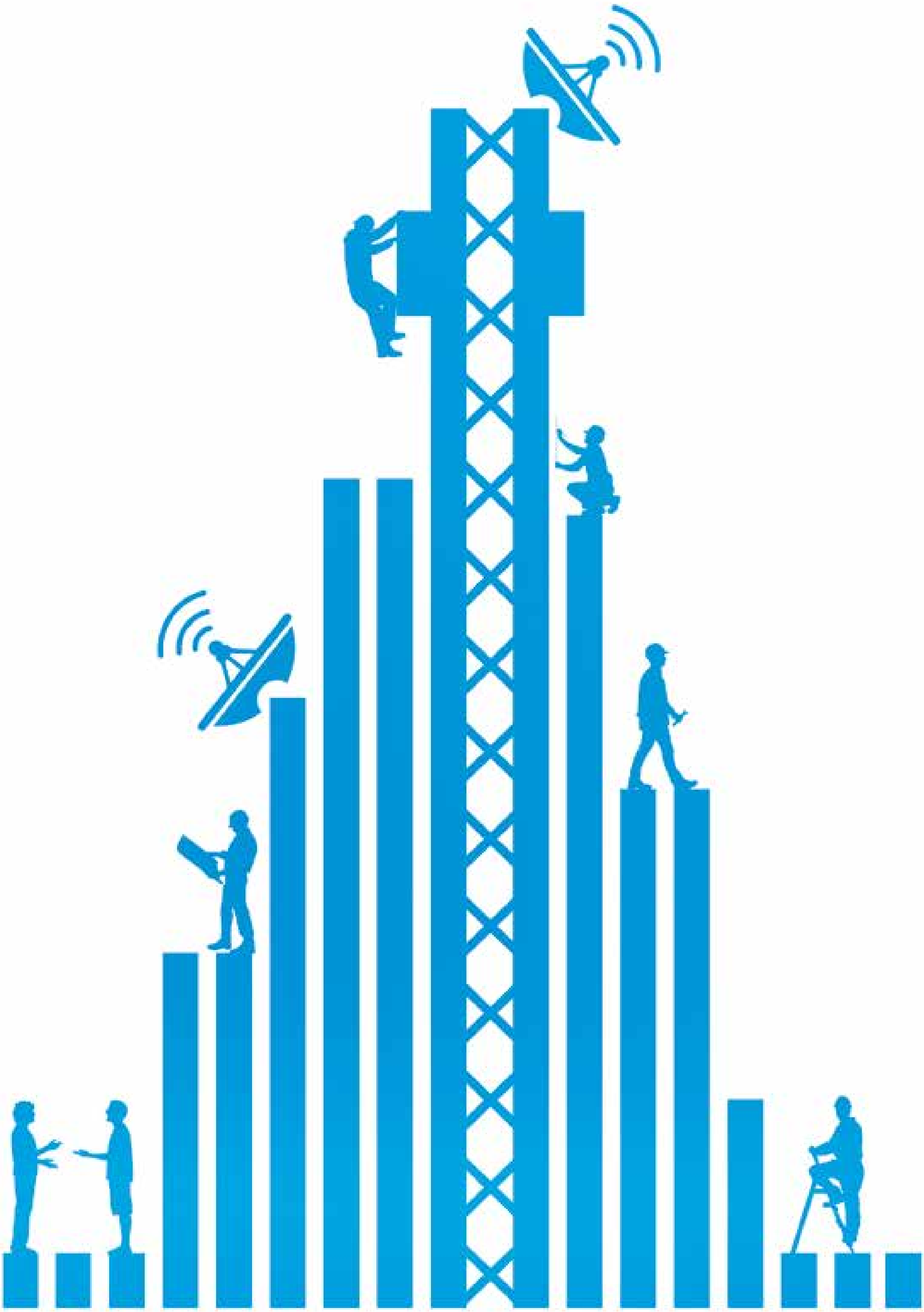
GEARING FOR GROWTH



CMC INFOCOMM LIMITED

2016 Annual Report

CONTENTS

OUR VISION

To be a leading integrator and one-stop provider for infocommunication technology solutions.

