisation in Banking and Finance. He also holds a Diploma in Management Accounting from Chartered Institute of Management Accountants.

卓楷胜

运营信息部主管

卓楷胜先生于2009年加入立堦担任管理培训生，并在集团内各部门轮岗，包括营运部、财务部、物流部、培训中心及物业发展部。目前，他担任运营信息部主管，负责向各营运主管和高级管理层提供业务管理信息。

卓先生年毕业于南洋理工大学，持有会计学一级荣誉学士学位，以及银行金融学第二专业学位。他也持有英国特许管理会计师公会（Chartered Institute of Management Accountants）的管理会计文凭。

TOH KOK HEAN, BRAYDEN

Plant Manager – Construction Materials Division

Mr Toh Kok Hean joined Ley Choon Group as Plant Manager since the inception of asphalt plant in 2007. As Ley Choon Group expanded into construction waste recycling in 2010, he was also tasked to be responsible for the overall procurement, production, quality and maintenance of the asphalt plant, construction waste recycling plant and other related machineries.

Mr Toh graduated with a Bachelor of Engineering (Honours) degree in Mechanical Engineering from Nanyang Technological University (NTU) in 2004.

卓国贤

建筑材料部工厂经理

卓国贤先生于2007年加入立堦担任沥青混凝土制造厂经理。立堦于2010年成立建筑垃圾回收厂后，卓先生全权负责沥青混凝土制造厂与建筑垃圾回收厂的采购、生产、质量控制和设备维修等各个环节。

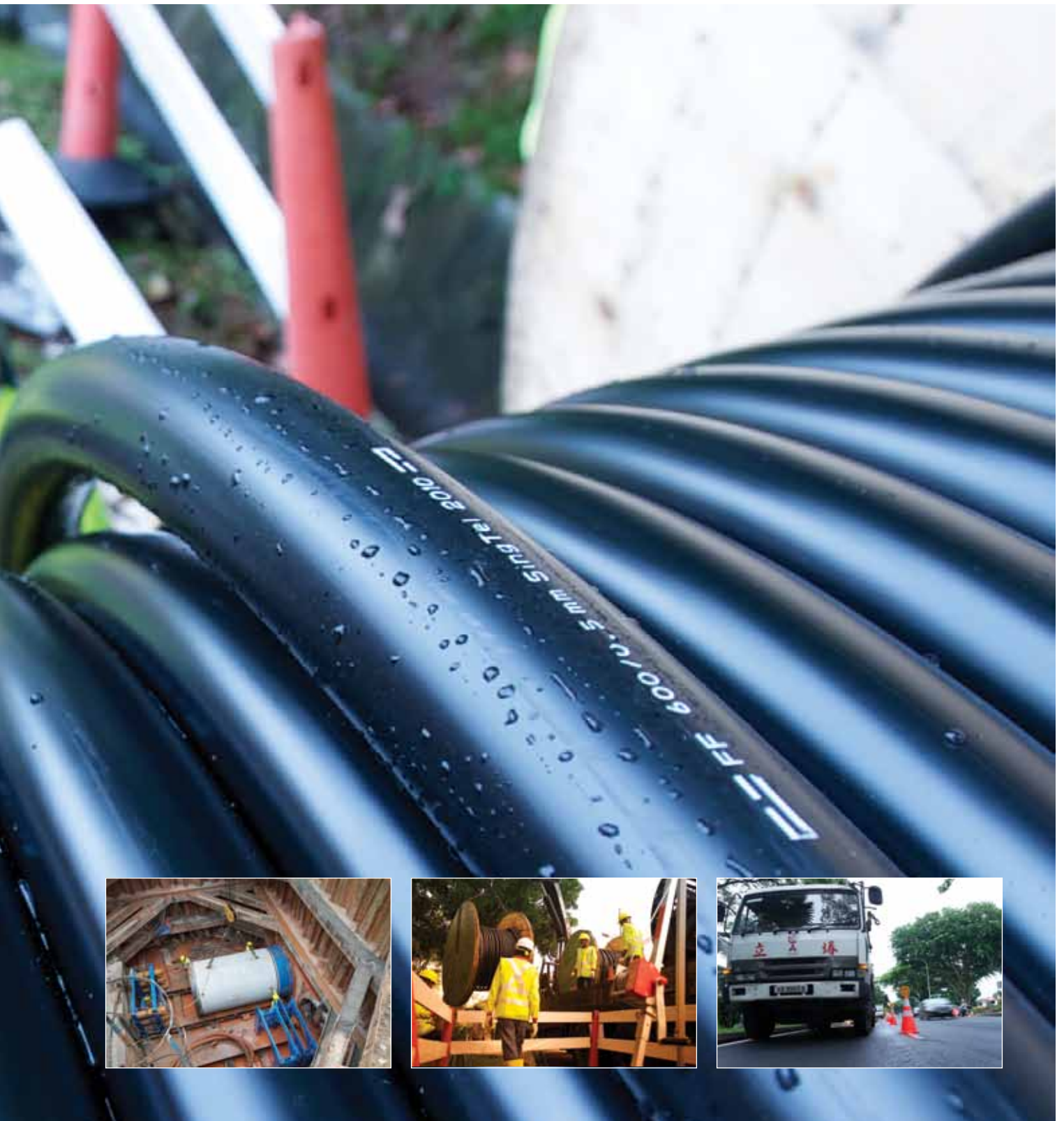
卓先生毕业于南洋理工大学，持有机械工程系（荣誉）学士学位。

Laying of cables



OUR LEVERAGING ON EXPERTISE

FF 600/0.5mm SingTel 2010



A leading one-stop underground utilities infrastructure service provider, we have a strong track record and established reputation in providing a full-range of construction, commission and maintenance services. We were awarded contracts for the supply and installation of power cables as well as for the laying and commissioning of high pressure gas transmission pipelines. We will continue to leverage on our expertise to secure more contracts as we progress onto our next phase of growth.

Sustainability Report

Training session on Health, Safety and Environment for our workers at our Internal Training Centre



People Development

Human capital forms an integral part of the company's success. Over the past year, Ley Choon has grown its staff strength not just in size but also in their professional competencies and capabilities. Our staffs are enrolled in regular training and development programmes to equip them with the skills, knowledge and necessary tools for their job functions. We believe in human capital investment to enhance Ley Choon's productivity and competitiveness in an ever-changing industry.

Diversity and harmony in the workplace, where Ley Choon places great efforts on, play a crucial role in business. Research has shown that well-managed diverse teams outperform homogeneous teams as they tend to be more creative and effective at problem-solving. We endeavor to create an inclusive and harmonious working environment by encouraging employees to be more engaged and motivated.

Employee loyalty and retention is built in Ley Choon as part of its commitment to human capital development. A total of 128 employees were awarded prizes at our Annual Dinner 2013 in recognition of their long-standing contributions to Ley Choon, which helped foster a cohesive work force and build a strong corporate community amongst our people.

Systematic training for construction equipment operations including hydraulic excavator, bulldozer, track shovel, excavator loader and pipe jacking machine, is provided at our BCA-Approved Training & Testing Centre ("ATTC") to improve work skills and productivity.

Employee awards at the Annual Dinner 2013

Years of Service	No. of Recipients	Level of Position		
		Worker	Supervisor	Manager
20	1	-	-	1
15	3	3	-	-
10	10	3	4	3
5	114	100	12	2
Total	128	106	16	6

15 years long service award presentation at the Annual Dinner 2013



The Skills Evaluation Certificate (Knowledge) or the CoreTrade Tradesman Certificate will be issued to the qualified trainees by the training centre, which is operated by our wholly-owned subsidiary, Ley Choon Constructions & Engineering Pte Ltd. The certified workers are recognized as Higher Skilled under the Ministry of Manpower's Foreign Worker Levy Scheme and are eligible for a government grant of 80% of the training cost.

A total of 171 of our workers have been trained and certified to date (51 in 2011, 65 in 2012 and 55 in 2013), and the workers with at least four years of construction industry experience in Singapore have been certified in the Hydraulic Excavator Operations.

A mentor system is also developed in Ley Choon for the orientation of new employees, where the mentor provides guidance about the company's initiatives, programmes, policies and procedures, and serves as a point of contact for questions, feedback and guidance.

Corporate Social Responsibility

Social responsibility is one of Ley Choon's core values and an important commitment to achieve a balance between the economy and the ecosystem, and giving back to the society. Ley Choon's efforts span a few key areas, including green environment, corporate philanthropy and volunteerism.

The green environment pertains to best practices within Ley Choon's operations to preserve and restore the environment. This includes the built-in recycling feature of Ley Choon's second asphalt premix plant that allows for up to 70% of recycled components, and the dedicated construction waste recycling plant located in Lim Chu Kang. The use of recycled aggregates for road/airfield construction brings Ley Choon recognition for the aircraft parking apron resurfacing works at the Changi Airport.

Ley Choon also actively reaches out to the society and participates in various charities. We initiated the charity drive to raise money and donate for victims of Super Typhoon Haiyan in central Philippines in November 2013. The entire company management and staff took part in the fund-raising and the company then matched dollar for dollar contributions. The fund raised, together with about 60 cartons of items collected for donations, was sent to the affected areas through the Philippine Bayanihan Society Singapore.

