



立 椿
LEY CHOON



LEY CHOON GROUP HOLDINGS LIMITED
ANNUAL REPORT 2014

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:

- 1) 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;
- 2) Road and airfield construction and maintenance services;
- 3) 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.

Our customers include the Singapore government agencies such as Public Utilities Board, Land Transport Authority, Housing and

立塔集团控股有限公司（简称“立塔”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年成立立塔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。

Development Board, Urban Redevelopment Authority, Building and Construction Authority (“BCA”), Jurong Town Corporation, as well as the reputable companies such as Changi Airport Group 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 A1-registered contractor in the category of civil engineering (CW02).

Leveraging on our expertise, the Group has been expanding overseas. The Group has set up its first plant in China, engaging in the construction waste recycling and the development, production and sale of eco-green construction materials. It is also currently undertaking a sewer pipe rehabilitation project in Sri Lanka.

Headquartered in Singapore with total staff strength of over 1,100, 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 Main Board 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、新能源等知名大型企业。

立塔是新加坡建设局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A1级资质注册承包商。

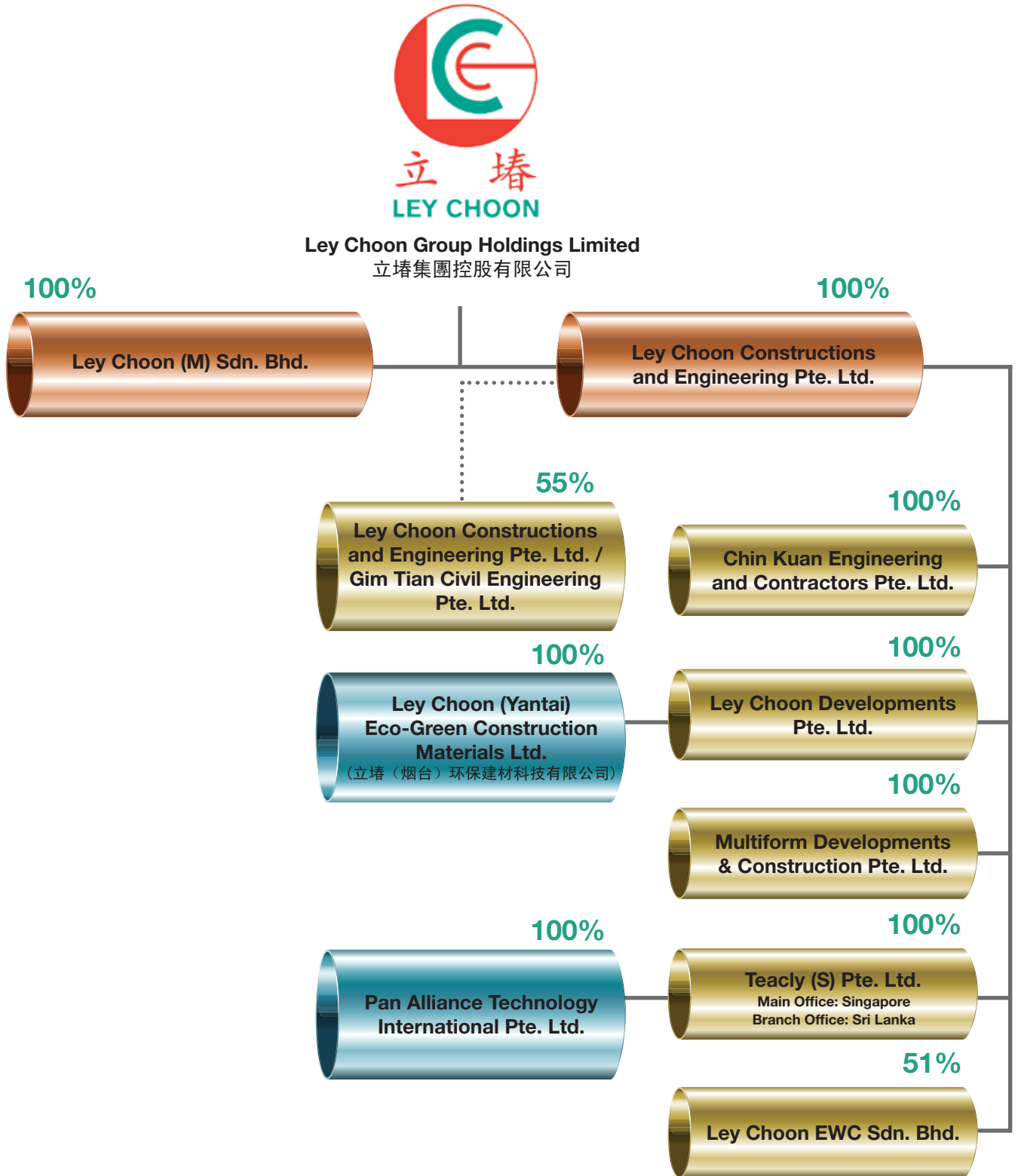
凭借技术优势，本集团正逐渐把业务拓展到海外。本集团已在中国设立第一间工厂，从事建筑垃圾回收处理业务以及开发、生产和销售绿色环保再生建筑材料等。目前本集团也在斯里兰卡进行一个下水道管道修复工程。

本集团总部设在新加坡，拥有超过1,100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，立塔获颁ISO9001、ISO14001和OHSAS 18001质量认证，并荣获2010年度“企业50强”奖项。

立塔自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



CORPORATE INFORMATION 公司资料

BOARD OF DIRECTORS

TOH CHOO HUAT

Executive Chairman and Chief Executive Officer

TOH SWEE KIM

Executive Director

TOH CHEW LEONG

Executive Director

KOH TIAM TENG FRANCIS

Executive Director

TAN TECK WEI

Executive Director

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 SECRETARIES

Ong Beng Hong

Tan Swee Gek

REGISTERED OFFICE

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Singapore 729556

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SHARE REGISTRAR

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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 Chin Siang

(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

STRIVING IN **ADVERSITY**

Despite the challenges faced by the Group in 2014 such as tight labour market and increasing costs pressure, the Group has officially commissioned our new asphalt recycling plant, strengthened our foothold in the businesses such as road & expressway maintenance, airfield maintenance, etc. and make further inroads to new markets overseas.



CHAIRMAN'S STATEMENT

“Over the last few years, we have diversified our service offerings and strengthened our expertise and capability in our new businesses. We stand ready to be more concerted in our efforts to secure more projects locally or overseas.”



Toh Choo Huat
*Executive Chairman and
 Chief Executive Officer*

Dear Shareholders,

2014 had been a challenging year for the Group. Some of the challenges it faced were a tight labour market and increasing costs pressure which many in the construction industry are facing. Despite the challenges, the Group has officially commissioned our new asphalt recycling plant, strengthened our foothold in the businesses such as road & expressway maintenance, airfield maintenance, etc. and make further inroads to new overseas markets.

Financial Performance

We achieved an improvement in revenue for FY2014, increasing it by 2.4% to S\$156.8 million, despite some adjustments in revenue for certain projects during the year. Revenue improved mainly due to the higher percentage of work completed on road related works amongst other projects and higher sale of asphalt premix.

Our gross profit for FY2014 was badly affected mainly due to the revenue adjustments as explained above, provision for additional costs for the rectification work to be performed during the defect liability period for certain projects and the estimated liquidated damages because of the delay in completion of couple of projects. The overall gross profit margin was also affected due to higher labour, subcontractor and direct operational costs during the year.

Other income for FY2014 was significantly lower as there was a disposal of office building in the previous year. Distribution expenses was higher mainly due to higher insurance and commission expenses while administrative expenses was also higher mainly due to increase in depreciation for the new office building, higher professional fees and other staff related expenses. The other operating expenses increased mainly due to an impairment loss of S\$8.5 million on property, plant and equipment.

As a result of the above factors, the Group incurred a net loss of S\$36 million for FY2014.

Gaining a Foothold in New Businesses

Notwithstanding the weak financial results for FY2014, we made significant progress in expanding our presence in some of our new businesses. From a pipe-laying subcontractor doing mostly Public Utilities Board (“PUB”) projects, Ley Choon has over the recent years ventured into cable laying, roads and airfield construction and maintenance, and the supply and laying of natural gas pipeline and supply and recycling of asphalt. We opened up more revenue streams as a result and widened our customer base as well. Apart from PUB, our customers now include other government agencies such as Land Transport Authority (“LTA”) as well as other big corporations such as Changi Airport Group and PowerGas.

The most noteworthy milestone of our local business for FY2014 is the completion, commissioning and the official opening of our new asphalt plant. This new plant has a production capacity of 400 tons of asphalt per hour, making it the largest single



Mr Teo Ser Luck, Minister of State, Ministry of Trade and Industry and Mayor North East District officiated the opening of Ley Choon's Asphalt Recycling Plant on 19 September 2014



Ley Choon's newly set up construction waste recycling plant in Yantai Shandong China

asphalt plant in Singapore, and possibly in Southeast Asia. With the new plant, our production capacity increased more than three times from 175 tons per hour to 575 tons per hour which has resulted in higher revenue from the sales of asphalt premix, the details of which are discussed in the Operations Review. This is also the most modern recycling plant in Singapore which can recycle bitumen and aggregates up to 70%, far higher than the local standard of 30%.

With these businesses now operating in their more mature stages respectively, I believe as these various elements come together, we can expect greater synergy to bring a turnaround for us in the coming year.

Making Inroad in Overseas Markets

Our ventures in overseas markets are progressing on schedule. I am pleased to highlight that we recently entered another overseas market after securing a S\$38.2 million Sri Lanka sewer pipe rehabilitation contract in June 2014. This project involves the rehabilitation of 10 km of sewer lines and assessment of 125 km of sewer lines within Colombo Municipal Council Area. The contract is part of Sri Lanka's US\$116 million Greater Colombo Waste Water Management Project. The successful execution of this project could lead us to more opportunities in Sri Lanka.

The construction of the waste recycling and ready-mix concrete plant in Yantai, Shandong has been completed. We completed trial production of the plant and expect the plant to be in commercial

operation very soon. The successful operation of this plant will open even more opportunities for us in China, as the country starts to place greater emphasis on environmental protection and proper disposal of construction waste.

Receiving Support

I am pleased to inform shareholders that we have attracted another noteworthy investor. We entered into a S\$15 million master murabaha facility agreement with The Islamic Bank of Asia in May last year. This facility has been used to finance our business expansion, refinance our short term borrowings and beef up our general working capital requirements.

Ready for the Future

Over the last few years, we have diversified our service offerings and strengthened our expertise and capability in our new businesses. We stand ready to be more concerted in our efforts to secure more projects locally or overseas.

The Singapore government has announced several huge infrastructure plans for the coming years, for example, the expansion of Changi International Airport, the building of Changi East Airbase, the construction of North-South Expressway and the redevelopment of Paya Lebar Airbase to be a huge residential, commercial and industrial township, and the relocation of Keppel harbour to make space for commercial and residential in the downtown. We believe these mega developments will provide many opportunities to the Group for our various business offerings whether

they are for roads, tunnels, power cables, water pipes, sewerage system or asphalt pre-mix supply.

As of end February 2015, our unfulfilled order book based on secured contracts stood at approximately S\$188 million, which will keep us busy till FY2017. My team and I are constantly seeking opportunities to tender for more projects to increase our order book. At the same time, we will exercise prudence over our tendering for new contracts in view of the increasing costs pressures facing the industry so that we can minimize any possible cost overruns in the projects.

Acknowledgements

On behalf of the Board, I would like to thank our management and staff for the resilience they have shown in 2014. I thank also our shareholders, business partners and customers for their continued belief in us. We will take the trials in stride and put in our best efforts to build a better tomorrow.