OUR MISSION

To lead, deliver quality services and create innovative solutions that enhance the quality of users' experience and ensure seamless connectivity in the region.

The contact person for the Sponsor is
Ms Tan Pei Woon (telephone no.: (65) 6532 3829) at
1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

CM

WHO WE ARE

CMC Infocomm Limited ("**CMC Infocomm**", and together with its subsidiaries, the "**Group**") is a regional integrated and innovative communications solutions and services provider with operations in Singapore, Malaysia, the Philippines and Thailand. Our capabilities include:

IN-BUILDING COVERAGE

Provision of full-turnkey in-building coverage services from planning and design to construction and implementation of customers' indoor mobile network infrastructure;

OUTDOOR CONSTRUCTION

Provision of full-turnkey services from planning and design to construction and implementation of customers' outdoor mobile network infrastructure;

TELECOMMUNICATIONS IMPLEMENTATION

Provision of telecommunications implementation works for the installation and commissioning of radio base transceiver stations; and

MAINTENANCE SERVICES

Provision of corrective and preventive maintenance services to ensure network reliability and minimal network disruptions.

Over the years, CMC Infocomm has established a firm reputation in providing consistent and reliable solutions and services. With over 20 years of experience in the telecommunications industry, CMC Infocomm has completed numerous projects in Singapore, the Philippines and Thailand since 2011. In 2015, CMC Infocomm acquired a subsidiary in Malaysia to explore business opportunities in the provision of integrated and innovative communications solutions and services to customers in Malaysia.

CMC Infocomm was listed in August 2015 on the Catalist Board of the SGX-ST.

> *Great things in business are never done by one person. They're done by a team of people.*
>
> ***Steve Jobs***

POWERED BY CAPABILITIES

Our proven technical know-how, time-tested abilities and strong regional synergies make us a reliable provider of quality communications solutions and services.

MR. KEVIN PHUA
Executive Director/CEO

DATO' ABDUL RAHMAN
Non-Executive Chairman

TOGETHER, WE WILL CONTINUE TO WORK RELENTLESSLY TO CREATE GROWTH, VALUE AND RETURNS ENHANCEMENT FOR THE COMPANY AND ALL OUR STAKEHOLDERS.

Dear Shareholders,

On behalf of the Board of CMC Infocomm Limited ("**CMC Infocomm**" or the "**Group**"), we are pleased to present our inaugural annual report for the financial year ended 31 May 2016 ("**FY2016**"). We would like to express our appreciation to all investors for your support since the IPO and we sincerely welcome you as our shareholders.

REACHING FOR NEW FRONTIERS

The Group has set new sights on higher grounds where we seek to evolve into a regional integrated and innovative communications solutions and services provider. We strive to be the leading integrator and one-stop provider for infocommunication technology solutions.

Through the provision of integrated services, we aim to expand our range of services in the information and communications technology industry to offer new and complementary services where we have the capabilities to provide full turnkey solutions from planning and design, to construction and implementation of our customers' mobile network infrastructure in an efficient and cost-effective manner.

Leveraging on our experience and industry knowledge, we are able to provide consistent delivery of quality and innovative solutions and services. We continuously interact with our customers to better understand their needs and develop solutions to meet their requirements in a cost-effective manner.

“2015 marks a new milestone for CMC Infocomm as we proudly join the ranks of listed companies on the Catalist board of the Singapore Exchange. With over 20 years of experience in the telecommunications industry, we have built a robust track record of over 100 projects in Singapore, the Philippines and Thailand. Energised by the listing, we have sharpened our vision for the future.”

As part of our regional expansion plans, we are strengthening our presence in Singapore, Malaysia, the Philippines and Thailand and we will continue to look into expanding our regional presence in new and existing markets by tapping on existing relationships with joint venture partners and business associates in the region.