Health & Safety

We are equally committed to a safe work environment for all our staff and the community we operate in. We are glad to achieve various certifications from IMS (i.e. ISO 9001:2008, ISO 14001:2004 & BS OHSAS 18001:2007) and BCM (i.e. SS 540:2008) for the following companies of our group:

Sustainability Report

Training on Hydraulic Excavator operations



- Ley Choon Constructions & Engineering Pte Ltd
- Chin Kuan Engineering & Contractors Pte Ltd
- Tealy (S) Pte Ltd
- Multifarm Developments & Constructions Pte Ltd
- Pan Alliance Technology International Pte Ltd.

Apart from that, the fact that the first four companies in the above list have achieved bizSAFE-Star certification, the highest level in a progressive 5-step programme governed by the Workplace Safety and Health Council, and Pan Alliance Technology International Pte Ltd garnered bizSAFE-Level-3 certification is a testament of our commitment to safety.

These certifications are pre-requisites for Ley Choon to sustain its 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"), as well as an A2 category contractor for civil engineering.

Risk Assessment and Management

Ley Choon has identified the following categories of risk which could adversely affect our business and how we intend to mitigate them:

1. Downgrade or loss of the BCA gradings or builder's licences

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, Ley Choon 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 Ley Choon, there are certain requirements stipulated by the BCA to be complied with, including but not limited to the following:

- (a) each company in Ley Choon 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 Ley Choon must meet the minimum paid-up share capital and the minimum net worth requirement; and
- (c) each company in Ley Choon 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.

Ley Choon 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. 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.

We have upgraded all of our subsidiaries to comply with the requirements imposed by the BCA, and we monitor the operations on a regular basis to make sure the above requirements are met.

2. Dependency on public sector demand in Singapore

As Ley Choon is mainly engaged in the (i) Underground Utilities Infrastructure construction and maintenance; (ii) sewer pipeline rehabilitation; and (iii) road and airfield construction and maintenance in Singapore, 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.

We are expanding our business into production of asphalt premix and recycle waste management, which will supplement our core business. We are also seeking opportunities to take overseas jobs in other Southern Asian countries, such as Brunei, and franchise our technology expertise in construction waste recycling in China.

3. Dependency on project inflows

All our businesses except asphalt premix production and construction waste recycling are usually undertaken on a project basis and are non-recurring. Our revenue and profit may therefore be subjected to the number, value and duration of our projects.

Our projects are typically secured through public bidding process, where the government/government-related bodies tend to reward the projects to the lowest quotation that meet the requirements.

We gradually build the recurring revenue businesses such as providing a regular road/expressway maintenance service to the LTA, which also creates a sustainable demand for asphalt premix.

We strike a balance between tendering competitively and maintaining our targeted profitability. We constantly review and improve the productivity and cost structure in order to achieve desired financial performance.

4. Shortage in labour (including foreign workers)

Ley Choon, like many construction companies in Singapore, relies heavily on foreign labour due to the shortage of Singaporean labour. Our foreign workers come from India, PRC, Malaysia, Thailand, Myanmar and Bangladesh, and are subject to foreign workers' levy. On this basis, we 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 and regulations imposed by MOM, including the safety regulations imposed by MOM, as well as the policies of the foreign workers' countries of origin, may affect the supply and cost of foreign labour and cause disruptions to our operations.

Ley Choon constantly seeks to utilize the labour resources at optimum level and introduce automated processes such as the Intelligent Stop & Go signaling, the off-site CCTV monitoring, the suction excavation, etc, to minimize labour requirement.

5. Inability to attract and retain key personnel

Ley Choon's success depends to a significant extent upon a number of key employees and senior management. Our continued success and growth are therefore dependent on the retention of our key personnel as well as our ability to continue to attract, retain and motivate other qualified personnel. Consequently, the loss of the services of one

Sustainability Report

Use of sustainable construction material in our products



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 results of operations and financial condition.

6. 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 certain regulatory guidelines and regulations imposed by the regulatory authorities such as the NEA, PUB and 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.

7. Possibility of cost overruns

Our 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 and our own estimate of labour and materials costs. 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.

Ley Choon actively reviews and monitors the project costs and takes suitable action to control the costs and adjust the bidding price in the subsequent tenders.

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 2012 (the “**Code**”) which supersedes the Code of Corporate Governance issued in July 2005, issued by the Corporate Governance Committee 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 2013 (“**FY2013**”).

(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 long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

As at the date of this Annual Report, the Board comprises six (6) Executive Directors and three (3) 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;
- (x) setting the values and standards for the Group (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and met; and
- (xi) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets.

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

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;

Corporate Governance Report

- (iii) approval of the corporate strategy and direction of the Group;
- (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.

A formal document setting out the following guidelines has been adopted by the Board:

- (a) the matters reserved for the Board's decision; and
- (b) clear directions to Management on matters that must be approved by the Board.

The approval process of material transactions which require the Board's approval is set out below:

Types of transaction	Approval limit
Capital expenditure	>\$1,000,000
Investment in securities	>\$500,000
Borrowings	>\$3,000,000
Acquisition of entities/business	Any limit
Diversifying into new business	Any limit
Any other significant material transaction	Any limit

Board meetings are conducted regularly 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 FY2013 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	4	4	–	–	–	–	–	–
Toh Swee Kim	4	4	–	–	–	–	–	–
Toh Chew Leong	4	4	–	–	–	–	–	–
Koh Tiam Teng	4	3	–	–	–	–	–	–
Tan Teck Wei	4	4	–	–	–	–	–	–
Low Boon Hwee ⁽²⁾	4	–	–	–	–	–	–	–
Lee Gee Aik	4	4	5	5	1	1	1	1
Ang Miah Khiang	4	4	5	5	1	1	1	1
Marcus Chow Wen Kwan	4	4	5	4	1	1	1	1

Notes:

- (1) 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 Secretaries prior to the commencement of such meetings and these attendance lists are kept in the statutory records of the Company.

Corporate Governance Report

- (2) Dr Low Boon Hwee was appointed with effect from 1 January 2014. The announcement in relation to his appointment was released via SGXNET on 2 January 2014. Accordingly, Dr Low Boon Hwee did not attend any meetings in FY2013.

The Company does not have a formal training program for new directors. However, the Board ensures that all the newly appointed Directors will be given an orientation or attend relevant seminars conducted by the Singapore Institute of Directors to familiarise them 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. Further, newly appointed Directors will be provided with a formal letter setting out their duties and obligations.

Dr Low Boon Hwee attended the seminar on "Listed Company Director Essentials-Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know" conducted by the Singapore Institute of Directors in January 2014.

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 judgement on corporate affairs independently, in particular, from Management and any shareholder who has an interest or interests in not less than 10% of the total votes attached to all the voting shares in the Company. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises nine (9) Directors, of which three (3) 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)

Low Boon Hwee (Executive Director)

Independent Directors

Lee Gee Aik (Lead Independent Director)

Ang Miah Kiang (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, its related companies, its shareholders who have an interest or interests in not less than 10% of the total votes attached to all the voting shares in the Company ("**10% Shareholders**") or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that director's independent judgement with the view to the best interests of the Company.

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

There are no Directors who have served on the Board beyond nine (9) years from the date of his first appointment.

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. 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 22 to 26 of this Annual Report.

Corporate Governance Report

The Independent Directors who are Non-Executive Directors will constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Non-Executive Directors will have discussions amongst themselves without the presence of the Management and the rest of the Executive Directors.

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.

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) at least 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 is inappropriate or where such communication has failed to resolve the concerns or issues raised.

Board Membership

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

The Nominating Committee consists of the three Independent Director:

- (i) Mr Ang Miah Kiang (Chairman)
- (ii) Mr Lee Gee Aik (Member)
- (iii) Mr Marcus Chow Wen Kwan (Member)

Corporate Governance Report

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;
- (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 Chief Financial Officer ("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 may, if necessary, interview 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
Low Boon Hwee	1 January 2014
Lee Gee Aik	25 July 2012
Ang Miah Khiang	25 July 2012
Marcus Chow Wen Kwan	25 July 2012

Corporate Governance Report

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 independence. 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 Khiang 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, Mr Tan Teck Wei and Dr Low Boon Hwee 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.

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 Board, with the concurrence of the Nominating Committee, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the Nominating Committee will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company.

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 Environment 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
PS Group Holdings Ltd	Non-executive Director
Baker Technology Ltd	Non-executive Director

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

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

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

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

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.

The Company does not have any alternate Directors.

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). Accordingly, pursuant to Article 108 of the Articles of Association, Mr Toh Chew Leong, Mr Tan Teck Wei and Mr Lee Gee Aik will be due for retirement and re-election at the forthcoming Annual General Meeting.