Mr Toh Choo Huat

*Executive Chairman and
Chief Executive Officer*

主席致词

“在过去的几年中，我们的服务范围已经多元化，在新业务也加强了我们的专业知识和能力。我们已整装待发，努力在本地或海外争取更多的项目。”

尊敬的各位股东

2014年对立塔集团来说是充满挑战的一年。许多同行正面临着劳动市场紧张和成本压力与日俱增。尽管环境恶劣，本集团的新沥青混凝土再生厂正式开幕，加强了我们在道路和高速公路，机场跑道维修的市场地位，本集团也进一步在海外成功抢滩。

财务业绩

本集团的2014财年营收增加2.4%至1.568亿元，尽管当中收入部分因为某些项目有所调整，营收的增加主要因为道路工作完成比例更高，沥青混凝土销售额增加。

收入调整对2014财年的毛利润大受影响。毛利润锐减也因在缺陷责任期的整改工作额外费用提高和某些项目因延迟的估计违约金。整体毛利率也由于较高的劳动费用，分包商和直接运营成本提高而受影响。

2014财年其他收入显著走低，主要因为2013财年本集团出售一栋办公楼。分销费用较高主要是由于更高的保险及佣金支出。管理费用也较高，主要是由于新办公楼的折旧，专业费用及其他工作人员相关费用的增加。其他营业费用增加主要因为850万元的物业，厂房及设备减值亏损。

由于上述因素造成的影响，本集团2014财年净亏损为3600万。

新业务稳健立足

尽管2014年财务业绩欠佳，我们在一些新业务上取得显著的成长。从一个为公用事业局（“PUB”）的管道铺设分包商，立塔集团逐年已在渐渐涉足电缆敷设，道路和机场的建设和维修，铺设天然气管和供应沥青。我们开辟了更多的收入来源，因而扩大我们的客户群。除了公用事业，我们的客户现在包括其他政府机构，如陆路交通管理局（“LTA”），以及其他知名大公司，如樟宜机场集团和PowerGas。

2014年里最被重视的里程碑是我们新沥青再生工厂正式开幕。这家新工厂生产能力为每小时400吨沥青，是新加坡，甚至东南亚最大的单一沥青厂。随着新工厂投入生产，本集团的产能从每小时175吨提高三倍至每小时575吨，因而沥青混凝土的销售也提高了。新工厂也是新加坡最现代化的沥青再生工厂，回收的沥青可高达70%，远高于目前行业的30%。

我相信这些新业务板块已渐渐步入成熟的阶段，逐渐为本集团带来更大的协同效应，也希望因而为集团转亏为盈。

于海外市场成功抢滩

本集团于海外市场的项目正按计划进行中。最引以为荣的是我们去年六月成功争取一个于斯里兰卡3820万元的污水管道修复合同。该项目涉及科伦坡市政局辖区内的10公里污水管线修复和125公里下水道的评估。该合同是斯里兰卡科伦坡1.16亿美元污水管理总项目的一部分。该项目成功执行，可为集团在斯里兰卡带来更多商机。

本集团在山东烟台的预拌混凝土回收厂建设已完成。我们也进行了试生产，预计该工厂将在不久开始运作。随着中国开始重视环境保护和妥善处置建筑垃圾，该工厂的成功运营，将为本集团在中国打开更多商机。

得到新投资者的支持

我很高兴立塔集团去年五月成功吸引了一个重要投资者。我们与亚洲回教银行签了一个1500万新元的穆拉巴哈融资协议。筹得的资金已被用来资助我们的业务扩张，偿还我们的短期借款和做为一般营运资金的需求。

为未来做好准备

在过去的几年中，我们的服务范围已经多元化，在新业务也加强了我们的专业知识和能力。我们已整装待发，努力在本地或海外争取更多的项目。

新加坡政府已宣布了在未来几年内的几项巨大基础设施建设计划，例如樟宜国际机场的扩建，樟宜东空军基地的建设，南北高速公路的建设和巴耶利巴空军基地搬迁腾出的地段住宅，商业和工业区的建设，和在市中心吉宝海港的搬迁腾出的空间商业和住宅的建设。我们相信，这些大型的发展将为我们的各种业务如道路，隧道，电力电缆，水管，排水系统或沥青预混合供应，带来很多商机。

截至2015年2月底，本集团的在手订单金额维持在约1.88亿元，某些项目将进行至2017年。我和我的团队都在不断寻找机会投标更多的项目，以增加我们的订单。与此同时，鉴于整体行业面临成本上升压力，我们将谨慎进行新合同的招标，以尽量减少项目超支的可能性。

致谢

我代表董事会，感谢我们的管理层和员工在艰苦的2014年里为集团奋勇作战。我也感谢股东们，商业伙伴和客户对我们持续的信任。我们不惧艰苦挑战，并投入建设一个更美好的明天做出我们最大的努力。

卓沐橙 先生

执行主席兼总裁

OPERATIONS REVIEW

SEGMENTAL OVERVIEW

Pipes & Roads

The Pipes & Roads segment, which is involved 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, remained as the Group's main revenue driver at S\$147.3 million for FY2014, representing 94% of the Group's revenue.

Some existing projects that we are involved in are the maintenance of expressway and roads and the laying of high-pressure had transmission pipeline works. In FY2014, the Group had also secured several projects, through its various subsidiaries, boosting its unfulfilled order book to S\$188 million as at end February 2015. From the Public Utilities Board ("PUB"), the Group was awarded contracts involving the supply and laying of NEWater and industrial water mains, the supply and installation of water connection works, the supply and laying of watermains, watermain repairs and other contract work, and the maintenance and servicing of installations in water network in various locations in Singapore. From PowerGas Ltd, the Group was awarded contracts involving the laying of gas transmission pipelines in Woodlands and Choa Chu Kang areas. And from SP PowerGrid Ltd, the Group was awarded a contract for the installation of 66kV power cables, auxiliary cables and accessories.



Worksite – laying of gas pipe



Worksite – laying of cable

OPERATIONS REVIEW



Worksite – road maintenance

The Group has been awarded a contract worth approximately S\$38.2 million by the Ministry of Local Government and Provincial Councils Sri Lanka, which involves the rehabilitation of selected 10km of sewer lines and assessment of 125km of sewer lines within Colombo Municipal Council Area. This is the Group's first project in Sri Lanka.

The Group is optimistic of tender opportunities locally going forward as the construction demand in Singapore is expected to remain strong. The Building and Construction Authority ("BCA") estimated that construction demand for 2015 to reach between S\$29 billion to S\$36 billion, with public sector projects expected to account for 60% or S\$18 billion to S\$21 billion¹. The BCA also expects construction demand to remain strong from 2016 to 2019 with the annual construction demand for 2016 and 2017 expected to be between S\$27 billion to S\$36 billion and for 2018 and 2019 to be between S\$26 billion to S\$37 billion, on the back of the need of more public sector infrastructure projects to meet the Singapore's population growth.

Some major infrastructure projects to be built in Singapore in the coming few years are Thomson-East Coast MRT Line, North-South Expressway, Changi Airport Terminal Four and Five, and Project Jewel at Changi Airport. These mega projects are expected to provide more tender opportunities for us in the areas

of diversion of underground services before MRT tunnelling, supply of asphalt premix, building of roads, runways and airport aprons, etc. Besides, Phase 2 of Deep Tunnel Sewerage System (DTSS) is expected to be built by 2022. This is an 80 km tunnel system spanning across Singapore, replacing existing water treatment plants to make more land space.

The Group will also continue in its efforts to seek project opportunities overseas building upon our experience in China, Brunei and Sri Lanka.

Construction Materials

The Construction Materials segment, which is involved in the manufacturing of asphalt premix and the recycling of construction waste, achieved external sales of S\$9.5 million for FY2014, an improvement of 22.8% year-on-year. Inter-segment revenue for Construction Materials has also improved by 35.8%. This was mainly a result of the improving utilization of the Group's new asphalt premix plant which started operation in mid-2013.

Construction of the waste recycling and ready-mix concrete plant in Yantai, Shandong has been completed. The Group has also conducted trial production and expects the plant to be operational soon.

¹ BCA News Release, 8 January 2015, "Public sector projects to sustain construction demand in 2015", http://www.bca.gov.sg/Newsroom/pr08012015_BCA.html

业务回顾

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2014财年，管道及道路部门营收为1.473亿元，占集团总收入的94%。

目前本集团参与的项目有高速公路和道路维护及高压输气管道铺设的工程。2014年里，本集团通过其各子公司也获得了几个项目，提高本集团截至2015年二月的在手订单金额至约1.88亿元。从公用事业局（“PUB”），本集团被授予若干合同，其中涉及铺设新生水和工业用水水管，水管连接工程，安装和铺设水管，在新加坡不同地点为水管做维修。从PowerGas有限公司，本集团获得涉及兀兰和蔡厝港地区的天然气输送管道铺设合同。从SP POWERGRID有限公司，本集团被授予安装66千伏电力电缆，辅助电缆及附件的合同。

本集团在斯里兰卡争取到一个3820万元政府合同，其中涉及科伦坡市政局辖区内的10公里污水管道修复以及下水道125公里的评估。这是本集团在斯里兰卡的第一个项目。

新加坡建设需求预计将保持强劲，本集团对工程投标机会仍保持乐观。新加坡建设局（“BCA”）估计，2015年建设的需求将达到290亿至360亿新元，公共部门项目预计将占到60%，或180亿元至210亿元¹。建设局也预计，由于公共部门基础设施务

必扩充以满足新加坡的人口增长，2016至2019的建设需求将保持强劲，2016年和2017年的年度建设需求量预计为270亿至360亿元，2018年和2019年则为260亿元至370亿元。

在未来的几年里，新加坡的一些重大基础设施项目包括汤申东海岸地铁线，南北快速公路，樟宜机场第四及五候机楼，以及樟宜机场的Project Jewel。这些大型项目预计将提供更多地下服务分流的相关工程项目，地铁隧道，道路，机场跑道和机场停机坪的建设也将提供更多供应沥青混凝土的商机。此外地下深层排污系统（DTSS）第2阶段预计会在2022年前建成。这是一个80公里隧道系统范围遍及新加坡，取代现有的地面污水处理厂，腾出更多土地空间。

继本集团在中国，文莱和斯里兰卡累计的经验，本集团亦将继续努力寻求更多海外项目。

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2014财年取得对外销售950万元，较一年前增长22.8%。业务分部间的建材收入也提高35.8%。增长主要是新沥青混凝土再生厂在2013年中期开始运作的结果。

山东烟台的预拌混凝土回收厂的建设已完成。本集团也进行了试生产，预计该工厂很快投入运营。

¹ 新加坡建设局于2015年1月8日的新闻发布，“2015年建筑需求”，http://www.bca.gov.sg/Newsroom/pr08012015_BCA.HTML



Ley Choon's office in Yantai, Shandong, China



Ley Choon's office in Sri Lanka

BUILDING NEW REVENUE STREAMS



From a pipe-laying subcontractor doing mostly PUB projects, Ley Choon has over the recent years ventured into cable laying, roads and airfield construction and maintenance, and the supply and laying of natural gas pipeline and supply and recycling of asphalt. As a result, we opened up more revenue streams and widened our customer base as well.



BOARD OF DIRECTORS 董事局



MR 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).

卓沐撥

执行主席兼总裁

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

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

卓先生持有义安工艺学院电气与电子专业文凭。



MR TOH SWEE KIM

Executive Director

Mr Toh Swee Kim is an 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

卓树金先生为立塔执行董事，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年加入立塔建筑工程公司（LCCE的前身），担任运营经理职务，负责监督管道和电缆铺设业务的日常工作。



MR TOH CHEW LEONG

Executive Director

Mr Toh Chew Leong is an 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

卓树良先生为立塔执行董事，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。



MR KOH TIAM TENG FRANCIS

Executive Director

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

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

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

许钿挺 执行董事

许钿挺先生为立塔执行董事，负责本集团海外市场业务的开拓与发展。

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成员等职务。

BOARD OF DIRECTORS 董事局



MR TAN TECK WEI

Executive Director

Mr Tan Teck Wei is an 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

陈德伟先生为立塔执行董事，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 is an Executive Director of Ley Choon. He joined Ley Choon as Group Technical Director in 2012 and 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.