FINANCIAL REVIEW

For FY2016, CMC Infocomm reported an 11.6% increase in revenue to S$18.2 million mainly due to higher revenue contribution from its subsidiaries in Singapore and the Philippines due to In-building Coverage (“**IBC**”) projects. This is partially offset by a decrease in revenue contribution from its Thailand subsidiary due to delays in projects commencement.

However, as we ramp up our business and lay the foundation for business expansion, operating and administrative costs also rose correspondingly. Coupled by the listing expenses of S$1.0 million, our bottom-line was impacted, leading to a net loss of S$1.5 million.

During the year, we geared up by increasing our staff strength and improving internal processes to meet our higher business development activities. While the increase in costs has affected our bottom-line in the short term, we are confident that the benefits will flow through once these newly pursued pipelines are realised. No dividend was declared for FY2016 taking into consideration the Group’s loss attributable to owners of the Company and at the same time, we are also focused on investing capital to strengthen our operations for future growth. However, we remain committed to rewarding our shareholders who have supported us as we stride forward.

GEARING FOR THE FUTURE

We are constantly seeking new growth opportunities to expand our customer base. In July 2016, the Company announced that it has secured new contracts worth S$3.8 million for cellular network engineering and maintenance projects with the leading mobile operators in the region, which are expected to complete over the next two years. We are also proud to be awarded our maiden contract with the Infocomm Development Authority of Singapore (**IDA**) to measure and benchmark the quality of 3G mobile services in Singapore.

In Malaysia, CMC Infocomm acquired a subsidiary in October 2015 to explore business opportunities in the provision of integrated and innovative communications solutions and services to customers. Following the acquisition, the Group will focus on building its market presence through various business development channels, as well as leveraging on the existing business network of one of its major shareholders in Malaysia.

In the Philippines and subsequent to year end, our wholly-owned subsidiary, CMC Communications (Philippines), Inc. (“**CMCCP**”) has also entered into a 40-60 joint venture agreement with Argosy Properties, Inc. (“**API**”) and a management and consultancy service agreement with Argosy Partners, Inc. We expect our new joint venture with API in the Philippines to grow the telecommunications solutions and services business in one of the fastest growing smartphone market in Southeast Asia. This is expected to present attractive business opportunities amid slowing growth in the more mature markets in the region.

OUTLOOK

The Group remains cautious in view of the prevailing economic uncertainties and will be selective in pursuing projects and investment opportunities as part of its expansion plan into new and complementary businesses in Singapore and the region.

NOTE OF APPRECIATION

On behalf of the Board, we would like to express our deepest appreciation to all stakeholders who have been instrumental in the Company’s success since its listing – our customers, business associates, management team, staff and shareholders.