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 Dr Low Boon Hwee was newly appointed, pursuant to Article 117 of the Articles of Association, he 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(9) 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 as of the date of this Annual Report, are as follows:

Corporate Governance Report

No.	Name	Current Position in the Company	Family Relationship with any Directors and/or Substantial Shareholders of the Company
1.	Toh Chew Chai	Deputy Chief Operating Officer	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Executive Directors of the Company
2.	Seow Soon Kee	Group Administration Manager	Spouse of Mr Toh Choo Huat, Executive Chairman and the CEO of the Company
3.	Toh Chiew Boon	Operations Manager	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Executive Directors of the Company
4.	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, Executive Directors of the Company
5.	Lim Tong Lee	Senior Construction Manager	Brother-in-law of Madam Oh Ah Ber who is the spouse of Mr Toh Swee Kim, Executive Director of the Company
6.	Toh Kai Sheng	Head, Operational Information Department	Son of Mr Toh Chew Chai who is a substantial shareholder of the Company and brother of Mr Toh Choo Huat, Executive Chairman and CEO of the Company.
7.	Toh Kai Hock	Group IT Manager	Son of Mr Toh Chew Chai who is a substantial shareholder of the Company and brother of Mr Toh Choo Huat, Executive Chairman and the CEO of the Company

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees 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. The Nominating Committee assesses the Board's effectiveness as a whole through the completion of a questionnaire by each member of the Nominating Committee which includes questions covering the above-mentioned areas of assessment. The Nominating Committee collates the results of these questionnaires and discusses the results collectively with other Board members to address any areas for improvement.

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.

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).

Corporate Governance Report

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 so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 Company Secretaries and the Management.

At least one of the Company Secretaries and/or her representatives attends all the meetings held by the Board and/or the Board Committees her 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 appointment and the removal of the Company Secretary rest with the Board as a whole.

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.

Corporate Governance Report

As at the date of this Annual Report, the Remuneration Committee comprises the Company's three (3) existing Independent Directors, namely Mr Marcus Chow Wen Kwan (Chairman of the Remuneration Committee), Mr Ang Miah Khiang (Member of the Remuneration Committee) and Mr Lee Gee Aik (Member of 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/her remuneration package.

The Remuneration Committee will be provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company.

The Remuneration Committee reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and key management executives to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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 Directors' fees are recommended by the Remuneration Committee and endorsed by the Board for approval by the shareholders of the Company at Annual General Meetings.

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.

Corporate Governance Report

Currently the Company does not have any long-term incentives scheme for its Directors and key management.

The Company had entered into separate service agreements with each of Mr Toh Choo Huat, Mr Toh Swee Kim, Mr Toh Chew Leong, Mr Koh Tiam Teng, Mr Tan Teck Wei and Dr Low Boon Hwee which set out the framework of their respective remunerations. These service agreements provide, *inter alia*, that either each Executive Director or the Company may terminate that Executive Director's service agreement upon giving written notice of not less than six (6) months.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, 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 management personnel 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.

Taking note of the competitive pressures in the talent market, the Board has, on review, decided not to disclose the full details of the remuneration of the Company's executive directors and key management personnel. The breakdown of remuneration (in percentage terms) of the Directors of the Company paid and payable for FY2013 is set out below:

Remuneration Band and Name of Directors	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
S\$0 to S\$100,000						
Lee Gee Aik	100	-	-	-	-	100
Ang Miah Khiang	100	-	-	-	-	100
Marcus Chow Wen Kwan	100	-	-	-	-	100
S\$100,000 to S\$249,999						
Tan Teck Wei	-	90	7	3	-	100
S\$250,000 to S\$499,999						
Toh Choo Huat	-	90	7	3	-	100
Toh Chew Leong	-	90	8	2	-	100
Toh Swee Kim	-	90	7	3	-	100
Low Boon Hwee	-	79	13	-	8	100
Koh Tiam Teng	-	89	7	4	-	100

The breakdown of remuneration of the top 5 Key Management for FY2013 is set out below:

Remuneration Band and Name of Key Management	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
S\$100,000 to S\$249,999						
Toh Geok Boon, David ⁽¹⁾	-	92	4	4	-	100
Toh Chew Chai	-	81	14	5	-	100
Lim Fan Edmund	-	76	24	-	-	100
Brayden Toh ⁽²⁾	-	83	12	5	-	100
Seow Soon Kee, Shirley	-	86	6	8	-	100
Toh Kai Sheng ⁽²⁾	-	82	11	5	2	100
S\$250,000 to S\$499,999						
Nil	-	-	-	-	-	-

Corporate Governance Report

Notes:

- (1) Mr Toh Geok Boon, David resigned with effect from 9 March 2014. The announcement containing details of his resignation was released via SGXNET on 7 March 2014.
- (2) Mr Brayden Toh and Mr Toh Kai Sheng were appointed as Executive Officers with effect from 1 March 2014. The announcements containing details of their appointments were released via SGXNET on 28 February 2014.

The break-down of remuneration of the employees of the Company and its subsidiaries who are immediate family member of a Director and whose remuneration exceeded S\$50,000 during the financial year ended 31 December 2013, is as below:

Remuneration Band and Name of Relative	Family Relationship with any Directors	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
S\$50,000 to S\$100,000							
Ang Boon Lian	Spouse of Madam Toh Ley Keow who is the sister of Mr Toh Choo Huat, Mr Toh Chew Leong and Mr Toh Swee Kim, Executive Directors of the Company.	–	85	12	3	–	100
Toh Chiew Boon	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Executive Directors of the Company	–	89	8	3	–	100
S\$100,000 to S\$150,000							
Toh Kai Hock	Son of Mr Toh Chew Chai, who is the brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Executive Directors of the Company.	–	89	11	–	–	100
Seow Soon Kee, Shirley	Spouse of Mr Toh Choo Huat, Executive Chairman and CEO of the Company.	–	86	6	8	–	100
Lim Tong Lee	Brother-in-law of Madam Oh Ah Ber who is the spouse of Mr Toh Swee Kim, Executive Director of the Company	–	84	14	2	–	100
Toh Kai Sheng	Son of Mr Toh Chew Chai, who is the brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Executive Directors of the Company.	–	82	11	5	2	100
S\$150,000 to S\$200,000	–	–	–	–	–	–	–
S\$200,000 to S\$250,000							
Toh Chew Chai	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim, Executive Directors of the Company	–	81	14	5	–	100

Corporate Governance Report

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

There is no termination, retirement and post-employment benefits granted to Directors or the key management personnel.

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 28 February 2014, 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 exceeds S\$150,000 for FY2013 is set out below:

Remuneration Band and Name of Executive Officers	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
S\$100,000 to S\$249,000						
Toh Chew Chai	-	81	14	5	-	100

(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 above mentioned 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 the Executive Director, Mr Koh Tiam Teng.

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.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Corporate Governance Report

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.

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 and effective as at 31 December 2013.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and
- (b) regarding the effectiveness of the Company’s risk management and internal control systems.

The Board acknowledges that it is responsible for the overall internal control and risk management framework, but recognises that all internal control and risk management systems contain inherent limitations and that no 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. The Board notes that all internal control systems can provide only reasonable and not absolute assurance against the occurrence of material misstatement or loss, poor judgement in decision making, human error, fraud or other irregularities.

Risk Management (Listing Rule 1207(4)(b)(iv))

The Board of Directors oversees the Group’s financial risk management policies. Where there are significant risks in respect of the Group’s operations, risk management practices will be put in place to address these risks.

Audit Committee

Principle 12: 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 (3) 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).

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, being a fellow with the Association of Chartered Certified Accountants, United Kingdom and the Institute of Singapore Chartered Accountants. 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 financial reporting issues and judgements 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 FY2013, 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.

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.

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.

The Audit Committee is also briefed by the External Auditors on any change in the accounting standards which have a direct impact on the Company's financial statements. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the Audit Committee.

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 FY2013 are S\$338,000 (excluding disbursements and GST). The Audit Committee noted that Messrs KPMG LLP was also engaged to provide non-audit related services also in FY2013. Messrs KPMG LLP was also appointed in FY2013 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.

In FY2013, the non-audit related work carried out by Messrs KPMG LLP amounted to a fee of S\$46,800 (excluding disbursements and GST). The Audit Committee having reviewed of all the non-audit related work provided by Messrs KPMG LLP for FY2013, is satisfied that the objectivity and independence of Messrs KPMG LLP have not been compromised.

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.

The previous directors of the Company (when it was formerly known as Ultron 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.

Corporate Governance Report

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 FY2013, no performance shares have been allotted to any employees or directors of the Company.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and 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 firm Messrs RSM Ethos Advisory Pte Ltd to perform such internal audit functions ("**Internal Auditors**"). The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee.

Messrs RSM Ethos Advisory Pte Ltd is not the external auditor of the Company and the Audit Committee noted that the internal audits conducted by Internal Auditors are expected to meet or exceed 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.

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The annual conduct of audits by the Internal Auditors assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the Audit Committee and the Management that the Group's risk management, controls and governance processes are adequate and effective.

(D) SHAREHOLDERS RIGHT AND RESPONSIBILITY

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote 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.

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, Financial PR Pte Ltd, to support the Group in promoting the communication with its Shareholders and the investment community.

Corporate Governance Report

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board supports the Code's principle to encourage shareholder participation at the Annual General Meetings of 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. As the number of shareholders who attend the general meetings are generally not large, it is not cost effective to have voting by poll or electronic polling.

The Board note that there should be separate resolutions at general meetings on each substantially separate issue and supports the code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

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 Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to Shareholders upon their request.

The Chairman 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 announcement and one month prior to the announcement of the Group's financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished material price-sensitive information of the Group.

Corporate Governance Report

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.