MR LEE GEE AIK
Lead Independent Director

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

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

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

李宜益
首席独立董事

李宜益先生为立塔首席独立董事兼审计委员会主席，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。目前还担任两间新加坡上市公司的独立董事，这两间分别是安淳国际控股有限公司和贤能集团有限公司。李先生也是西敏旅行社有限公司的执行副主席。

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（ISCA）的资深会员。

罗文伟博士
集团技术董事

罗文伟博士为立塔执行董事。罗博士于2012年加入立塔，担任集团技术董事。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。

BOARD OF DIRECTORS 董事局



MR ANG MIAH KHIANG

Independent Director

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

Mr Ang spent the greater part of his career in the small-medium enterprise financing business, having held the position of Managing Director of GE Commercial Financing (S) Ltd (formerly known as Heller Financial (S) Ltd). He was also concurrently the regional director for GE related businesses in the Asia-Pacific region. 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 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

洪铭强先生为立塔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。洪先生是新加坡注册会计师协会 (ISCA) 的非执业资深会员，并持有新加坡大学会计学学士学位。



MR MARCUS CHOW WEN KWAN

Independent Director

Mr Chow Wen Kwan Marcus is an Independent Director and was appointed to the Board on 25 July 2012.

He is currently a partner of Bird & Bird LLP in Singapore. Chow Wen Kwan Marcus has more than 13 years of experience in legal practice and his practice focuses on mergers and acquisitions, private equity and equity and debt capital markets. He had worked in several other international law firms in New York and Hong Kong. Chow Wen Kwan Marcus graduated with a Bachelor of Laws from the National University of Singapore in 1998 and a Master of Laws from the University of Virginia in 1999. He also holds a certificate in Governance as Leadership from Harvard Kennedy School. Chow Wen Kwan Marcus is qualified to practice in Singapore and New York, USA.

周文光

独立董事

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

周先生目前是ATMD Bird & Bird LLP的合伙人。他在法律实务方面拥有超过13年的经验。他的业务重点是并购，私募股权和股权和债务资本市场。他曾在纽约和香港的几个国际律师事务所工作。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，之后也于1999年获得美国弗吉尼亚大学法学院的法学硕士学位。他也持有哈佛大学肯尼迪政府学院颁发的领导能力治理证书。周律师在新加坡和美国纽约两地都可执业。

EXECUTIVE OFFICERS 主要管理层

MR TOH CHEW CHAI

Deputy Chief Operating Officer

Mr Toh Chew Chai joined Ley Choon 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。

MR TOH KAI SHENG, ADAM

Group Financial Controller

Mr Toh Kai Sheng joined Ley Choon in 2009 as management executive, and has since worked under various departments within the Group, including operations, finance, logistics, training centre and property development.

Mr Toh graduated from Nanyang Technological University (NTU) 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年加入立塔担任管理培训生，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。

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。

SEOW SOON KEE

Group Admin Manager

Ms Seow Soon Kee joined Ley Choon 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.

萧讯芝

集团行政部总经理

萧讯芝女士于1995年加入立塔，在办公管理系统改进和业务发展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 KOK HEAN, BRAYDEN

Plant Manager – Construction Materials Division

Mr Toh Kok Hean joined Ley Choon as Plant Manager since the inception of asphalt plant in 2007. As the 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年加入立塔担任沥青混凝土制造厂经理。立塔于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。



FORGING A **TURNAROUND**

With our newer businesses starting to operate in their more mature stages respectively, we can expect greater synergy among them to bring a turnaround for us in the coming year.



SUSTAINABILITY REPORT 可持續性報告

People Development

Human resource and talent is a pertinent aspect towards the sustainability of any business. In 2014, Ley Choon continued to develop its personnel as we grew to engage a wider scope of work in Singapore and overseas. We sought talents with the right professional competencies and capabilities and also upgraded existing staffs through training and development programmes so that they are equipped

with the skills and knowledge to meet the requirements for the respective job functions in an ever-changing environment. To us, human resource and talent is a necessary investment so that on a whole, we can raise our productivity and competitiveness in this competitive landscape.

We also endeavour to build employee loyalty and enhance cohesion among

staff so as to create an inclusive and harmonious working environment. By doing so, we believe our staff can be more engaged and motivated and we can achieve higher employee loyalty and retention. In this regard, the Group presented to a total of 72 employees Long Service awards and 30 employees for BEST Employee Award at our Annual Dinner 2014.

Long Service Awards at the Annual Dinner 2014

Years of Service	No. of Recipients	Level of Position		
		Worker/Staff	Supervisor	Manager
20	1	1	–	–
15	3	1	2	–
10	9	3	4	2
5	59	49	7	3
Total	72	54	13	5

To our workers on the ground, we provide systematic training on construction equipment operations including hydraulic excavator, bulldozer, track shovel, excavator loader and pipe jacking machine, at our BCA-Approved Training & Testing Centre (“ATTC”) to improve their work skills and productivity.

Our wholly-owned subsidiary, Ley Choon Constructions & Engineering Pte Ltd, operates this training centre and issues

to qualified trainees the Skills Evaluation Certificate (Knowledge) or the CoreTrade Tradesman Certificate. These certified workers can then be recognized as “Higher Skilled” under the Ministry of Manpower’s Foreign Worker Levy Scheme. The training cost to upgrade workers to this category is entitled to a government grant of 80%.

A total of 287 of our workers have been trained and certified to date (51 in 2011,

65 in 2012, 55 in 2013, and 116 in 2014). Workers with at least four years of construction industry experience in Singapore have been certified in the Hydraulic Excavator Operations.

In the supervision over new employees, Ley Choon uses a mentor system, where the mentor provides guidance on the company’s initiatives, programmes, policies and procedures, and offers as a point of contact for questions and feedback.



People – Ley Choon believes in giving proper supervision and training to get the best out of our workers

Corporate Social Responsibility

With recycling as a key business of Ley Choon, corporate social responsibility is inevitably a central pillar of Ley Choon’s core values. It spells our commitment to achieve a balance between our business and the environment and the community we operate in. Our corporate social responsibility covers three main aspects, namely, environment, philanthropy and volunteerism.

On environment, we strive to adopt the best practices in the industry to preserve and restore the environment in the conduct of our business. A good example is the built-in recycling feature of our second asphalt premix plant which allows for up to 70% of recycled components. Another example is our dedicated construction

waste recycling plant at Lim Chu Kang. By implementing environmental friendly methods and systems, we aim to limit any untoward intervention to the environment.

Health & Safety

Workplace safety is another key principle we adhere to. We 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 subsidiaries of our group:

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

Besides the certifications, the first four of the above subsidiaries have also achieved the bizSAFE-Star certification, which is the highest level in a progressive 5-step programme governed by the Workplace Safety and Health Council. Pan Alliance Technology International Pte Ltd is not too far behind; it received the bizSAFE-Level-3 certification.

These certifications are pre-requisites for Ley Choon to retain 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 A1 category contractor for civil engineering.

Risk Assessment and Management

Ley Choon has identified the following categories of risk which could adversely affect its business. We have also conceived solutions to mitigate such risks. These are listed as follows:

1. Downgrade or loss of the BCA grades or builder’s licences

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

Based on the grades conferred to us as registered contractors, Ley Choon is allowed to tender for public sector projects, subject to the stipulated limit. To maintain the existing contractor grades for our subsidiaries, there are certain requirements stipulated by the BCA, including but not limited to the following:

- a) each registered company must meet the stipulated requirements with regards to the value of contracts undertaken by that company in the past three financial years;

- b) each registered company must meet the minimum paid-up share capital and the minimum net worth requirement; and
- c) each registered company 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.

If these requirements are not complied, it is possible that Ley Choon loses its BCA grades and/or builder’s licences. If this happens, our ability to tender for projects, and thus our business operation, will be affected.

To ensure business sustainability, we are careful to ensure that our subsidiaries comply with the BCA requirements and our BCA grades and builder’s licenses upheld.

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.

To ensure business sustainability, we have diversified our revenue sources. We have expanded into the business of asphalt premix recycling and production and have also taken on overseas projects.

3. Dependency on project tender success

All our businesses, except asphalt premix production and construction waste recycling, are mostly undertaken on a project basis and are non-recurring. Our



Safety training – Workers are familiarized with how to use fire extinguisher

SUSTAINABILITY REPORT 可持續性報告

income is therefore subject to the number, value and duration of projects successfully tendered.

We must therefore tender competitively to ensure a steady stream of projects coming aboard while at the same time be mindful about maintaining healthy margins for each project.

4. Potential shortage of labour and increase in labour cost

Ley Choon, like many construction companies in Singapore, relies heavily on foreign labour. Our foreign workers mostly come from India, PRC, Malaysia, Thailand, Myanmar and Bangladesh. The employment of foreign workers is subject to foreign workers' levy. We are thus vulnerable to any shortage in the supply of foreign workers or any increase in the cost of foreign labour. Any changes in the policies and regulations imposed by the authority may potentially affect the supply and cost of labour for Ley Choon.

Ley Choon constantly seeks ways to automate processes to increase productivity. We devised the Intelligent Stop & Go signalling, the off-site CCTV monitoring, and deploy the suction excavation machine to minimize the use of labour.

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 or more of these individuals without suitable and timely replacement or the inability to attract new qualified personnel could have an adverse impact on our operations.

To attract and retain talent, Ley Choon puts in place People Development initiative to improve employee loyalty and staff cohesiveness.

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 an unintentional 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 such instances, our financial performance might be affected. In addition, judgments and decrees awarded that are unfavourable to us would have a negative effect on our reputation.

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. There is also no assurance that we will be able to comply with any changes. There is also a possibility that such amendments to regulations could increase our operation costs.

Ley Choon adopts a prudent approach and strives to adapt to the changes in the operating environment to stay relevant.

7. Possibility of cost overruns

Our quote in our tender is determined after careful evaluation of all related costs pertaining to subcontractors, labour cost, materials cost and other overheads. However, unforeseen circumstances such as adverse weather conditions and unanticipated construction constraints at the worksites may arise during the course of the project resulting in increase in the costs of labour, raw materials, equipment, rental and sub-contracting services, or other costs not previously anticipated and thus leading to cost overrun.

Ley Choon reviews and monitors the project costs as best as possible and takes suitable action to control the costs of projects. At the same time, we also need to factor in an appropriate margin of safety for possible cost overrun.



Safety – Workers are donned with proper safety gear at the worksites



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REPORT ON CORPORATE GOVERNANCE

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 2014 (“**FY2014**”).

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1 – Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the Company. The Board 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 the 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 interests of the Company.

REPORT ON CORPORATE GOVERNANCE

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

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

- (i) review of the annual budget and the performance of the Group;
- (ii) review of the key activities and business strategies;
- (iii) approval of the corporate strategy and direction of the Group;
- (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 Company has adopted internal guidelines setting forth matters that require board approval. The types of material transactions that require board approval under such guidelines are listed below:

- (a) major capital expenditure;
- (b) capital management;
- (c) banking facilities;
- (d) acquisition of entities/business;
- (e) diversifying into new business; and
- (f) any other significant material transaction.

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.

REPORT ON CORPORATE GOVERNANCE

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 FY2014 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	5	5	–	–	–	–	–	–
Toh Swee Kim	5	4	–	–	–	–	–	–
Toh Chew Leong	5	4	–	–	–	–	–	–
Koh Tiam Teng	5	5	–	–	–	–	–	–
Tan Teck Wei	5	5	–	–	–	–	–	–
Dr Low Boon Hwee	5	5						
Lee Gee Aik	5	5	5	5	1	1	1	1
Ang Miah Khiang	5	5	5	5	1	1	1	1
Marcus Chow Wen Kwan	5	4	5	4	1	1	1	1

Note:

- (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.

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.

Mr Ang Miah Khiang attended the seminars on "20 Questions Directors Should Ask About Internal Audit" conducted by the Singapore Institute of Directors on 24 July 2014 and RHT Academy's "RHT Roundtable Talk/Discussion on M&A" held on 19 November 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.

REPORT ON CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management 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 judgment with the view to the best interests of the Company.

As one-third of the Board comprises Independent Directors, the Company believes the Board is able to exercise independent judgment 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 come from diverse backgrounds and have extensive business, financial, accounting and management experience. Their combined wealth and diversity of experience enable them to contribute effectively to the strategic growth and governance of the Group. Details on the experiences, professional qualifications and responsibilities of the Directors are set out in pages 14 to 18 of this Annual Report.

The Independent Directors who are Non-Executive Directors will constructively challenge and assist in the development of proposals on strategy, 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.

REPORT ON CORPORATE GOVERNANCE

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 (1) 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 the Executive Chairman and the Chief Executive Officer being 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 Independent Directors to ensure independent review of the Management's performance; and
- (iv) the benefit of the objective and independent views that the Group receives 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 acts 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.