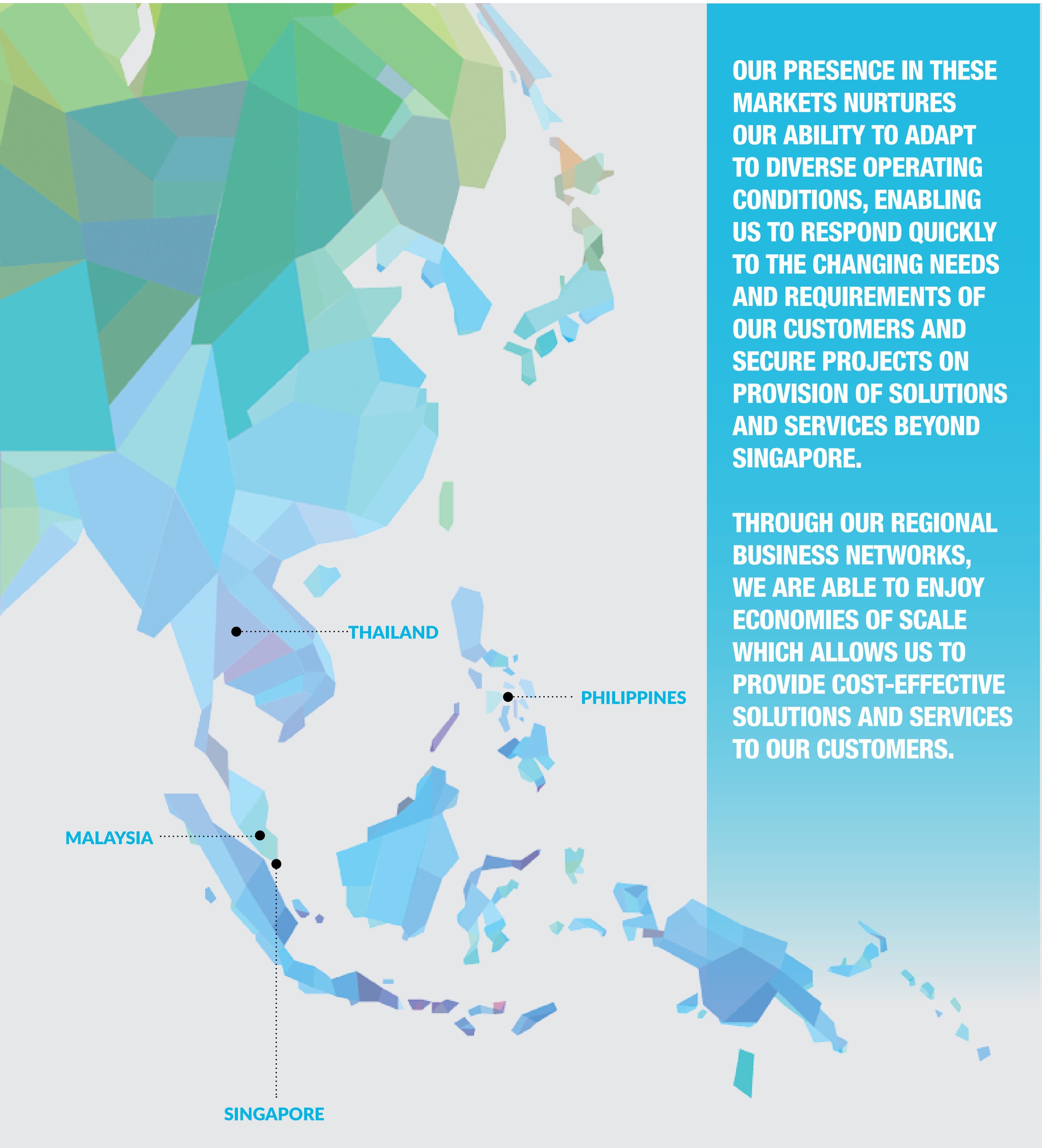
We are grateful for the loyal support of our customers and business associates through all these years as well as the unwavering commitment of our management team and staff who are pivotal to our success. Our relationships with these stakeholders will nurture greater sustainability in our business operations as well as the communities we operate in.

Last but not least, we like to thank the Board of Directors for their invaluable guidance. Together, we will continue to work relentlessly to create growth, value and returns enhancement for the Company and all our stakeholders.

Dato’ Abdul Rahman
Non-Executive Chairman

Kevin Phua
Executive Director and
Chief Executive Officer

REGIONAL PRESENCE



OUR PRESENCE IN THESE MARKETS NURTURES OUR ABILITY TO ADAPT TO DIVERSE OPERATING CONDITIONS, ENABLING US TO RESPOND QUICKLY TO THE CHANGING NEEDS AND REQUIREMENTS OF OUR CUSTOMERS AND SECURE PROJECTS ON PROVISION OF SOLUTIONS AND SERVICES BEYOND SINGAPORE.

THROUGH OUR REGIONAL BUSINESS NETWORKS, WE ARE ABLE TO ENJOY ECONOMIES OF SCALE WHICH ALLOWS US TO PROVIDE COST-EFFECTIVE SOLUTIONS AND SERVICES TO OUR CUSTOMERS.