The Board shall ensure that the Company complies with the principal corporate governance recommendations set out in the best practices guide issued by SGX-ST for FY2013.

(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.

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.

Save as the interested person transactions disclosed below and as set out in the Circular, no other interested person transactions was entered into during FY2013:

Name of Interested Person and/or Related Person	Aggregate value of all Interested/ Related Person Transactions during the FY2013 (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) (S\$'000)	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 and renewed at the Annual General Meeting held on 26 April 2013 (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) (S\$'000)
Purchases from Pan Asian Holdings Limited	Nil	3,921
Purchases from Hen Sheng Civil Engineering Pte Ltd	Nil	642
Sales to Sing & San Construction Pte Ltd	Nil	492
Services provided by Pan Asian Holdings Ltd	123	-

Corporate Governance Report

(G) MATERIALS CONTRACTS

Save as disclosed under “Material Contracts” in the announcements made on SGXNET and in 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 FY2013, or if not then subsisting, entered into since the end of the previous financial year.

(H) REPORT ON THE USE OF PLACEMENT SHARE PROCEEDS

As announced via SGXNET, the Company had:

- (a) on 26 July 2012, issued 81,000,000 new ordinary shares at S\$0.22 per share for cash on 26 July 2012 pursuant to which net proceeds of approximately S\$12.3 million (“**Placement 1**”); and
- (b) on 31 July 2013, entered into separate subscription agreement with two investors, Hiap Hoe Investment Pte. Ltd. and Mr Teo Kian Huat for the placement of up to 98,734,000 new ordinary shares in the issued and paid-up capital of the Company pursuant to which net proceeds of approximately S\$15.6 million were raised (“**Placement 2**”),

and out of the net proceeds of approximately S\$27.9 million raised from the aforementioned placement exercises, the balance of the unutilised funds as at the date of this Annual Report is as follows:

Description	Placement 1 (S\$' million)	Placement 2 (S\$' million)	Total (S\$' million)
Net proceeds received	12.3	15.6	27.9
Amount utilised	12.3	12.9	25.2
Balance available	–	2.7	2.7

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Report of the Directors

Year ended December 31, 2013

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 2013.

Directors

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

Toh Choo Huat
Toh Swee Kim
Tan Teck Wei
Toh Chew Leong
Koh Tiam Teng
Lee Gee Aik
Ang Miah Khiang
Marcus, Chow Wen Kwan
Low Boon Hwee (Appointed on 1 January 2014)

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	At end of the year	At beginning of the year	At end of the year
The Company				
– ordinary shares				
Toh Choo Huat	–	–	309,050,700	310,121,700
Toh Swee Kim	–	–	309,050,700	310,121,700
Toh Chew Leong	–	–	309,050,700	310,121,700
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 beginning 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 2014.

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.

Report of the Directors

Year ended December 31, 2013

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 is administered by the Audit Committee comprising Mr Lee Gee Aik (Chairman of the Audit Committee), Mr Ang Miah Khiang and Mr Marcus Chow Wen Kwan, 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 2013, 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, no (2012: 5,000) consolidated warrants were exercised. On 13 June 2013, any rights comprised in the consolidated warrants which had not been exercised had lapsed and the consolidated warrant ceased to be valid for any purpose whatsoever. Accordingly, as at 31 December 2013, there were no (2012: 14,390,289) 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, 2013

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

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

On behalf of the Board of Directors

Toh Choo Huat

Director

Koh Tiam Teng

Director

8 April 2014

Statement by the Directors

Year ended December 31, 2013

In our opinion:

- (a) the financial statements set out on pages 64 to 107 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 2013 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 2014

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 (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 2013, 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 64 to 107.

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 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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
Chartered Accountants

Singapore

8 April 2014

Statements of Financial Position

Year ended December 31, 2013

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Assets					
Property, plant and equipment	4	82,191	66,084	–	–
Lease prepayment	5	3,405	2,102	–	–
Investment property	6	2,045	2,101	–	–
Subsidiaries	7	–	–	110,000	110,000
Club membership		271	271	–	–
Non-current assets		87,912	70,558	110,000	110,000
Inventories	8	5,827	7,093	–	–
Development property	9	13,708	–	–	–
Contracts work-in-progress	10	113,393	84,037	–	–
Trade and other receivables	11	46,990	29,152	30,028	4,574
Financial assets designated at fair value through profit or loss	12	88	92	–	–
Cash and cash equivalents	13	33,721	23,891	597	7,097
Current assets		213,727	144,265	30,625	11,671
Total assets		301,639	214,823	140,625	121,671
Equity					
Share capital	14	71,117	55,527	137,336	121,746
Reserves	14	576	(307)	(1,127)	(969)
Retained earnings/(Accumulated loss)		35,131	21,763	3,825	(993)
Equity attributable to owners of the Company		106,824	76,983	140,034	119,784
Non-controlling interests		351	1,020	–	–
Total equity		107,175	78,003	140,034	119,784
Liabilities					
Loans and borrowings	15	48,027	38,692	–	–
Deferred tax liabilities	16	4,485	3,986	–	–
Non-current liabilities		52,512	42,678	–	–
Loans and borrowings	15	106,342	54,389	–	–
Trade and other payables	17	32,877	37,016	581	1,887
Provision	19	106	106	–	–
Current tax payable		2,627	2,631	10	–
Current liabilities		141,952	94,142	591	1,887
Total liabilities		194,464	136,820	591	1,887
Total equity and liabilities		301,639	214,823	140,625	121,671

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

Consolidated Statements of Comprehensive Income

Year ended December 31, 2013

	Note	2013 \$'000	2012 \$'000
Revenue	20	153,165	148,450
Cost of sales		(126,806)	(121,062)
Gross profit		<u>26,359</u>	<u>27,388</u>
Other income	21	13,985	3,087
Distribution expenses		(1,290)	(687)
Administrative expenses		(17,861)	(14,383)
Other operating expenses		(305)	(13,099)
Results from operating activities		<u>20,888</u>	<u>2,306</u>
Finance costs	22	(4,523)	(3,141)
Profit/(loss) before tax		<u>16,365</u>	<u>(835)</u>
Tax expense	23	(2,043)	(2,322)
Profit/(loss) for the year	24	<u>14,322</u>	<u>(3,157)</u>
Other comprehensive income/(expense)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		883	(307)
Other comprehensive income/(expense) for the year, net of tax		<u>883</u>	<u>(307)</u>
Total comprehensive income/(expense) for the year		<u><u>15,205</u></u>	<u><u>(3,464)</u></u>
Profit/(loss) attributable to:			
Owners of the Company		14,344	(3,511)
Non-controlling interests		(22)	354
		<u>14,322</u>	<u>(3,157)</u>
Total comprehensive income/(expense) attributable to:			
Owners of the Company		15,227	(3,818)
Non-controlling interests		(22)	354
		<u>15,205</u>	<u>(3,464)</u>
Earnings per share			
Basic and diluted earnings (cents)	26	<u>2.70</u>	<u>(0.81)</u>

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

Consolidated Statements of Changes in Equity

Year ended December 31, 2013

	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'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 by non-controlling shareholder 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 Statements of Changes in Equity

Year ended December 31, 2013

	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2013	55,527	(307)	21,763	76,983	1,020	78,003
Total comprehensive income/ (expense) for the year						
Profit/(loss) for the year	–	–	14,344	14,344	(22)	14,322
Other comprehensive income						
Foreign currency translation differences/Total other comprehensive income	–	883	–	883	–	883
Total comprehensive income/ (expense) for the year	–	883	14,344	15,227	(22)	15,205
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
One-tier tax exempt interim dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2012	–	–	(1,234)	(1,234)	–	(1,234)
Issue of shares pursuant to share placement exercise	16,212	–	–	16,212	–	16,212
Share issuance expenses	(622)	–	–	(622)	–	(622)
Total contributions by and distributions to owners	15,590	–	(1,234)	14,356	–	14,356
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests without a change in control	–	–	258	258	(647)	(389)
Total transactions with owners	15,590	–	(976)	14,614	(647)	13,967
At 31 December 2013	71,117	576	35,131	106,824	351	107,175

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

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Profit/(loss) for the year		14,322	(3,157)
Adjustments for:			
Depreciation of investment property		14	26
Depreciation of property, plant and equipment		8,469	7,360
Dividend income from quoted shares		(2)	(2)
Interest income		(24)	(26)
Finance costs		4,523	3,141
Changes in fair value of financial assets designated at fair value through profit or loss		4	(15)
Gain on disposal of property, plant and equipment		(11,420)	(503)
Impairment loss on trade receivables reversed, net		–	(15)
Bad debts written off		170	51
Goodwill on consolidation written off		–	11,298
Amortisation of lease prepayment		64	13
Tax expense		2,043	2,322
		18,163	20,493
Changes in working capital:			
Inventories		1,266	(2,791)
Development property		(13,708)	–
Contracts work-in-progress		(29,356)	(32,503)
Trade and other receivables		(17,590)	(14,526)
Trade and other payables		(1,813)	11,729
Cash used in operations		(43,038)	(17,598)
Tax paid		(1,548)	(1,620)
Net cash used in operating activities		(44,586)	(19,218)
Cash flows from investing activities			
Acquisition of a subsidiary	25	(390)	1,725
Acquisition of club membership		–	(229)
Acquisition of property, plant and equipment		(19,116)	(17,505)
Acquisition of lease prepayment		(1,207)	(2,115)
Balances with related parties (non-trade)		–	535
Dividend received from quoted shares		2	2
Interest received		24	26
Proceeds from disposal of property, plant and equipment		15,224	1,176
Net cash used in investing activities		(5,463)	(16,385)