REPORT ON CORPORATE GOVERNANCE

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 (3) Independent Director:

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

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 makes 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.

REPORT ON CORPORATE GOVERNANCE

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 (1) person and if not, then to consult the Board with respect to the appointment of two (2) 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

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 three (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.

REPORT ON CORPORATE GOVERNANCE

The present and past directorships (held in the last three (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
LHN Limited	Independent Director
E-2 Capital Holdings Limited	Executive Vice Chairman

Other past directorships with public listed companies (held in the last three (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	Non-executive Director
PS Group Holdings Ltd	Non-executive Director
Baker Technology Ltd	Non-executive Director

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

Company	Position
Nil	–

MR MARCUS CHOW WEN KWAN

Other existing directorships with public listed companies:

Company	Position
Hafary Holdings Limited	Independent Director
SMJ International Holdings Ltd	Independent Director
Versalink Holdings Limited	Independent Director

Other past directorships with public listed companies (held in the last three (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
Zhongxin Fruit and Juice Limited	Independent Director

REPORT ON CORPORATE GOVERNANCE

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 (3) or a multiple of three (3), 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 Choo Huat, Mr Toh Swee Kim and Mr Ang Miah Khiang 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.

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 are as follows:

	Name	Current Position in the Company	Family Relationship with any Directors and/or Substantial Shareholders of the Company
1.	Seow Soon Kee	Group Administration Manager	Spouse of Mr Toh Choo Huat
2.	Toh Chiew Boon	Assistant Construction Manager	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim
3.	Ang Boon Lian	Operation Resource Manager	Spouse of Madam Toh Ley Keow who is the sister of Mr Toh Choo Huat, Mr Toh Chew Leong and Mr Toh Swee Kim
4.	Lim Tong Lee	Senior Construction Manager	Brother-in-law of Madam Oh Ah Ber who is the spouse of Mr Toh Swee Kim
5.	Toh Kai Sheng	Financial Controller	Son of Mr Toh Chew Chai, a substantial shareholder of the Company
6.	Toh Kai Hock	Information Technology and Human Resource Director	Son of Mr Toh Chew Chai
7.	Toh Chew Chai	Deputy Chief Operating Officer	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim
8.	Toh Ting Xuan	Tender and Contract Manager	Daughter of Mr Toh Choo Huat
9.	Toh Kai Yang	Operations Command and Inventory Manager	Son of Mr Toh Chew Chai

REPORT ON CORPORATE GOVERNANCE

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).

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.

REPORT ON CORPORATE GOVERNANCE

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.

Based on the Nominating Committee's review, the Nominating Committee is of the view that notwithstanding that there are areas for improvement in terms of the Company's financial performance, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

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. The Company recognises that information should be supplied to the Board in a timely manner and as far as possible, Board papers and agenda items are dispatched to the Directors before scheduled meetings. This is to give Directors sufficient time to review and consider the matters being tabled and/or discussed so that discussions can be more meaningful and productive.

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 (1) of the Company Secretaries and/or her representatives attends all the meetings held by the Board and/or the Board Committees and 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 Secretaries 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.

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(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

The Remuneration Committee is principally responsible for:

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

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

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

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.

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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 where 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, giving due regard to the profitability of the Group, its financial performance as well as general economic conditions under which the Group operates and their individual performance.

Currently, the Company does not have any long-term incentive scheme for its Directors and key managements.

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 remuneration. 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.

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The breakdown of remuneration (in percentage terms) of the Directors of the Company paid and payable for FY2014 is set out below:

Remuneration Band and Name of Directors ⁽¹⁾	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
Directors who receive S\$0 to S\$100,000						
Lee Gee Aik	100	–	–	–	–	100
Ang Miah Khiang	100	–	–	–	–	100
Marcus Chow Wen Kwan	100	–	–	–	–	100
Directors who receive S\$100,000 to S\$249,999						
Tan Teck Wei	–	85%	7%	8%	–	100%
Directors who receive S\$250,000 to S\$499,999						
Toh Choo Huat	–	89%	7%	3%	–	100%
Toh Chew Leong	–	90%	8%	2%	–	100%
Toh Swee Kim	–	90%	7%	3%	–	100%
Low Boon Hwee	–	88%	8%	2%	2%	100%
Koh Tiam Teng	–	89%	7%	4%	–	100%

The breakdown of remuneration of the top five (5) Key Management (Executive Officers) for FY2014 is set out below:

Remuneration Band and Name of Key Management	Fees (%)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Allowances (%)	Total (%)
Key Management who receive S\$50,000 to S\$99,999						
Toh Geok Boon ⁽¹⁾	–	100%	–	–	–	100%
Key Management who receive S\$100,000 to S\$249,999						
Toh Chew Chai	–	81%	14%	5%	–	100%
Lim Fan ⁽²⁾	–	92%	8%	–	–	100%
Toh Kok Hean, Brayden ⁽³⁾	–	81%	14%	5%	–	100%
Seow Soon Kee, Shirley	–	90%	2%	8%	–	100%
Toh Kai Sheng ⁽⁴⁾	–	83%	14%	3%	–	100%

Notes:

- (1) Mr Toh Geok Book resigned from his position as an Executive Officer of the Company with effect from 9 March 2014.
- (2) Mr Lim Fan ceased to be the Chief Financial Officer of the Company with effect from 12 November 2014.
- (3) Mr Toh Kok Hean, Brayden was appointed as an Executive Officer with effect from 1 March 2014.
- (4) Mr Toh Kai Sheng was appointed as an Executive Officer with effect from 1 March 2014.

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The Board is of the view that given the sensitive and confidential nature of the Directors' and employees' remuneration, detailed disclosure on the remuneration of the Directors and 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 adversely affect the cohesion and spirit of team work prevailing among the Directors and 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 2015, 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\$50,000 for FY2014 is set out 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							
Toh Kai Yang	Son of Mr Toh Chew Chai, who is the brother of Mr Toh Choo Huat, Mr Toh Chew Leong and Mr Toh Swee Kim, Executive Directors of the Company.	–	84%	16%	–	–	100%
Toh Ting Xuan	Daughter of Mr Toh Choo Huat, Executive Chairman and CEO of the Company	–	84%	16%	–	–	100%
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.	–	86%	10%	4%	–	100%
Toh Chiew Boon	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong and Mr Toh Swee Kim, Executive Directors of the Company	–	92%	8%	–	–	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 and Mr Toh Swee Kim, Executive Directors of the Company	–	86%	14%	–	–	100%
Seow Soon Kee, Shirley	Spouse of Mr Toh Choo Huat, Executive Chairman and CEO of the Company.	–	90%	2%	8%	–	100%
Lim Tong Lee	Brother-in-law of Madam Oh Ah Ber who is the spouse of Mr Toh Swee Kim	–	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 and Mr Toh Swee Kim, Executive Directors of the Company.	–	83%	14%	3%	–	100%
S\$150,000 to S\$200,000	Nil	–	–	–	–	–	–
S\$200,000 to S\$250,000							
Toh Chew Chai	Brother of Mr Toh Choo Huat, Mr Toh Chew Leong and Mr Toh Swee Kim	–	81%	14%	5%	–	100%

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(C) ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

In line with the Singapore Standards on Auditing and the Committee of Sponsoring Organisations 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:

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- (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 2014.

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 judgment 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).

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

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

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

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

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- (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
- (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, ensuring co-ordination between the external auditors, the internal auditors and the Group's management, and reviewing the assistance given by the Group's management to the auditors, and discussing 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 FY2014, 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 arises. As at the date of this Annual Report, the Company has put in place a whistle-blowing policy for this purpose. Under the Company's whistle-blowing policy, employees may submit a complaint (which may be on an anonymous basis) to their supervisors, the Human Resource department or the Audit Committee. The Audit Committee is obliged to review all reports received and take or approve the appropriate actions.

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

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

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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 recommend 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 auditor form 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 FY2014 are S\$338,000 (excluding disbursements and GST). Messrs KPMG LLP was also appointed in the FY2012 to audit the accounts of the Company, its subsidiaries and its significant associated companies. The Company is in compliance with Rule 712 and Rule 715 of the Listing Manual.

In FY2014, the non-audit related work carried out by Messrs KPMG LLP amounted to a fee of S\$68,000 (excluding disbursements and GST). The Audit Committee having review of all the non-audit related work provided by Messrs KPMG LLP for FY2014, 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 Ultro Technologies Limited) had proposed a Performance Share Plan (the "**Plan**") which had been approved by the Shareholders in the Extraordinary General Meeting held on 30 October 2009.

The objectives of the Plan are as follows:

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

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The Plan shall be administered by the Remuneration Committee with such discretion, powers and duties as are conferred on it by the Board of Directors. A member of the Remuneration 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 Remuneration Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Remuneration 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 Remuneration 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 shares available under the Scheme and the Plan.

For FY2014, 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 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 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.

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

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(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 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 quarterly 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.

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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.

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. The Board is not recommending any dividends for FY2014 due to the losses incurred and financial position of the Company.

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 (1) or two (2) 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 notes 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 (1) or two (2) 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.

REPORT ON CORPORATE GOVERNANCE

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

(E) DEALING IN SECURITIES

The Group has adopted and implemented the best practices guidelines advised by SGX-ST in relation to the dealing of shares of the Company. The Group has in place procedures prohibiting the Directors and employees of the Group from dealing in the Company's shares during the periods commencing two (2) weeks before the Company's quarterly or half-year results until after the announcement and one (1) month prior to the announcement of the Group's full year 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.

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 FY2014.

(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 (2) 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 (2) 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.

REPORT ON CORPORATE GOVERNANCE

Save as the interested person transactions disclosed below and as set out in the Circular, no other interested person transactions was entered into during FY2014:

Name of Interested Person and/or Related Person	Aggregate value of all Interested/Related Person Transactions during the FY2014 (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all Interested/Related Person Transactions conducted under the IPT Mandate granted by the Shareholders pursuant to the Extraordinary General Meeting held on 13 July 2012 and renewed at the Annual General Meeting held on 24 April 2014 (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	–	4,715
Purchases from Hen Sheng Civil Engineering Pte Ltd	–	–
Sales to Sing & San Construction Pte Ltd	–	488
Services provided by Pan Asian Holdings Ltd	–	–

(G) MATERIALS CONTRACTS

Save as disclosed under “Material Contracts” in the announcements made on SGXNET, 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 FY2014, or it 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 31 July 2013, entered into separate subscription agreement with two (2) 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**”), and
- (b) on 13 February 2014, entered into the Master Murabaha Facility Agreement with The Islamic Bank of Asia Limited (“**IB Asia**”) in relation to the Murabaha Facility of up to S\$15 million (as supplemented and amended by the amendment agreement entered into between the Company and IB Asia on 15 April 2014), pursuant to which the Company received a net proceeds of approximately S\$14.6 million,

and the Company had, in FY2014, fully utilised the net proceeds of approximately S\$30.2 million raised from the aforementioned exercises.

DIRECTORS' REPORT

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 2014.

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 Kiang
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/ date of appointment	At end of the year	At beginning of the year/ date of appointment	At end of the year
The Company				
– ordinary shares				
Toh Choo Huat	–	–	310,121,700	312,002,700
Toh Swee Kim	–	–	310,121,700	312,002,700
Toh Chew Leong	–	–	310,121,700	312,002,700
Tan Teck Wei	15,011,935	15,011,935	–	–
Koh Tiam Teng	29,008,571	29,008,571	–	–
Low Boon Hwee	480,000	480,000	–	–

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 2015.

DIRECTORS' REPORT

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 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The Performance Share Plan ("the Plan") was approved by its members at an Extraordinary General Meeting held on 30 October 2009. The Plan is administered by the Remuneration Committee comprising Mr Marcus Chow Wen Kwan, Mr Lee Gee Aik and Mr Ang Miah Khiang 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 shares available under the Plan.

For the financial year ended 31 December 2014, 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.

DIRECTORS' REPORT

During the financial year ended 31 December 2013, no 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 2014, there were no (2013: Nil) 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.

Audit committee

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

Lee Gee Aik (Chairman), Independent Director
Ang Miah Khiang, Independent Director
Marcus, Chow Wen Kwan, Independent 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.

DIRECTORS' REPORT

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

6 May 2015

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 58 to 105 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 2014 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

6 May 2015

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 2014, 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 58 to 105.

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 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that the financial statements have been prepared on a going concern basis. The Group incurred a net loss of \$35,888,000 for the year ended 31 December 2014 and as a result, it had breached certain loan covenants in respect of secured bank loans with carrying amounts of approximately \$6,223,000 as at 31 December 2014. As a result of the breach of these loan covenants, these loans can be called for repayment at any time upon notification by the relevant financial institutions. This loan balance has been classified within current liabilities as at 31 December 2014. In addition, subsequent to 31 December 2014, the Group had not repaid another secured bank loan which matured on 15 March 2015. The carrying amount of this secured bank loan as at 31 December 2014 was \$9,300,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is highly dependent on the continued support from the financial institutions to make available existing credit facilities and/or the Group's ability to secure additional sources of funding.

The directors of the Company consider that it is appropriate for the Group to prepare its consolidated financial statements on a going concern basis, as the Group has secured a \$16,000,000 credit facility from the controlling shareholders of the Company to provide the Group with the financial and other support as is necessary to enable the Group to continue operations within the next twelve months and to meet its liabilities as and when they fall due. In addition, the directors believe that notwithstanding the breach of loan covenants and non-repayment of the aforesaid loan due on 15 March 2015 by the Group, the financial institutions will continue to make available the existing credit facilities to the Group.

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

6 May 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		31 December		31 December	
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Assets					
Property, plant and equipment	5	89,616	82,191	–	–
Lease prepayments	6	3,477	3,405	–	–
Investment property	7	–	2,045	–	–
Subsidiaries	8	–	–	70,464	110,000
Club membership		229	271	–	–
Deferred tax assets	9	799	–	154	–
Non-current assets		94,121	87,912	70,618	110,000
Inventories	10	6,276	5,827	–	–
Development property	11	15,940	13,708	–	–
Contracts work-in-progress	12	95,697	113,393	–	–
Trade and other receivables	13	30,923	46,990	42,271	30,028
Financial assets designated at fair value through profit or loss	14	85	88	–	–
Cash and cash equivalents	15	20,195	33,721	52	597
Current assets		169,116	213,727	42,323	30,625
Total assets		263,237	301,639	112,941	140,625
Equity					
Share capital	16	71,117	71,117	137,336	137,336
Reserves	16	1,695	576	(981)	(1,127)
Accumulated (losses)/profits		(2,348)	35,131	(38,481)	3,825
Equity attributable to owners of the Company		70,464	106,824	97,874	140,034
Non-controlling interests		460	351	–	–
Total equity		70,924	107,175	97,874	140,034
Liabilities					
Loans and borrowings	17	43,313	48,027	14,609	–
Deferred tax liabilities	9	–	4,485	–	–
Non-current liabilities		43,313	52,512	14,609	–
Loans and borrowings	17	96,492	106,342	–	–
Trade and other payables	18	46,301	32,877	458	581
Provisions	20	6,207	106	–	–
Current tax payable		–	2,627	–	10
Current liabilities		149,000	141,952	458	591
Total liabilities		192,313	194,464	15,067	591
Total equity and liabilities		263,237	301,639	112,941	140,625

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Revenue	21	156,791	153,165
Cost of sales		(166,389)	(126,806)
Gross (loss)/profit		(9,598)	26,359
Other income	22	3,519	14,486
Distribution expenses		(1,383)	(1,290)
Administrative expenses		(19,469)	(17,861)
Impairment loss on property, plant and equipment		(8,507)	–
Others		(1,620)	(806)
Other operating expenses		(10,127)	(806)
Results from operating activities		(37,058)	20,888
Finance costs	23	(5,273)	(4,523)
(Loss)/profit before tax		(42,331)	16,365
Tax credit/(expense)	24	6,443	(2,043)
(Loss)/profit for the year	25	(35,888)	14,322
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences			
– foreign operations		973	883
Other comprehensive income for the year, net of tax		973	883
Total comprehensive (loss)/income for the year		(34,915)	15,205
(Loss)/profit attributable to:			
Owners of the Company		(35,997)	14,344
Non-controlling interests		109	(22)
		(35,888)	14,322
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(35,024)	15,227
Non-controlling interests		109	(22)
		(34,915)	15,205
Earnings per share			
Basic and diluted earnings (cents)	27	(6.08)	2.70

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2013	55,527	(307)	21,763	76,983	1,020	78,003
Total comprehensive income/ (loss) 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/ (loss) 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Share capital \$'000	Capital reserves \$'000	Foreign currency translation reserve \$'000	Accumulated profits/ (losses) \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2014	71,117	–	576	35,131	106,824	351	107,175
Total comprehensive (loss)/income for the year							
(Loss)/profit for the year	–	–	–	(35,997)	(35,997)	109	(35,888)
Other comprehensive income							
Foreign currency translation differences/Total other comprehensive income	–	–	973	–	973	–	973
Total comprehensive income/(loss) for the year	–	–	973	(35,997)	(35,024)	109	(34,915)
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 2013	–	–	–	(1,482)	(1,482)	–	(1,482)
Issue of convertible bonds, net of tax	–	146	–	–	146	–	146
Total contributions by and distributions to owners/ Total transactions with owners	–	146	–	(1,482)	(1,336)	–	(1,336)
At 31 December 2014	71,117	146	1,549	(2,348)	70,464	460	70,924

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
(Loss)/profit for the year		(35,888)	14,322
Adjustments for:			
Depreciation of investment property		–	14
Depreciation of property, plant and equipment		10,156	8,469
Impairment loss on property, plant and equipment		8,507	–
Dividend income from quoted shares		(1)	(2)
Interest income		(28)	(24)
Finance costs		5,273	4,523
Changes in fair value of financial assets designated at fair value through profit or loss		3	4
Loss on disposal of investment property		502	–
Loss/(gain) on disposal of property, plant and equipment		24	(11,420)
Allowance for impairment loss on trade receivables		178	–
Bad debts written off		7	170
Club membership written off		42	–
Provisions for liquidated damages		6,101	–
Amortisation of lease prepayment		74	64
Tax (credit)/expense		(6,443)	2,043
		<u>(11,493)</u>	<u>18,163</u>
Changes in working capital:			
Inventories		(449)	1,266
Development property		(2,232)	(13,708)
Contracts work-in-progress		17,345	(29,356)
Trade and other receivables		17,296	(17,590)
Trade and other payables		12,809	(1,813)
Cash generated from/(used in) operations		<u>33,276</u>	<u>(43,038)</u>
Tax paid		(2,307)	(1,548)
Net cash generated from/(used in) operating activities		<u>30,969</u>	<u>(44,586)</u>
Cash flows from investing activities			
Acquisition of a subsidiary	26	–	(390)
Acquisition of property, plant and equipment		(21,026)	(19,116)
Acquisition of lease prepayments		(11)	(1,207)
Dividend received from quoted shares		1	2
Interest received		28	24
Proceeds from disposal of investment property		1,543	–
Proceeds from disposal of property, plant and equipment		1,334	15,224
Net cash used in investing activities		<u>(18,131)</u>	<u>(5,463)</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from financing activities			
Amount due to joint venture partner (non-trade)		890	(779)
Cash distribution to shareholders		–	(1,546)
Dividends paid		(1,482)	(1,234)
Decrease/(increase) in fixed deposits pledged with banks		5,312	(6,009)
Interest paid		(5,197)	(4,523)
Proceeds from issue of shares		–	16,212
Share issuance expenses		–	(622)
Proceeds from bank borrowings		13,526	60,374
Proceeds from issue of convertible bonds		14,679	–
Proceeds from bill payables		106,125	112,075
Repayment of bank borrowings		(38,905)	(24,729)
Repayment of bill payables		(118,453)	(90,815)
Repayment of finance lease liabilities		(7,776)	(6,048)
Net cash (used in)/generated from financing activities		<u>(31,281)</u>	<u>52,356</u>
Net (decrease)/increase in cash and cash equivalents		(18,443)	2,307
Cash and cash equivalents at beginning of year		19,769	17,136
Effect of exchange rate fluctuation on cash held		204	326
Cash and cash equivalents at end of year	15	<u>1,530</u>	<u>19,769</u>

During the financial year ended 31 December 2014, the Group acquired property, plant and equipment with an aggregate cost of \$27,311,000 (2013: \$28,359,000), of which \$6,285,000 (2013: \$9,243,000) were acquired under finance leases.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 May 2015.

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. 3 Sungei Kadut Drive, Singapore 729556.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 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 8 to the financial statements.

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

2 GOING CONCERN

The financial statements have been prepared on a going concern basis.

The Group incurred a net loss of \$35,888,000 for the year ended 31 December 2014 and as a result, it had breached certain loan covenants in respect of secured bank loans with carrying amounts of approximately \$6,223,000 as at 31 December 2014. As a result of the breach of the loan covenants, these loans can be called for repayment at any time upon notification by the relevant financial institutions. This loan balance has been classified within current liabilities as at 31 December 2014. In addition, as described in Note 33, subsequent to 31 December 2014, the Group had not repaid another secured bank loan which matured on 15 March 2015. The carrying amount of this secured bank loan as at 31 December 2014 was \$9,300,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is highly dependent on the continued support from the financial institutions to make available existing credit facilities and/or the Group's ability to secure additional sources of funding.

The directors of the Company consider that it is appropriate for the Group to prepare its consolidated financial statements on a going concern basis, as the Group has secured a \$16,000,000 credit facility from the controlling shareholders of the Company to provide the Group with the financial and other support as is necessary to enable the Group to continue operations within the next twelve months and to meet its liabilities as and when they fall due. In addition, the directors believe that notwithstanding the breach of loan covenants and non-repayment of the aforesaid loan due on 15 March 2015, the financial institutions will continue to make available the existing credit facilities to the Group.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

The financial statements have been presented on the historical cost basis except as otherwise described in the notes below.

NOTES TO THE FINANCIAL STATEMENTS

3 BASIS OF PREPARATION (CONTINUED)

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – measurement of recoverable amounts of property, plant and equipment
- Note 8 – measurement of recoverable amounts of investments in subsidiaries
- Note 21 – estimation of the percentage of completion of the projects, attributable profits and foreseeable losses
- Note 24 – income taxes
- Note 31 – assessment of allowance for impairment losses on doubtful receivables

3.5 Changes in accounting policies

With effect from 1 January 2014, the Group adopted the new or revised FRS that are mandatory for applications from that date. The adoption of these new or revised FRS does not have any significant impact on the financial statements.

(i) **Subsidiaries**

From 1 January 2014, as a result of the adoption of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The adoption of FRS 110 has no impact on the recognised assets, liabilities and comprehensive income of the Company.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 3.5, which address changes in accounting policies.

4.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Basis of consolidation (continued)

Business combinations (continued)

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.

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.

4.2 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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 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.

4.3 Property, plant and equipment

Recognition and measurement

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

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

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

Gains and losses on disposal of an item of property, plant and equipment (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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Property, plant and equipment (continued)

Depreciation (continued)

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 properties	10 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.

4.4 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 term.

4.5 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 4.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

4.6 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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 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.

4.8 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.

4.9 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.

4.10 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (continued)

Non-derivative financial assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (continued)

Non-derivative financial liabilities (continued)

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.

4.11 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 through the unwinding of the discount. 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.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment (continued)

Non-financial assets (continued)

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.

4.12 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.

4.13 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.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Revenue (continued)

Contract revenue (continued)

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.

4.15 Finance costs

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

4.16 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.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.16 Tax (continued)

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.

4.17 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.