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

Consolidated Statement of Cash Flows

Year ended December 31, 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from financing activities			
Balances with related parties (non-trade)		(779)	1,794
Cash distribution to shareholders		(1,546)	(2,000)
Cash injection by minority shareholder		–	246
Dividends paid		(1,234)	(4,000)
Increase in fixed deposits pledged with banks		(6,009)	(2,320)
Interest paid		(4,523)	(3,141)
Proceeds from issue of shares		16,212	12,678
Share issuance expenses		(622)	(381)
Proceeds from bank borrowings		60,374	36,620
Proceeds from bill payables		112,075	53,847
Repayment of bank borrowings		(24,729)	(13,385)
Repayment of bill payables		(90,815)	(45,754)
Repayment of finance lease liabilities		(6,048)	(4,839)
Net cash generated from financing activities		52,356	29,365
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		17,136	23,681
Effect of exchange rate fluctuation on cash held		326	(307)
Cash and cash equivalents at end of year	13	19,769	17,136

During the financial year ended 31 December 2013, the Group acquired property, plant and equipment with an aggregate cost of \$28,359,000 (2012: \$25,566,000), of which \$9,243,000 (2012: \$8,061,000) were acquired under finance leases.

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

Notes to the Financial Statements

Year ended December 31, 2013

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 2014.

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.

The consolidated financial statements of the Company as at and for the year ended 31 December 2013 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.

1.1 Reverse acquisition undertaken by the Company

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 Acquisition (“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 FRS 103, 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.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 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 3.

2.3 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.

Notes to the Financial Statements

Year ended December 31, 2013

2 Basis of preparation (continued)

2.4 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 4 – measurement of recoverable amounts of property, plant and equipment
- Note 20 – 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

2.5 Adoption of new/revised Financial Reporting Standards

FRS 19 Employee Benefits (revised 2011)

The Group applies FRS 19 *Employee Benefits* (revised 2011), which became effective as of 1 January 2013. FRS 19 amended the definition of short term employee benefits and required employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits.

These amendments were applied retrospectively. There was no significant impact on the financial position or performance of the Group arising from the adoption of these amendments.

FRS 113 Fair Value Measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about the fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosure required as a result of the adoption of this standard has been included in note 30.

Amendments to FRS 1 Presentation of Financial Statements

From 1 January 2013, as a result of the amendments to FRS 1 *Presentation of Financial Statements*, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The adoption of the amendments to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies

Except as explained in note 2.5, 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.

3.1 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.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. 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.

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 are measured either 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. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

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.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Reverse acquisition

As set out in note 1.1, 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. Accordingly, the consolidated financial statements for the financial year ended 31 December 2013 are those of the LC Group's financial statements.

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 1.1). 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.

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.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies (continued)

3.2 Foreign currencies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

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 component of an item of property, plant and equipment, unless it is included in the carrying amount of another 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 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, 2013

3 Significant accounting policies (continued)

3.4 Lease prepayments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Lease prepayments for land use rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the respective lease terms.

3.5 Goodwill on consolidation

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation of the investment property is recognised on a straight line basis over the estimated useful life of 50 years of the investment property.

Depreciation methods and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

When the use of property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.9 Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payables in the statement of financial position.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies (continued)

3.10 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

Financial guarantees

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contract are accounted for as insurance contract. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing the individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies (continued)

3.10 Financial instruments (continued)

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or when they expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.11 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies (continued)

3.11 Impairment (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and investment property, 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 ("CGU") 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.

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.

3.12 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.

3.13 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, 2013

3 Significant accounting policies (continued)

3.14 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. When 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 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

Dividend 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.

3.15 Finance costs

Finance costs comprise interest expense 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, 2013

3 Significant accounting policies (continued)

3.16 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 temporary 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.

3.17 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.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Notes to the Financial Statements

Year ended December 31, 2013

3 Significant accounting policies (continued)

3.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

4 Property, plant and equipment

	Leasehold buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Group					
Cost					
At 1 January 2012	10,426	43,613	12,826	520	67,385
Additions	–	11,212	3,436	10,918	25,566
Transfers	1,028	–	–	(1,028)	–
Disposals	–	(503)	(1,281)	–	(1,784)
Translation differences	–	–	(3)	–	(3)
At 31 December 2012	11,454	54,322	14,978	10,410	91,164
Additions	–	10,918	3,709	13,732	28,359
Disposals	(3,773)	(1,462)	(464)	–	(5,699)
Translation differences	–	1	3	18	22
At 31 December 2013	7,681	63,779	18,226	24,160	113,846
Accumulated depreciation					
At 1 January 2012	1,431	11,942	5,458	–	18,831
Depreciation charge for the year	566	4,737	2,057	–	7,360
Disposals	–	(243)	(868)	–	(1,111)
At 31 December 2012	1,997	16,436	6,647	–	25,080
Depreciation charge for the year	586	5,781	2,102	–	8,469
Disposals	(1,024)	(561)	(310)	–	(1,895)
Translation differences	–	–	1	–	1
At 31 December 2013	1,559	21,656	8,440	–	31,655
Carrying amounts					
At 31 December 2011	8,995	31,671	7,368	520	48,554
At 31 December 2012	9,457	37,886	8,331	10,410	66,084
At 31 December 2013	6,122	42,123	9,786	24,160	82,191

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.

Notes to the Financial Statements

Year ended December 31, 2013

4 Property, plant and equipment (continued)

Depreciation of and impairment loss on property, plant and equipment (continued)

	Group	
	2013 \$'000	2012 \$'000
Carrying amount of property, plant and equipment under finance lease obligations	22,463	18,446
Depreciation of property, plant and equipment which has been capitalised in contract work-in-progress	7,313	6,208
Carrying amount of certain property, plant and equipment mortgaged to banks to secure banking facilities (see note 15)		
- Leasehold buildings	6,122	6,698
- Construction in progress	18,835	8,471

5 Lease prepayments

	Group \$'000
Cost	
At 1 January 2012	–
Additions	2,115
At 31 December 2012	2,115
Additions	1,207
Translation differences	163
At 31 December 2013	3,485
Accumulated amortisation	
At 1 January 2012	–
Amortisation for the year	13
At 31 December 2012	13
Amortisation for the year	64
Translation differences	3
At 31 December 2013	80
Carrying amounts	
At 31 December 2012	2,102
At 31 December 2013	3,405

The lease prepayments represent payments for land use rights of 2 (2012: 1) parcels of land located in the People's Republic of China on which the asphalt plants of the Group are erected. The lease prepayments are as follows:

	Commencement date	Length of leases (years)
Lease prepayment I	December 2012	50 years
Lease prepayment II	April 2013	50 years

None of the leases include contingent rentals.

Notes to the Financial Statements

Year ended December 31, 2013

6 Investment property

	Note	Group	
		2013 \$'000	2012 \$'000
Costs			
At 1 January		2,127	–
Acquisition of subsidiary	25	–	2,120
Translation differences		(42)	7
At 31 December		<u>2,085</u>	<u>2,127</u>
Accumulated depreciation			
At 1 January		26	–
Depreciation charge for the year		14	26
At 31 December		<u>40</u>	<u>26</u>
Carrying amounts			
At 31 December		<u>2,045</u>	<u>2,101</u>

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 \$2,337,000 (2012: \$2,127,000) at 31 December 2013. In determining the fair value, the valuer used the market condition and sales of comparable properties approach.

7 Subsidiaries

	Company	
	2013 \$'000	2012 \$'000
Unquoted equity shares, at cost	<u>110,000</u>	<u>110,000</u>

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Ownership interest	
			2013 %	2012 %
<u>Held by the Company</u>				
Ley Choon (M) Sdn Bhd	Malaysia	Rental income	100	100
Ley Choon Constructions & Engineering Pte. Ltd. #	Singapore	Non-building construction and manufacture of asphalt premix	100	100

Notes to the Financial Statements

Year ended December 31, 2013

7 Subsidiaries (continued)

Name of subsidiary	Country of incorporation	Principal activities	Ownership interest	
			2013 %	2012 %
<u>Held by Ley Choon Constructions & Engineering Pte. Ltd.</u>				
Multiform Developments & Construction Pte. Ltd. #	Singapore	Road construction and mixed construction activities	100	100
Ley Choon Developments Pte. Ltd.	Singapore	Mixed construction activities	100	100
Chin Kuan Engineering & Contractors Pte. Ltd. #	Singapore	Mixed construction activities and civil engineering	100	100
Teacly (S) Pte. Ltd.	Singapore	Non-building construction, building cleaning and maintenance services	100	100
Ley Choon EWC Sdn Bhd	Brunei	Non-building construction (civil engineering construction) and manufacturing of asphalt premix	51	51
<u>Held by Teacly (S) Pte. Ltd.</u>				
Pan Alliance Technology International Pte. Ltd. #	Singapore	Water and gas pipe-line and sewer construction	100	70
<u>Held by Ley Choon Developments Pte Ltd</u>				
Ley Choon (Yantai) Eco-Green Construction Material Ltd. #	People's Republic of China	Recycling of construction waste and development of eco-green construction products; and production and sale of asphalt concrete, dry mortar concrete, concrete block and sands	100	100

Significant subsidiary

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Notes to the Financial Statements

Year ended December 31, 2013

8 Inventories

	Group	
	2013 \$'000	2012 \$'000
Raw materials, at cost	5,827	7,093

9 Development property

	Group	
	2013 \$'000	2012 \$'000
Development property, at cost:		
Cost of freehold land	13,622	–
Development costs	86	–
	<u>13,708</u>	<u>–</u>

The development property has been pledged as collaterals to secure banking facilities for the Group (see note 15).