4.18 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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 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 2014, 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. The Group does not plan to adopt these standards early.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Group					
Cost					
At 1 January 2013	11,454	51,478	17,822	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	60,935	21,070	24,160	113,846
Additions	1,479	16,368	2,972	6,492	27,311
Transfers	24,533	958	–	(25,491)	–
Disposals	–	(2,090)	(1,678)	(97)	(3,865)
Translation differences	–	1	6	129	136
At 31 December 2014	33,693	76,172	22,370	5,193	137,428
Accumulated depreciation and impairment losses					
At 1 January 2013	1,947	15,626	7,507	–	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	1,509	20,846	9,300	–	31,655
Depreciation charge for the year	1,021	6,768	2,367	–	10,156
Impairment losses	5,979	1,074	1,454	–	8,507
Disposals	–	(1,156)	(1,351)	–	(2,507)
Translation differences	–	–	1	–	1
At 31 December 2014	8,509	27,532	11,771	–	47,812
Carrying amounts					
At 1 January 2013	9,507	35,852	10,315	10,410	66,084
At 31 December 2013	6,172	40,089	11,770	24,160	82,191
At 31 December 2014	25,184	48,640	10,599	5,193	89,616

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of and impairment loss on property, plant and equipment

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

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

The Group has substantial investments in property, plant and equipment for its pipes and roads and construction materials businesses. Management carried out an impairment assessment of its property, plant and equipment as the Group incurred significant operating losses.

During the financial year ended 31 December 2014, the Group recognised an impairment loss of \$8,507,000, representing the write down of the property, plant and equipment to their recoverable amounts based on their expected respective selling prices as at 31 December 2014.

The fair value of the property, plant and equipment was determined by external, independent valuation companies, having appropriate professional qualifications and recent experience in location and category of the properties, plant and equipment being valued. In determining the fair value of leasehold properties, the valuers used the market comparables and sales of comparable properties approach. In determining the fair value of the remaining property, plant and equipment, the valuer used market comparables and depreciated replacement cost approach.

Valuation techniques and significant unobservable inputs

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

<u>Type</u>	<u>Valuation method</u>	<u>Key unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
<i>Leasehold properties</i>			
Industrial property when selling prices per square metre ("psm") for comparable properties are available	Market comparison approach	Selling prices ranging from \$1,310 to \$1,830 psm	A significant increase in average selling prices would result in a significantly higher fair value measurement.
<i>Plant and equipment, motor vehicles and construction in progress</i>			
Current market selling/purchase prices of comparable assets are available	Market comparison and depreciated replacement cost approach	Current market selling/purchase prices	A significant increase in current market selling/purchase prices would result in a significantly higher fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2014 \$'000	2013 \$'000
Carrying amount of property, plant and equipment under finance lease obligations	22,486	22,463
Depreciation of property, plant and equipment which has been capitalised in contracts work-in-progress	8,438	7,313
Carrying amount of certain property, plant and equipment mortgaged to banks to secure banking facilities (see note 17)		
– Leasehold properties	23,705	6,172
– Construction in progress	–	18,835

6 LEASE PREPAYMENTS

	Group \$'000
Cost	
At 1 January 2013	2,115
Additions	1,207
Translation differences	163
At 31 December 2013	3,485
Additions	11
Translation differences	138
At 31 December 2014	3,634
Accumulated amortisation	
At 1 January 2013	13
Amortisation for the year	64
Translation differences	3
At 31 December 2013	80
Amortisation for the year	74
Translation differences	3
At 31 December 2014	157
Carrying amounts	
At 1 January 2013	2,102
At 31 December 2013	3,405
At 31 December 2014	3,477

The lease prepayments represent payments for land use rights of 2 (2013: 2) 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)
Land use right I	December 2012	50 years
Land use right II	April 2013	50 years

None of the leases include contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS

7 INVESTMENT PROPERTY

	Group	
	2014 \$'000	2013 \$'000
Costs		
At 1 January	2,085	2,127
Disposal	(2,085)	–
Translation differences	–	(42)
At 31 December	<u>–</u>	<u>2,085</u>
Accumulated depreciation		
At 1 January	40	26
Depreciation charge for the year	–	14
Disposal	(40)	–
At 31 December	<u>–</u>	<u>40</u>
Carrying amounts		
At 31 December	<u>–</u>	<u>2,045</u>

The fair value of the investment property of the Group as at 31 December 2013, based on the valuation performed by an independent professional valuer, VPC Alliance (JB) Sdn. Bhd, was \$2,337,000. In determining the fair value, the valuer used the market comparables and sales of comparable properties approach.

8 SUBSIDIARIES

	Company	
	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	110,000	110,000
Impairment loss	(39,536)	–
	<u>70,464</u>	<u>110,000</u>

The movement in the impairment loss of investments in subsidiaries is as follows:

	2014 \$'000	2013 \$'000
At 1 January	–	–
Impairment loss recognised	39,536	–
At 31 December	<u>39,536</u>	<u>–</u>

During the financial year ended 31 December 2014, the Company assessed the recoverable amounts of the investments in subsidiaries as certain subsidiaries incurred significant operating losses. The recoverable amounts of the investments in subsidiaries were estimated using the “fair value less costs to sell” approach. Fair value is based on the revalued net assets of the subsidiaries. Costs of disposal were assessed as insignificant.

In deriving the revalued net assets of the subsidiaries, the fair values of the underlying assets were estimated based on their expected selling prices and the fair values of the underlying liabilities were based on the estimated cash outflows to settle the obligations. Based on the assessment, the Company recognised an impairment loss of \$39,536,000 (2013: \$Nil).

The valuation techniques used for measuring of Level 3 fair value of the property, plant and equipment of the subsidiaries, as well as the significant unobservable inputs used are disclosed in note 5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

8 SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Ownership interest	
			2014 %	2013 %
<u>Held by the Company</u>				
Ley Choon (M) Sdn Bhd	Malaysia	Rental income	100	100
Ley Choon Constructions & Engineering Pte. Ltd. ("LCCE") [#]	Singapore	Non-building construction and manufacture of asphalt premix	100	100
<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	100
<u>Held by Ley Choon Developments Pte Ltd</u>				
Ley Choon (Yantai) Eco-Green Construction Material Ltd. [#]	People's Republic of China ("PRC")	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

9 DEFERRED TAX ASSETS/(LIABILITIES)

Movements in deferred tax liabilities (prior to offsetting of balances) during the year are as follows:

	At 1 January 2013 \$'000	Recognised in profit or loss (Note 24) \$'000	At 31 December 2013 \$'000	Recognised in profit or loss (Note 24) \$'000	At 31 December 2014 \$'000
Group					
Deferred tax (liabilities)/assets					
Property, plant and equipment	(3,986)	(499)	(4,485)	(298)	(4,783)
Unutilised tax losses	-	-	-	4,183	4,183
Unutilised capital allowances	-	-	-	1,399	1,399
	<u>(3,986)</u>	<u>(499)</u>	<u>(4,485)</u>	<u>5,284</u>	<u>799</u>
Company					
Deferred tax assets					
Unutilised tax losses	-	-	-	154	154

The unutilised tax losses and unutilised capital allowances which are available for set-off against future profits are subject to agreement by the tax authority and compliance with tax regulations. These temporary differences, unutilised tax losses and unutilised capital allowances do not expire under the current tax legislation.

10 INVENTORIES

	Group	
	2014 \$'000	2013 \$'000
Raw materials, at cost	<u>6,276</u>	<u>5,827</u>

11 DEVELOPMENT PROPERTY

	Group	
	2014 \$'000	2013 \$'000
Development property, at cost:		
Cost of freehold land	13,622	13,622
Development costs	<u>2,318</u>	<u>86</u>
	<u>15,940</u>	<u>13,708</u>

The development property has been pledged as collaterals to secure banking facilities for the Group (see note 17).

NOTES TO THE FINANCIAL STATEMENTS

12 CONTRACTS WORK-IN-PROGRESS

	Note	Group	
		2014 \$'000	2013 \$'000
Costs incurred and attributable profits		616,889	527,799
Progress billings		(521,435)	(415,000)
		<u>95,454</u>	<u>112,799</u>
Contracts work-in-progress		95,697	113,393
Excess of progress billings over contracts work-in-progress	18	(243)	(594)
		<u>95,454</u>	<u>112,799</u>

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables				
– third parties	26,671	43,969	–	–
Impairment losses	(178)	–	–	–
	<u>26,493</u>	<u>43,969</u>	<u>–</u>	<u>–</u>
Other receivables	561	128	–	–
Non-trade amounts due from subsidiaries	–	–	42,262	30,018
Staff loans	6	13	–	–
	<u>27,060</u>	<u>44,110</u>	<u>42,262</u>	<u>30,018</u>
Loans and receivables				
Downpayment for the purchase of land	–	1,834	–	–
Tax recoverable	839	–	9	–
Prepayments	3,024	1,046	–	10
	<u>30,923</u>	<u>46,990</u>	<u>42,271</u>	<u>30,028</u>

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 31.

14 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2014 \$'000	2013 \$'000
Quoted equity shares, at fair value	<u>85</u>	<u>88</u>

The Group's exposure to credit risk related to financial assets designated at fair value through profit or loss is included in note 31.

NOTES TO THE FINANCIAL STATEMENTS

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank and on hand	13,009	21,223	52	597
Fixed deposits	7,186	12,498	–	–
	20,195	33,721	52	597
Bank overdrafts	(11,479)	(1,454)		
Deposits pledged	(7,186)	(12,498)		
Cash and cash equivalents in the consolidated statements of cash flows	1,530	19,769		

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 31.

16 CAPITAL AND RESERVES

Share capital

	Company	
	2014 Number of shares '000	2013 Number of Shares '000
Fully paid ordinary shares, with no par value:		
At beginning of year	592,407	493,673
Issue of shares pursuant to share placement exercise	–	98,734
At end of year	592,407	592,407

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 ordinary shares were issued at \$0.1642 per share pursuant to a share placement exercise. All new ordinary shares were fully subscribed and paid.

Warrants

On 13 June 2013, any rights comprised in the 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 warrants outstanding. There were no warrants being exercised and issued during the financial year ended 31 December 2014.

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.

NOTES TO THE FINANCIAL STATEMENTS

16 CAPITAL AND RESERVES (CONTINUED)

Capital management (continued)

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. Except for Group's subsidiary in PRC, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

The Group's subsidiary in PRC is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authority. The transfer to statutory reserve is required to be made at the rate of 10% (2013: 10%) of profit after tax of the subsidiary arrived at under generally accepted accounting principles applicable in the PRC. The transfer to the statutory reserve is mandatory until the cumulative total of the statutory reserve reaches 50% of the subsidiary's registered capital. As the subsidiary in PRC has incurred a loss after tax, there is no requirement to contribute to the statutory reserve.

Reserves

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

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation reserve	1,549	576	–	–
Capital reserves	146	–	(981)	(1,127)
	1,695	576	(981)	(1,127)

Foreign currency translation reserve

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 reserves

The capital reserves comprise the following items:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Equity component of convertible bonds, net of tax	146	–	146	–
Assets distributed to Entitled Shareholders*	–	–	(1,127)	(1,127)
	146	–	(981)	(1,127)

* Entitled Shareholders are shareholders of the Company as at 24 July 2012, prior to the completion of the reverse takeover ("RTO") exercise in 2012.

Net assets distributed to Entitled Shareholders relates to the trade and other receivables due to the Company prior to the completion of the RTO, which was collected and distributed to the Entitled Shareholders.

NOTES TO THE FINANCIAL STATEMENTS

17 LOANS AND BORROWINGS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current liabilities				
Convertible bonds	14,609	–	14,609	–
Secured bank loans	22,231	39,224	–	–
Finance lease liabilities	6,473	8,803	–	–
	<u>43,313</u>	<u>48,027</u>	<u>14,609</u>	<u>–</u>
Current liabilities				
Bank overdrafts	11,479	1,454	–	–
Secured bank loans	44,881	53,267	–	–
Bills payable	33,137	45,465	–	–
Finance lease liabilities	6,995	6,156	–	–
	<u>96,492</u>	<u>106,342</u>	<u>–</u>	<u>–</u>
Total loans and borrowings	<u>139,805</u>	<u>154,369</u>	<u>14,609</u>	<u>–</u>

Finance lease liabilities

Finance lease liabilities are repayable as follows:

	Principal \$'000	Interest \$'000	Payments \$'000
Group			
At 31 December 2014			
Within one year	6,995	291	7,286
After one year but within five years	6,473	183	6,656
	<u>13,468</u>	<u>474</u>	<u>13,942</u>
At 31 December 2013			
Within one year	6,156	359	6,515
After one year but within five years	8,803	308	9,111
	<u>14,959</u>	<u>667</u>	<u>15,626</u>

NOTES TO THE FINANCIAL STATEMENTS

17 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 2014					
Bank overdrafts	SGD	4.41% to 7.55%	–	11,479	11,479
Convertible bonds	SGD	6.7%	2017	14,609	14,609
Secured bank loans	SGD	2.17% to 7.00%	2015-2019	67,112	67,112
Bills payable	SGD	2.53% to 4.70%	2015	33,137	33,137
Finance lease liabilities	SGD	2.08% to 9.33%	2015-2019	13,942	13,468
				<u>140,279</u>	<u>139,805</u>
31 December 2013					
Bank overdrafts	SGD	5.50% to 7.50%	–	1,454	1,454
Secured bank loans	SGD	2.17% to 7.00%	2014-2017	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%	2014-2017	15,626	14,959
				<u>155,036</u>	<u>154,369</u>
Company					
31 December 2014					
Convertible bonds	SGD	6.7%	2017	14,609	14,609

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

- (a) legal mortgage over the Group's leasehold properties and certain properties of which construction are in progress (see note 5);
- (b) charge over certain of the Group's plant and equipment (see note 5);
- (c) legal mortgage over the Group's development property (see note 11);
- (d) joint and several guarantees by certain directors of the Company; and
- (e) fixed deposits of the Group (see note 15).