10 Contracts work-in-progress

	Note	Group	
		2013 \$'000	2012 \$'000
Costs incurred and attributable profits		527,799	425,607
Progress billings		(415,000)	(341,603)
		<u>112,799</u>	<u>84,004</u>
Contracts work-in-progress		113,393	84,037
Excess of progress billings over contracts work-in-progress	17	(594)	(33)
		<u>112,799</u>	<u>84,004</u>

Notes to the Financial Statements

Year ended December 31, 2013

11 Trade and other receivables

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables				
- third parties	43,969	26,949	-	-
Impairment losses	-	(573)	-	-
	43,969	26,376	-	-
Other receivables	128	372	-	-
Non-trade amounts due from subsidiaries	-	-	30,018	4,557
Staff loans	13	27	-	-
Loans and receivables	44,110	26,775	30,018	4,557
Downpayment for the purchase of land	1,834	1,164	-	-
Advances to suppliers	-	308	-	-
Prepayments	1,046	905	10	17
	46,990	29,152	30,028	4,574

The staff loans and non-trade amounts due from subsidiaries are unsecured and interest-free, and are repayable on demand.

The Group's and the Company's exposure to credit risk, impairment losses related to trade and other receivables are disclosed in note 30.

12 Financial assets designated at fair value through profit or loss

	Group	
	2013 \$'000	2012 \$'000
Quoted equity shares, at fair value	88	92

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

13 Cash and cash equivalents

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and on hand	21,223	17,402	597	5,796
Fixed deposits	12,498	6,489	-	1,301
	33,721	23,891	597	7,097
Bank overdrafts	(1,454)	(266)		
Deposits pledged	(12,498)	(6,489)		
Cash and cash equivalents in the consolidated statements of cash flows	19,769	17,136		

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

Notes to the Financial Statements

Year ended December 31, 2013

14 Capital and reserves

Share capital

	Company	
	2013 Number of shares '000	2012 Number of shares '000
Fully paid ordinary shares, with no par value:		
At beginning of year	493,673	431,859
Issue of new shares pursuant to the Reverse Takeover	–	3,928,571
Exercise of warrants	–	50
	<hr/>	<hr/>
	493,673	4,360,480
Share Consolidation	–	(3,924,432)
	<hr/>	<hr/>
	493,673	436,048
Issue of shares pursuant to share placement exercise	98,734	57,625
At end of year	<hr/> <hr/>	<hr/> <hr/>
	592,407	493,673

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 16 August 2013, 98,734,000 (2012: 57,625,000) ordinary shares were issued at \$0.1642 (2012: \$0.22) per share pursuant to a share placement exercise. All new ordinary shares were fully subscribed and paid.

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.

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 1.1. In connection with the RTO, the Company underwent a share consolidation of ten existing shares into one consolidated share.

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, no (2012: 5,000) consolidated warrants were exercised. On 13 June 2013, any rights comprised in the consolidated warrants which had not been exercised had lapsed and the warrants ceased to be valid for any purpose whatsoever. Accordingly, as at 31 December 2013, there were no (2012: 14,390,289) 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.

Notes to the Financial Statements

Year ended December 31, 2013

14 Capital and reserves (continued)

Reserves

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Foreign currency translation reserve	576	(307)	–	–
Capital reserve	–	–	(1,127)	(969)
	<u>576</u>	<u>(307)</u>	<u>(1,127)</u>	<u>(969)</u>

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

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:-

- 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
- 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:

- 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");
- if necessary, the Company obtaining approval from, *inter alia*, SGX-ST and The Central Depository (Pte) Limited; and
- 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.

During the financial year, Contingent Dividend of \$0.00358 for each share held by the Entitled Shareholders were declared and paid.

Notes to the Financial Statements

Year ended December 31, 2013

15 Loans and borrowings

	Group	
	2013 \$'000	2012 \$'000
Non-current liabilities		
Secured bank loans	39,224	31,658
Finance lease liabilities	8,803	7,034
	48,027	38,692
Current liabilities		
Bank overdrafts	1,454	266
Secured bank loans	53,267	25,188
Bills payable	45,465	24,205
Finance lease liabilities	6,156	4,730
	106,342	54,389
Total loans and borrowings	154,369	93,081

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal \$'000	Interest \$'000	Payments \$'000
Group			
At 31 December 2013			
Within one year	6,156	359	6,515
After one year but within five years	8,803	308	9,111
	14,959	667	15,626
At 31 December 2012			
Within one year	4,730	354	5,084
After one year but within five years	7,034	314	7,348
	11,764	668	12,432

Notes to the Financial Statements

Year ended December 31, 2013

15 Loans and borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
Group					
31 December 2013					
Bank overdrafts	SGD	5.50% to 7.50%	–	1,454	1,454
Secured bank loans	SGD	2.17% to 7.00%	2014-2018	92,491	92,491
Bills payable	SGD	3.37% to 5.50%	2014	45,465	45,465
Finance lease liabilities	SGD	2.46% to 9.33%	2018	15,626	14,959
				<u>155,036</u>	<u>154,369</u>
31 December 2012					
Bank overdrafts	SGD	5.50% to 7.50%	–	266	266
Secured bank loans	SGD	2.17% to 7.00%	2013-2017	56,846	56,846
Bills payable	SGD	3.48% to 6.45%	2013	24,205	24,205
Finance lease liabilities	SGD	2.46% to 9.33%	2017	12,432	11,764
				<u>93,749</u>	<u>93,081</u>

Bank overdrafts, bills payable and bank loans are secured by the following:-

- legal mortgage over the Group's leasehold buildings and certain amount of construction in progress (see note 4);
- charge over certain of the Group's plant and equipment (see note 4);
- legal mortgage over the Group's development property (see note 9);
- joint and several guarantees by certain directors of the Company; and
- fixed deposits of the Group (see note 13).

The Group's and the Company's exposure to interest rate and liquidity risks related to loans and borrowings is disclosed in note 30.

16 Deferred tax liabilities

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

	Note	Group \$'000
Property, plant and equipment		
At 1 January 2012		3,893
Acquisition of subsidiary	25	40
Recognised in profit or loss	23	53
At 31 December 2012		<u>3,986</u>
Recognised in profit or loss	23	499
At 31 December 2013		<u>4,485</u>

Notes to the Financial Statements

Year ended December 31, 2013

17 Trade and other payables

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables	25,116	30,230	140	973
Other payables	313	1,034	72	777
Amounts due to subsidiaries, non-trade	–	–	325	–
Amounts due to joint venture partner, non-trade	1,015	1,708	–	–
Amounts due to a director, non-trade	–	86	–	–
Accruals	5,839	3,925	44	137
Excess of progress billings over contracts work-in-progress	594	33	–	–
	<u>32,877</u>	<u>37,016</u>	<u>581</u>	<u>1,887</u>

The non-trade amounts due to subsidiaries, joint venture partner and a director are unsecured and interest-free, and are repayable on demand. The non-trade amounts due to a director was repaid during the financial year.

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

18 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 is administered by the Audit Committee comprising Mr Lee Gee Aik (Chairman of the Audit Committee), Mr Ang Miah Khiang and Mr Marcus Chow Wen Kwan, 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 years ended 31 December 2012 and 2013, no performance shares had been allotted and issued to any employees or directors of the Company.

Notes to the Financial Statements

Year ended December 31, 2013

19 Provision

	Group	
	2013	2012
	\$'000	\$'000
At beginning of year/end of year	106	106

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 provision made represents the management's estimate of the total repair cost, which takes into consideration the amount quoted by a gas pipe specialist.

20 Revenue

	Group	
	2013	2012
	\$'000	\$'000
Contract revenue	145,437	144,035
Sale of construction materials	7,728	4,415
	153,165	148,450

Revenue from construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that 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 costs, as well as the recoverability of the contract costs 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.