The Group's and the Company's exposure to interest rate and liquidity risks related to loans and borrowings is disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS

17 LOANS AND BORROWINGS (CONTINUED)

Breaches of loans

The Group had breached certain specified loan covenants attached to various secured bank loans with carrying amounts totalling approximately \$6,223,000 (2013: \$Nil) as at 31 December 2014. These loans are repayable over the next 1 to 2 years. As a result of the breach in loan covenants, the entire carrying amounts of these loans became repayable on demand and have been classified as current liabilities. Details of the respective loans and loan covenants that were breached are as follows:

Loan covenants	Currency	Year of maturity	Carrying amount \$'000
Group			
LCCE shall maintain a maximum consolidated gearing ratio of no more than 2.5 times. Gearing ratio is defined as total bank borrowings over shareholders' equity (excluding non-controlling interests)	SGD	2015	438
	SGD	2016	1,188
LCCE shall maintain a minimum consolidated net worth of \$45 million	SGD	2015	271
LCCE shall maintain a net worth of not less than \$30 million	SGD	2015	1,826
	SGD	2015	2,500
			<u>6,223</u>

Subsequent to the financial year end, the Group has repaid \$2,441,000 of the above bank loans which became repayable on demand and is in negotiation with the banks for a waiver of the breach of loan covenants in respect of the remaining bank loans which are repayable on demand.

Convertible bonds

	Group and Company 2014 \$'000
Proceeds from convertible bonds	15,000
Transaction costs	(321)
Net proceeds	14,679
Amount classified as equity	(146)
Accreted interest	76
Carrying amount at 31 December	<u>14,609</u>

NOTES TO THE FINANCIAL STATEMENTS

17 LOANS AND BORROWINGS (CONTINUED)

Breaches of loans (continued)

The amount of convertible bonds classified as equity of \$146,000 is net of attributable transaction costs of \$3,000.

The convertible bonds were issued on 15 May 2014. They are convertible into ordinary shares of the Company at \$0.1929 per share at the option of the holder, at any time on or after 2 years from 15 May 2014.

In addition, the convertible bonds will become repayable on demand if the Group's consolidated tangible net worth falls below \$50 million.

Consolidated tangible net worth is defined as the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of the Company; and
- (b) the amount standing to the credit of the consolidated capital and revenue reserves of the Group, based on the latest consolidated balance sheet of the Group but after:
 - (i) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (b) above of the Group since the date of the latest audited consolidated balance sheet of the Group;
 - (ii) excluding any sums set aside for future taxation; and
 - (iii) deducting:
 - (A) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;
 - (B) all goodwill and other intangible assets; and
 - (C) any debit balances on consolidated profit and loss account.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables	37,089	25,116	75	140
Other payables	367	313	104	72
Amounts due to subsidiaries, non-trade	–	–	235	325
Amounts due to joint venture partner, non-trade	1,905	1,015	–	–
Accruals	6,697	5,839	44	44
Excess of progress billings over contracts work-in-progress	243	594	–	–
	46,301	32,877	458	581

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

The Group's and the Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS

19 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 Remuneration Committee comprising Mr Marcus Chow Wen Kwan, Mr Lee Gee Aik and Mr Ang Miah Khiang, 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 shares available under the Plan.

For the financial years ended 31 December 2014 and 2013, no performance shares had been allotted and issued to any employees or directors of the Company.

20 PROVISIONS

	Provision for legal claims \$'000	Group Provision for liquidated damages \$'000	Total \$'000
2014			
At beginning of year	106	–	106
Provisions made during the year	–	6,101	6,101
At end of year	106	6,101	6,207
2013			
At beginning and end of year	106	–	106

Provision for legal claims

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.

Provision for liquidated damages

Provision for liquidated damages has been estimated based on the expected potential claims from customers of the Group.

NOTES TO THE FINANCIAL STATEMENTS

21 REVENUE

	Group	
	2014 \$'000	2013 \$'000
Contract revenue	147,299	145,437
Sales of construction materials	9,492	7,728
	156,791	153,165

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 estimated 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. Actual costs could differ from the estimates.

22 OTHER INCOME

	Group	
	2014 \$'000	2013 \$'000
Dividend income from quoted shares	1	2
(Loss)/gain on disposal of property, plant and equipment	(24)	11,420
Income from supply of labour	540	397
Insurance compensation received	206	80
Interest income	28	24
Rental income	226	602
Sale of scraps	701	752
Sundry income	1,841	1,209
	3,519	14,486

23 FINANCE COSTS

	Group	
	2014 \$'000	2013 \$'000
Recognised in profit or loss		
Interest expenses on loans and borrowings	5,273	4,523
	5,273	4,523

NOTES TO THE FINANCIAL STATEMENTS

24 TAX (CREDIT)/EXPENSE

	Group	
	2014 \$'000	2013 \$'000
Current tax expense		
Current year	303	2,069
Overprovision in prior years	(1,462)	(525)
	<u>(1,159)</u>	<u>1,544</u>
Deferred tax expense		
Current year	(5,104)	(1,519)
(Over)/under provision in prior years	(180)	2,018
	<u>(5,284)</u>	<u>499</u>
Total tax (credit)/expense	<u>(6,443)</u>	<u>2,043</u>
Reconciliation of effective tax rate		
(Loss)/profit for the year	(35,888)	14,322
Total tax (credit)/expense	(6,443)	2,043
(Loss)/profit excluding tax	<u>(42,331)</u>	<u>16,365</u>
Tax using the Singapore tax rate of 17% (2013: 17%)	(7,196)	2,782
Effect of tax rate in foreign jurisdictions	223	(28)
Tax effect on non-taxable items	(249)	(2,081)
Tax effect on non-tax deductible items	2,415	272
(Over)/under provision in prior year	(1,642)	1,493
Recognition of tax effect of previously unrecognised tax losses	(247)	-
Tax exempt income	(44)	(112)
Others	297	(283)
	<u>(6,443)</u>	<u>2,043</u>

25 (LOSS)/PROFIT FOR THE YEAR

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

	Group	
	2014 \$'000	2013 \$'000
Contributions to defined contribution plans included in staff costs	1,460	1,389
Changes in fair value of financial assets designated at fair value through profit or loss	3	4
Cost of inventories recognised in cost of sales	34,305	31,907
Allowance for impairment loss on trade receivables	178	-
Operating lease expenses	2,237	2,287
Staff costs	50,272	41,184
Bad debts written off	7	170
Depreciation of property, plant and equipment	9,031	7,364
Depreciation of investment property	-	14
Impairment loss on property, plant and equipment	8,507	-
Amortisation of lease prepayments	74	64
Provision for liquidated damages	6,101	-
Foreign exchange loss	392	501
Loss on disposal of investment property	502	-

NOTES TO THE FINANCIAL STATEMENTS

26 ACQUISITION OF NON-CONTROLLING INTERESTS

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. The carrying amount of Pan Alliance Technology Pte Ltd in the Group's financial statements on the date of acquisition was \$2,158,000. The Group recognised a decrease in non-controlling interest of \$647,000 and an increase in retained earnings of \$258,000.

27 EARNINGS PER SHARE

	Group	
	2014	2013
	\$'000	\$'000
Basic earnings per share is based on:		
(Loss)/profit attributable to equity holders of the Company	<u>(35,997)</u>	<u>14,344</u>
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares at 31 December	<u>592,407</u>	<u>531,003</u>

As at the reporting date, convertible bonds were excluded from the diluted weighted average number of ordinary shares calculation as their effect is anti-dilutive.

28 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

28 OPERATING SEGMENTS (CONTINUED)

The segment information provided to the Group's CEO for the reportable segments for the year ended 31 December 2014 is as follows:

	Pipes and roads \$'000	Construction materials \$'000	Others \$'000	Total \$'000
For the financial year ended 31 December 2014				
External revenues	147,299	9,492	–	156,791
Inter-segment revenue	64,170	26,031	–	90,201
Total revenue	211,469	35,523	–	246,992
Interest income	–	–	28	28
Interest expenses	(460)	–	(4,813)	(5,273)
Depreciation and amortisation	(7,583)	(965)	(1,682)	(10,230)
Impairment loss on property, plant and equipment	(1,935)	(116)	(6,456)	(8,507)
Reportable segment (loss)/profit before tax	(18,472)	3,753	(27,612)	(42,331)
Reportable segment assets	168,104	15,304	79,829	263,237
Capital expenditure	13,829	4,679	8,814	27,322
Reportable segment liabilities	72,742	7,826	111,745	192,313
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	187,720	26,900	–	214,620
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	22,816	1,503	(7,954)	16,365
Reportable segment assets	197,485	13,478	90,676	301,639
Capital expenditure	13,748	438	15,380	29,566
Reportable segment liabilities	70,926	12,081	111,457	194,464

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2014	2013
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	246,992	214,620
Elimination of inter-segment revenue	(90,201)	(61,455)
Consolidated revenue	<u>156,791</u>	<u>153,165</u>
Profit or loss		
Total (loss)/profit for reportable segments	(14,719)	24,319
Gain on disposal of property, plant and equipment	–	11,420
Impairment loss on property, plant and equipment	(5,979)	–
Other corporate expenses	(21,633)	(19,374)
Consolidated (loss)/profit before tax	<u>(42,331)</u>	<u>16,365</u>
Assets		
Total assets for reportable segments	183,408	210,963
Development property	15,940	13,708
Property, plant and equipment	33,576	32,963
Other unallocated assets	30,313	44,005
Consolidated total assets	<u>263,237</u>	<u>301,639</u>
Liabilities		
Total liabilities for reportable segments	80,568	83,007
Loans and borrowings	93,628	94,614
Other unallocated liabilities	18,117	16,843
Consolidated total liabilities	<u>192,313</u>	<u>194,464</u>

Geographical information

The pipes and roads and construction materials businesses are managed on a worldwide basis and the Group operates principally in Singapore, China, Brunei and Sri Lanka.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2014	2013
	\$'000	\$'000
Revenue		
Singapore	130,241	134,188
Brunei	25,263	18,977
Other countries	1,287	–
Consolidated revenue	<u>156,791</u>	<u>153,165</u>
Non-current assets⁽¹⁾		
Singapore	77,135	76,935
Brunei	1,942	2,127
Other countries	14,245	8,850
Consolidated non-current assets	<u>93,322</u>	<u>87,912</u>

⁽¹⁾ Non-current assets presented consist of property, plant and equipment, lease prepayments, investment property and club membership.

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING SEGMENTS (CONTINUED)

Major customers

During the financial year ended 31 December 2014, revenue from certain customers (named alphabetically A to E) of the Group's pipes and roads segment represent approximately \$124,734,000 (2013: \$110,214,000). The details of these customers which individually contributed 10% percent or more of the Group's revenue in the year are as follows:

	2014		2013	
	\$'000	%	\$'000	%
Customer A	41,255	26	29,022	19
Customer B	32,371	21	27,186	18
Customer C	21,075	13	16,180	11
Customer D	11,131	7	26,725	17
Customer E	18,902	12	11,101	7
Total	124,734	79	110,214	72

29 COMMITMENTS

Capital commitments

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Acquisition of property, plant and equipment contracted but not provided for in the financial statements	6,200	15,657	-	-

Leases as lessee

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Payable:				
Within 1 year	1,303	1,672	-	-
After 1 year but within 5 years	2,826	2,795	-	-
More than 5 years	1,803	2,329	-	-
	5,932	6,796	-	-

30 RELATED PARTIES

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 RELATED PARTIES (CONTINUED)

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Key management personnel				
Short-term employee benefits	2,704	2,895	175	175
Contribution to defined contribution plans	140	170	–	–
	<u>2,844</u>	<u>3,065</u>	<u>175</u>	<u>175</u>

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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Company in which the key management personnel have control				
Service income	18	38	–	–
Purchases	30	73	–	–

31 FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The transactions with the Group's most significant customer amounted to \$7,859,000 (2013: \$13,214,000), representing 30% (2013: 30%) of the trade receivables carrying amount as at 31 December 2014.

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 in respect of its financial assets, 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 has no other financial assets which carry significant exposure to credit risk.

Management of credit risk

- The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made up front by customers which do not meet the Group's credit requirements.
- Amounts 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.

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

	Group				Company			
	Gross 2014 \$'000	Impairment losses 2014 \$'000	Gross 2013 \$'000	Impairment losses 2013 \$'000	Gross 2014 \$'000	Impairment losses 2014 \$'000	Gross 2013 \$'000	Impairment losses 2013 \$'000
Not past due	17,924	-	31,790	-	-	-	-	-
Past due 31 days to 60 days	5,279	-	6,444	-	-	-	-	-
Past due 61 days to 90 days	1,054	-	3,029	-	-	-	-	-
Past due > 90 days	2,414	(178)	2,706	-	-	-	-	-
	<u>26,671</u>	<u>(178)</u>	<u>43,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Management of credit risk (continued)

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At beginning of the year	–	573	–	–
Impairment losses made	178	–	–	–
Impairment losses utilised	–	(573)	–	–
At end of the year	178	–	–	–

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 beyond the amount provided 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

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

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Between 1 to 5 years \$'000
Group				
31 December 2014				
Non-derivative financial liabilities				
Loans and borrowings	139,805	144,767	99,054	45,713
Trade and other payables*	46,058	46,058	46,058	–
	<u>185,863</u>	<u>190,825</u>	<u>145,112</u>	<u>45,713</u>
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>
Company				
31 December 2014				
Non-derivative financial liabilities				
Loans and borrowings	14,609	17,438	975	16,463
Trade and other payables*	458	458	458	–
	<u>15,067</u>	<u>17,896</u>	<u>1,433</u>	<u>16,463</u>
31 December 2013				
Non-derivative financial liabilities				
Trade and other payables*	581	581	581	–

* 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 does not have any exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed rate instruments				
Finance lease liabilities	(13,468)	(14,959)	–	–
Convertible bonds	(14,609)	–	(14,609)	–
Secured bank loans	(67,112)	(92,491)	–	–
Cash and cash equivalents	20,195	33,721	52	597
	<u>(74,994)</u>	<u>(73,729)</u>	<u>(14,557)</u>	<u>597</u>
Variable rate instruments				
Bank overdrafts	(11,479)	(1,454)	–	–
Bills payable	(33,137)	(45,465)	–	–
	<u>(44,616)</u>	<u>(46,919)</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 2013.

	Profit or loss	
	100 bp Increase \$'000	100 bp Decrease \$'000
Group		
31 December 2014		
Variable rate instruments	<u>(446)</u>	<u>446</u>
31 December 2013		
Variable rate instruments	<u>(469)</u>	<u>469</u>

NOTES TO THE FINANCIAL STATEMENTS

31 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 2014							
Trade and other receivables*	13	–	27,060	–	–	27,060	27,060
Financial assets designated at fair value through profit or loss	14	85	–	–	–	85	85
Cash and cash equivalents	15	–	20,195	–	–	20,195	20,195
		<u>85</u>	<u>47,255</u>	<u>–</u>	<u>–</u>	<u>47,340</u>	<u>47,340</u>
Loans and borrowings:							
– convertible bonds	17	–	–	14,609	–	14,609	15,558
– secured bank loans	17	–	–	67,112	–	67,112	69,594
– finance lease liabilities	17	–	–	–	13,468	13,468	13,877
– bills payable	17	–	–	33,137	–	33,137	33,137
– bank overdrafts	17	–	–	11,479	–	11,479	11,479
Trade and other payables#	18	–	–	46,058	–	46,058	46,058
		<u>–</u>	<u>–</u>	<u>172,395</u>	<u>13,468</u>	<u>185,863</u>	<u>189,703</u>
31 December 2013							
Trade and other receivables*	13	–	44,110	–	–	44,110	44,110
Financial assets designated at fair value through profit or loss	14	88	–	–	–	88	88
Cash and cash equivalents	15	–	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	17	–	–	92,491	–	92,491	96,627
– finance lease liabilities	17	–	–	–	14,959	14,959	15,535
– bills payable	17	–	–	45,465	–	45,465	45,465
– bank overdrafts	17	–	–	1,454	–	1,454	1,454
Trade and other payables#	18	–	–	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>

NOTES TO THE FINANCIAL STATEMENTS

31 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 2014						
Trade and other receivables*	13	–	42,262	–	42,262	42,262
Cash and cash equivalents	15	–	52	–	52	52
		–	42,314	–	42,314	42,314
Convertible bonds	17	–	–	14,609	14,609	15,558
Trade and other payables#	18	–	–	458	458	458
		–	–	15,067	15,067	16,016
31 December 2013						
Trade and other receivables*	13	–	30,018	–	30,018	30,018
Cash and cash equivalents	15	–	597	–	597	597
		–	30,615	–	30,615	30,615
Convertible bonds	17	–	–	–	–	–
Trade and other payables#	18	–	–	581	581	581
		–	–	581	581	581

* Excludes prepayments, tax recoverables 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	
	2014 %	2013 %	2014 %	2013 %
Secured bank loans	3.70	4.47	–	–
Convertible bonds	6.50	–	6.50	–
Finance lease liabilities	3.04	3.85	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

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).

Financial assets carried at fair value

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
31 December 2014				
Financial assets designated at fair value through profit or loss	85	–	–	85
31 December 2013				
Financial assets designated at fair value through profit or loss	88	–	–	88

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 2014				
Secured bank loans	–	69,594	–	69,594
Convertible bonds	–	15,558	–	15,558
Finance lease liabilities	–	13,877	–	13,877
	–	99,029	–	99,029
31 December 2013				
Secured bank loans	–	96,627	–	96,627
Finance lease liabilities	–	15,535	–	15,535
	–	112,162	–	112,162
Company				
31 December 2014				
Convertible bonds	–	15,558	–	15,558

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

31 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.

	<u>Level 1</u> <u>\$'000</u>	<u>Level 2</u> <u>\$'000</u>	<u>Level 3</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Group				
2013				
Non-financial assets measured at fair value				
Investment property	–	–	2,045	2,045

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.

<u>Type</u>	<u>Valuation method</u>	<u>Key unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
<i>Investment property</i>			
Commercial property for leasing when selling 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 was investment property. Generally, the fair value of investment property was 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 were discussed with the Audit Committee and Board of Directors in accordance with the Group’s reporting policies.

NOTES TO THE FINANCIAL STATEMENTS

32 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.

33 SUBSEQUENT EVENTS

Subsequent to 31 December 2014, the Group:

- (i) has not repaid a secured bank loan with carrying amount of \$9,300,000 as at 31 December 2014 which was due for repayment on 15 March 2015. The Group has requested for the bank's approval to extend the repayment period by 3 months, while it is making arrangements with another bank for the refinancing of the loan. As at the date of the financial statements, the Group has yet to receive the approval from the lender of the existing bank loan; and
- (ii) has secured a \$16,000,000 credit facility from the controlling shareholders of the Company.

SHAREHOLDINGS STATISTICS

AS AT 21 APRIL 2015

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 – 99	47	1.46	446	0.00
100 – 1,000	1,519	47.23	762,549	0.13
1,001 – 10,000	867	26.96	3,586,900	0.61
10,001 – 1,000,000	754	23.45	73,720,109	12.44
1,000,001 and above	29	0.90	514,336,992	86.82
	3,216	100.00	592,406,996	100.00

SHAREHOLDINGS HELD IN THE HAND OF PUBLIC SHAREHOLDERS

As at 21 April 2015, approximately 24.74% 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	312,579,500	52.76
2.	Hiap Hoe Investment Pte Ltd	88,268,000	14.90
3.	Koh Tiam Teng	29,008,571	4.90
4.	Tan Teck Wei	15,011,935	2.53
5.	Raffles Nominees (Pte) Ltd	13,991,600	2.36
6.	Maybank Kim Eng Securities Pte Ltd	10,344,203	1.75
7.	Lim Ee Ann	5,324,665	0.90
8.	DBS Nominees Pte Ltd	3,979,300	0.67
9.	Liang Say Juan	3,736,935	0.63
10.	Toh Keng Hong	2,924,000	0.49
11.	Hong Leong Finance Nominees Pte Ltd	2,474,400	0.42
12.	Kwan Chee Seng	2,245,700	0.38
13.	Wong Nyuk Lian	2,110,000	0.36
14.	United Overseas Bank Nominees Pte Ltd	1,931,050	0.33
15.	Lim Ee Chuan	1,857,443	0.31
16.	UOB Kay Hian Pte Ltd	1,839,500	0.31
17.	Tan Kooi Jin	1,680,400	0.28
18.	OCBC Securities Private Ltd	1,667,142	0.28
19.	DBS Vickers Securities (S) Pte Ltd	1,519,023	0.26
20.	CIMB Securities (S) Pte Ltd	1,492,599	0.25
		503,985,966	85.07

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Number of shares Held	
		%	Deemed Interest
Zheng Choon Holding Pte Ltd	312,579,500	52.76	
Toh Choo Huat	397,000	0.067	312,579,500
Toh Swee Kim	110,000	0.019	312,579,500
Toh Chew Leong	–	–	312,579,500
Toh Chew Chai	–	–	312,579,500
Seow Soon Kee	–	–	312,579,500
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 No. 3 Sungei Kadut Drive, Singapore 729556 on 29 May 2015 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 2014 together with the Reports of the Directors and the Auditors of the Company. (Resolution 1)
2. To re-elect as a Director, Mr Toh Choo Huat who is retiring under Article 107 of the Company's Articles of Association.

Mr Toh Choo Huat will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company. (Resolution 2)
3. To re-elect as a Director, Mr Toh Swee Kim who is retiring under Article 107 of the Company's Articles of Association.

Mr Toh Swee Kim will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. (Resolution 3)
4. To re-elect as a Director, Mr Ang Miah Khiang who is retiring under Article 107 of the Company's Articles of Association.

Mr Ang Miah Khiang will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company as well as the Chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee and will be considered independent of management. (Resolution 4)
5. To approve the payment of Directors' fees of S\$30,000 for the financial year ended 31 December 2014. (Resolution 5)
6. To approve the payment of Directors' fees of S\$175,000 for the financial year ending 31 December 2015, 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

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided always that:

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

NOTICE OF ANNUAL GENERAL MEETING

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

(Resolution 10)

[See Explanatory Note (III)]

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Joint Company Secretaries
14 May 2015

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 granted by the shareholders at the annual general meeting held on 29 May 2015, 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 14 May 2015 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. 3 Sungei Kadut Drive, Singapore 729556 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 No. 3 Sungei Kadut Drive, Singapore 729556 on 29 May 2015 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 2014 together with the Reports of the Directors and Auditors of the Company		
2.	Re-election of Mr Toh Choo Huat as a Director of the Company		
3.	Re-election of Mr Toh Swee Kim as a Director of the Company		
4.	Re-election of Mr Ang Miah Khiang as a Director of the Company		
5.	Approval of Directors' fees of S\$30,000 for the financial year ended 31 December 2014		
6.	Approval of Directors' fees of S\$175,000 for the financial year ending 31 December 2015, to be paid quarterly and 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 _____ 2015.

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. 3 Sungei Kadut Drive, Singapore 729556, 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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