21 Other income

	Group	
	2013	2012
	\$'000	\$'000
Dividend income from quoted shares	2	2
Foreign exchange (loss)/gain	(501)	114
Gain on disposal of property, plant and equipment	11,420	503
Income from supply of labour	397	188
Insurance compensation received	80	73
Interest income	24	26
Rental income	602	777
Sale of scraps	752	626
Sundry income	1,209	778
	13,985	3,087

Notes to the Financial Statements

Year ended December 31, 2013

22 Finance costs

	Group	
	2013 \$'000	2012 \$'000
Recognised in profit or loss		
Interest expenses on loans and borrowings	4,523	3,141

23 Tax expense

	Group	
	2013 \$'000	2012 \$'000
Current tax expense		
Current year	2,069	1,959
(Over)/under provision in prior years	(525)	310
	1,544	2,269
Deferred tax expense		
Current year	(1,519)	213
Under/(over) provision in prior years	2,018	(160)
	499	53
Total tax expense	2,043	2,322
Reconciliation of effective tax rate		
Profit/(loss) for the year	14,322	(3,157)
Total tax expense	2,043	2,322
Profit/(loss) excluding tax	16,365	(835)
Tax using the Singapore tax rate of 17% (2012: 17%)	2,782	(142)
Effect of tax rate in foreign jurisdictions	(28)	-
Tax effect on non-taxable items	(2,081)	(261)
Tax effect on non-tax deductible items	272	2,633
Under provision in prior year	1,493	150
Tax exempt income	(112)	(129)
Others	(283)	71
	2,043	2,322

Notes to the Financial Statements

Year ended December 31, 2013

24 Profit/(loss) for the year

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

	Group	
	2013 \$'000	2012 \$'000
Goodwill on consolidation written off	–	11,298
Contributions to defined contribution plans included in staff costs	1,389	1,230
Changes in fair value of financial assets designated at fair value through profit or loss	4	(15)
Cost of inventories recognised in cost of sales	31,907	35,148
Impairment loss on trade receivables reversed, net	–	(15)
Operating lease expenses	2,287	2,041
Staff costs	41,184	31,072
Bad debts written off	170	51
Operating expenses arising from the lease of investment property	14	26
Depreciation of property, plant and equipment	7,364	6,612
Amortisation of lease prepayment	64	13
RTO costs expensed off	–	1,548

25 Acquisition of subsidiary

On 6 February 2013, the Company's wholly owned subsidiary, Teacly (S) Pte Ltd, acquired the remaining 30% equity interest in Pan Alliance Technology International Pte Ltd for a consideration of \$390,000.

As described in Note 1.1 to the financial statements, on 25 July 2012, 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 as at 25 July 2012 were 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
			<u>13,443</u>
Purchase consideration			
- Equity instruments issued as settlement of purchase consideration			12,093
- Cash			1,350
			<u>13,443</u>
Cash acquired			3,075
Cash consideration paid			(1,350)
Net cash inflow			<u>1,725</u>

Notes to the Financial Statements

Year ended December 31, 2013

26 Earnings per share

	Group	
	2013 \$'000	2012 \$'000
Basic earnings per share is based on:		
Profit/(loss) attributable to equity holders of the Company	14,344	(3,511)
	2013 No. of shares '000	2012 No. of shares '000
Weighted average number of ordinary shares at 31 December	531,003	434,922

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.

27 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.

Notes to the Financial Statements

Year ended December 31, 2013

27 Operating segments (continued)

The segment information provided to the Group's CEO for the reportable segments for the year ended 31 December 2013 is as follows:

	Pipes and roads \$'000	Construction materials \$'000	Others \$'000	Total \$'000
For the financial year ended 31 December 2013				
External revenues	145,437	7,728	–	153,165
Inter-segment revenue	42,283	19,172	–	61,455
Total revenue	<u>187,720</u>	<u>26,900</u>	<u>–</u>	<u>214,620</u>
Interest income	–	–	24	24
Interest expenses	(445)	–	(4,078)	(4,523)
Depreciation and amortisation	(6,456)	(840)	(1,237)	(8,533)
Reportable segment profit/(loss) before tax	<u>22,816</u>	<u>1,503</u>	<u>(7,954)</u>	<u>16,365</u>
Reportable segment assets	<u>197,485</u>	<u>13,478</u>	<u>90,676</u>	<u>301,639</u>
Capital expenditure	<u>13,748</u>	<u>438</u>	<u>15,380</u>	<u>29,566</u>
Reportable segment liabilities	<u>70,926</u>	<u>12,081</u>	<u>111,457</u>	<u>194,464</u>
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	<u>206,513</u>	<u>22,724</u>	<u>–</u>	<u>229,237</u>
Interest income	–	–	26	26
Interest expenses	(394)	–	(2,747)	(3,141)
Depreciation and amortisation	(5,593)	(604)	(1,176)	(7,373)
Reportable segment profit/(loss) before tax	<u>23,250</u>	<u>1,258</u>	<u>(25,343)</u>	<u>(835)</u>
Reportable segment assets	<u>146,857</u>	<u>12,306</u>	<u>55,660</u>	<u>214,823</u>
Capital expenditure	<u>8,187</u>	<u>5,145</u>	<u>14,349</u>	<u>27,681</u>
Reportable segment liabilities	<u>51,935</u>	<u>10,885</u>	<u>74,000</u>	<u>136,820</u>

Notes to the Financial Statements

Year ended December 31, 2013

28 Commitments

Capital commitments

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Acquisition of property, plant and equipment contracted but not provided for in the financial statements	15,657	31,803	–	–

Leases as lessee

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Payable:				
Within 1 year	1,672	1,698	–	–
After 1 year but within 5 years	2,795	3,998	–	–
More than 5 years	2,329	8,832	–	–
	6,796	14,528	–	–

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.

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Key management personnel				
Short-term employee benefits	2,895	2,894	175	266
Post-employment benefits	–	80	–	190
	2,895	2,974	175	456

Notes to the Financial Statements

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29 Related parties (continued)

Other related party transactions

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Company in which the key management personnel have control				
Service income	38	50	–	–
Purchases	73	33	–	–

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.

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 2013, approximately 73% (2012: 88%) of the Group's revenue is attributable to sales transactions with its top five customers. The transactions with the Group's most significant customer amounted to \$13,214,000 (2012: \$8,392,000), representing 30% (2012: 32%) of the trade receivables carrying amount as at 31 December 2013.

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, 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, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Notes to the Financial Statements

Year ended December 31, 2013

30 Financial risk management (continued)

Credit risk (continued)

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
	2013	2013	2012	2012	2013	2013	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	31,790	-	18,081	-	-	-	-	-
Past due 31 days to 60 days	6,444	-	2,380	-	-	-	-	-
Past due 61 days to 90 days	3,029	-	1,082	-	-	-	-	-
Past due > 90 days	2,706	-	5,406	(573)	-	-	-	-
	43,969	-	26,949	(573)	-	-	-	-

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

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	573	588	-	1,266
Impairment losses reversed	-	(15)	-	(220)
Impairment losses utilised	(573)	-	-	(1,046)
At end of the year	-	573	-	-

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 past due more than 90 days. These receivables are mainly arising by customers that have good payment records with the Group.

Notes to the Financial Statements

Year ended December 31, 2013

30 Financial risk management (continued)

Credit risk (continued)

Impairment losses (continued)

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.

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.

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	Between 1 to 5 years \$'000
Group				
31 December 2013				
Non-derivative financial liabilities				
Loans and borrowings	154,369	157,758	108,357	49,401
Trade and other payables*	32,283	32,283	32,283	–
	<u>186,652</u>	<u>190,041</u>	<u>140,640</u>	<u>49,401</u>
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>

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

Notes to the Financial Statements

Year ended December 31, 2013

30 Financial risk management (continued)

Liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000
Company				
31 December 2013				
Non-derivative financial liabilities				
Trade and other payables*	581	581	581	–
31 December 2012				
Non-derivative financial liabilities				
Trade and other payables*	1,887	1,887	1,887	–

* 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.

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

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 2012.

	Group	
	2013 \$'000	2012 \$'000
Profit or loss		
Euro	–	14

Notes to the Financial Statements

Year ended December 31, 2013

30 Financial risk management (continued)

Currency risk (continued)

Sensitivity analysis (continued)

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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Fixed rate instruments				
Finance lease liabilities	(14,959)	(11,764)	–	–
Secured bank loans	(92,491)	(56,846)	–	–
Cash and cash equivalents	33,721	23,891	597	7,097
	<u>(73,729)</u>	<u>(44,719)</u>	<u>597</u>	<u>7,097</u>
Variable rate instruments				
Bank overdrafts	(1,454)	(266)	–	–
Bills payable	(45,465)	(24,205)	–	–
	<u>(46,919)</u>	<u>(24,471)</u>	<u>–</u>	<u>–</u>

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 2012.

	Profit or loss	
	100 bp Increase \$'000	100 bp Decrease \$'000
Group		
31 December 2013		
Variable rate instruments	<u>(469)</u>	<u>469</u>
31 December 2012		
Variable rate instruments	<u>(245)</u>	<u>245</u>

Notes to the Financial Statements

Year ended December 31, 2013

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 2013							
Trade and other receivables*	11	–	44,110	–	–	44,110	44,110
Financial assets designated at fair value through profit or loss	12	88	–	–	–	88	88
Cash and cash equivalents	13	–	33,721	–	–	33,721	33,721
		<u>88</u>	<u>77,831</u>	<u>–</u>	<u>–</u>	<u>77,919</u>	<u>77,919</u>
Loans and borrowings:							
- secured bank loans	15	–	–	92,491	–	92,491	96,627
- finance lease liabilities	15	–	–	–	14,959	14,959	15,535
- bills payable	15	–	–	45,465	–	45,465	45,465
- bank overdrafts	15	–	–	1,454	–	1,454	1,454
Trade and other payables#	17	–	–	32,283	–	32,283	32,283
		<u>–</u>	<u>–</u>	<u>171,693</u>	<u>14,959</u>	<u>186,652</u>	<u>191,364</u>
Group							
31 December 2012							
Trade and other receivables*	11	–	26,775	–	–	26,775	26,775
Financial assets designated at fair value through profit or loss	12	92	–	–	–	92	92
Cash and cash equivalents	13	–	23,891	–	–	23,891	23,891
		<u>92</u>	<u>50,666</u>	<u>–</u>	<u>–</u>	<u>50,758</u>	<u>50,758</u>
Loans and borrowings:							
- secured bank loans	15	–	–	56,846	–	56,846	59,623
- finance lease liabilities	15	–	–	–	11,764	11,764	12,355
- bills payable	15	–	–	24,205	–	24,205	24,205
- bank overdrafts	15	–	–	266	–	266	266
Trade and other payables#	17	–	–	36,983	–	36,983	36,983
		<u>–</u>	<u>–</u>	<u>118,300</u>	<u>11,764</u>	<u>130,064</u>	<u>133,432</u>

Notes to the Financial Statements

Year ended December 31, 2013

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 2013						
Trade and other receivables*	11	–	30,018	–	30,018	30,018
Cash and cash equivalents	13	–	597	–	597	597
		–	30,615	–	30,615	30,615
Trade and other payables#	17	–	–	581	581	581
31 December 2012						
Trade and other receivables*	11	–	4,557	–	4,557	4,557
Cash and cash equivalents	13	–	7,097	–	7,097	7,097
		–	11,654	–	11,654	11,654
Trade and other payables#	17	–	–	1,887	1,887	1,887

* 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	
	2013 %	2012 %	2013 %	2012 %
Secured bank loans	4.47	4.89	–	–
Finance lease liabilities	3.85	5.02	–	–

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, 2013

30 Financial risk management (continued)

Fair value hierarchy (continued)

Financial assets carried at fair value

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
31 December 2013				
Financial assets designated at fair value through profit or loss	88	–	–	88
31 December 2012				
Financial assets designated at fair value through profit or loss	92	–	–	92

Financial assets and liabilities not carried at fair value but for which fair values are disclosed

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
31 December 2013				
Trade and other receivables	–	44,110	–	44,110
Cash and cash equivalents	–	33,721	–	33,721
	–	77,831	–	77,831
Secured bank loans	–	96,627	–	96,627
Bills payable	–	45,465	–	45,465
Bank overdrafts	–	1,454	–	1,454
Finance lease liabilities	–	15,535	–	15,535
Trade and other payables	–	32,283	–	32,283
	–	191,364	–	191,364
31 December 2012				
Trade and other receivables	–	26,775	–	26,775
Cash and cash equivalents	–	23,891	–	23,891
	–	50,666	–	50,666
Secured bank loans	–	59,623	–	59,623
Bills payable	–	24,205	–	24,205
Bank overdrafts	–	266	–	266
Finance lease liabilities	–	12,355	–	12,355
Trade and other payables	–	36,983	–	36,983
	–	133,432	–	133,432
Company				
31 December 2013				
Trade and other receivables	–	30,018	–	30,018
Cash and cash equivalents	–	597	–	597
	–	30,615	–	30,615
Trade and other payables	–	581	–	581
31 December 2012				
Trade and other receivables	–	4,557	–	4,557
Cash and cash equivalents	–	7,097	–	7,097
	–	11,654	–	11,654
Trade and other payables	–	1,887	–	1,887

Notes to the Financial Statements

Year ended December 31, 2013

30 Financial risk management (continued)

Fair value hierarchy (continued)

The following table shows the carrying amounts and fair value of significant non-financial assets, including their levels in the fair value hierarchy.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2013				
The Group				
Non-financial assets measured at fair value				
Investment property	–	–	2,045	2,045
2012				
Non-financial assets measured at fair value				
Investment property	–	–	2,101	2,101

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring significant Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Investment property</i>			
Commercial property for leasing when prices per square feet ("psf") for comparable properties are available	Market comparison approach	Selling prices ranging from \$80 to \$170 psf	A significant increase in average selling prices would result in a significantly higher fair value measurement.

Valuation processes applied by the Group

The significant non-financial asset of the Group categorised within Level 3 of the fair value hierarchy is investment property. Generally, the fair value of investment property is determined by an independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuer provides the fair value of the Group's investment property every year. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

Notes to the Financial Statements

Year ended December 31, 2013

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.

Shareholdings Statistics

As at 17 March 2014

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	1,266	38.55	457,145	0.08
1,000 – 10,000	1,239	37.73	4,147,725	0.70
10,001 – 1,000,000	749	22.81	68,524,212	11.57
1,000,001 and above	30	0.91	519,277,914	87.65
	3,284	100.00	592,406,996	100.00

SHAREHOLDINGS HELD IN THE HAND OF PUBLIC SHAREHOLDERS

As at 17 March 2014, approximately 25.18% 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	310,951,700	52.49
2.	Hiap Hoe Investment Pte Ltd	88,268,000	14.90
3.	Koh Tiam Teng	29,008,571	4.90
4.	Maybank Kim Eng Securities Pte Ltd	17,082,250	2.88
5.	Tan Teck Wei	15,011,935	2.53
6.	Liang Say Juan	9,706,935	1.64
7.	Lim Ee Ann	5,324,665	0.90
8.	Hong Leong Finance Nominees Pte Ltd	5,139,000	0.87
9.	Phillip Securities Pte Ltd	3,909,800	0.66
10.	Toh Keng Hong	2,724,000	0.46
11.	DBS Nominees Pte Ltd	2,520,000	0.43
12.	OCBC Securities Private Ltd	2,487,142	0.42
13.	Lim Ee Chuan	2,373,443	0.40
14.	DMG & Partners Securities Pte Ltd	2,287,100	0.39
15.	Kwan Chee Seng	2,245,700	0.38
16.	Wong Nyuk Lian	2,110,000	0.36
17.	DBS Vickers Securities (S) Pte Ltd	1,963,023	0.33
18.	Raffles Nominees (Pte) Ltd	1,599,200	0.27
19.	UOB Kay Hian Pte Ltd	1,518,500	0.26
20.	Tan Kooi Jin	1,454,400	0.25
		507,685,364	85.72

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest	Number of Shares		
		%	Deemed Interest	%
Zheng Choon Holding Pte Ltd	310,951,700	52.49	–	–
Toh Choo Huat	–	–	310,951,700	52.49
Toh Chew Leong	–	–	310,951,700	52.49
Toh Swee Kim	–	–	310,951,700	52.49
Toh Chew Chai	–	–	310,951,700	52.49
Seow Soon Kee	–	–	310,951,700	52.49
Hiap Hoe Investment Pte Ltd	88,268,000	14.90	–	–

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, 25 April 2014 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors of the Company. (Resolution 1)
2. To re-elect as a Director, Mr Toh Chew Leong who is retiring under Article 107 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 2)
3. To re-elect as a Director, Mr Tan Teck Wei who is retiring under Article 107 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 3)
4. To re-elect as a Director, Mr Lee Gee Aik who is retiring under Article 107 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 4)
5. To re-elect as a Director, Dr Low Boon Hwee who is retiring under Article 117 of the Company's Articles of Association.
Dr Low Boon Hwee will, upon re-election as a Director of the Company, remain an Executive Director of the Company. (Resolution 5)
6. To approve the payment of Directors' fees of S\$175,000.00 for the financial year ending 31 December 2014, to be paid quarterly in arrears. (Resolution 6)
7. To re-appoint Messrs KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 7)
8. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

9. 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,

Notice of Annual General Meeting

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 pursuant to 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;
- (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 8)

[See Explanation Note (I)]

10. 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 9)

[See Explanatory Note (II)]

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

“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 Ultro 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 10)

[See Explanatory Note (III)]

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
10 April 2014

Notice of Annual General Meeting

Explanatory Notes:

- I. The Ordinary Resolution 8 in item 9 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 9 proposed under item 10 above relates to the renewal of a mandate originally given by shareholders to the Company on 13 July 2012 and subsequently renewed at the Annual General Meeting held on 26 April 2013, 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 10 April 2014 for details.
- III. The Ordinary Resolution 10 proposed under item 11 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 the shareholders dated 7 October 2009 for further 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.

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, 25 April 2014 at 10:00 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 2013 together with the Reports of the Directors and Auditors of the Company		
2.	Re-election of Mr Toh Chew Leong as a Director of the Company		
3.	Re-election of Mr Tan Teck Wei as a Director of the Company		
4.	Re-election of Mr Lee Gee Aik as a Director of the Company		
5.	Re-election of Dr Low Boon Hwee as a Director of the Company		
6.	Approval of Directors' fees for the financial year ending 31 December 2014, to be paid quarterly in arrears		
7.	Re-appointment of Messrs KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
8.	Authority to allot and issue new shares		
9.	The proposed renewal of the Shareholders' Mandate on Interested Person / Related Person Transactions		
10.	Authority to allot and issue new shares pursuant to the Performance Share Plan		

(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 _____ 2014.

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.
10. 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.

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BUILD . RENEW . RECYCLE

Ley Choon Group Holdings Limited

(Company Registration No. 198700318G)

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