GARDENS BY THE BAY, SINGAPORE
(Project Completed)

Our Solution:
- Designed and delivered hybrid solution comprising active fibre system with conventional passive RF solutions
- Provide extensive seamless RF coverage over large area of the public space
- Implemented common antenna system for joint operators

BUSINESS REVIEW

DESPITE ITS SMALL POPULATION, SINGAPORE HAS ONE OF THE HIGHEST SMARTPHONE PENETRATION RATE IN THE WORLD

SINGAPORE

In FY2016, sales from Singapore rose 25.5% to S$12.9 million, accounting for 71.0% of the Group's revenue. This was driven by higher contribution from In-Building Coverage ("**IBC**") projects.

The Group also secured its maiden contract from the Infocomm Development Authority of Singapore ("**IDA**") to measure the quality of 3G mobile services in Singapore, which is expected to generate recurring income over the contract period. This is complementary to the Group's core businesses and in line with the Group's strategy to expand towards adjacent business.

During the financial year, CMC Infocomm also announced contract wins from the Singapore telecommunication operators in relation to IBC projects, network migration for the upgrading and refurbishment of infrastructure, cellular network engineering projects as well as maintenance contracts.

The Group will also continue to support two key telecommunication operators on the full implementation for LTE Multiple-Input Multiple-Output ("**MIMO**") Enhancement for its project in Changi Terminal 2, which is worth over S$5 million for which work commenced in 2015.

Given the prevailing economic uncertainties and competitive environment, the Group remains prudent and will continue its efforts in marketing and business development. Despite its small population, Singapore has one of the highest smartphone penetration rate in the world and is at the forefront of technological innovations. The government-led Smart Nation initiative is also projected to see over S$2.82 billion worth of infocomm technology ("**ICT**") tenders being called this year, comprising mainly infrastructure and ICT security bulk contracts[1].

In addition, IDA led initiatives such as the spectrum auction for the potential fourth telco and moves to set quality standards for mobile services to ensure smooth connectivity, could spur additional investments in infrastructure. According to IDA, mobile network operators will have to ensure that the quality of their 4G networks coverage should be extended to at least 95% of outdoor areas from July 2016. This will be progressively increased to 99% from July 2017. 4G coverage in tunnels must be at least 99% from July 2018 and coverage inside buildings must be at least 85% from January 2019[2].

[1] https://www.ida.gov.sg/About-Us/Newsroom/Media-Releases/2016/Government-and-Industry-to-build-a-Smart-Nation-Together.

[2] https://www.ida.gov.sg/~/media/Files/About%20Us/Newsroom/Media%20Releases/2016/0601_New%204G%20Quality%20of%20Standards%20Announced/4G%20QoS%20Factsheet%20FINAL.pdf

THAILAND

Thailand remained a significant market for the Group, contributing 19.4% to the Group's FY2016 revenue.

In FY2016, revenue from Thailand decreased 23.8% to S$3.5 million mainly due to a delay in commencement of projects as the customers were focusing on upgrading their existing systems to cater for new technologies to be installed for them.

Nevertheless, the recent successful auction of 4G spectrum licence could still spur investments in telecommunications infrastructure, creating business opportunities for CMC Communications (Thailand) Co., Ltd. ("**CMCCT**"), our subsidiary in Thailand, which counts the three major mobile service operators – True Move, DTAC and AIS – as its customers.

Demand for seamless connectivity is expected to rise as the country moves towards becoming one of the leading digital economies in the world and CMCCT intends to participate significantly in the infrastructure upgrading projects.

PHILIPPINES

In FY2016, revenue from the Philippines increased by 26.9% to S$1.8 million, accounting for 9.6% of the Group's revenue.

Key customers include Globe Telecom, Inc. and Smart Communications, Inc., both of which are major telecommunications operators in the Philippines.

The Philippines is the fastest growing smartphone market in Southeast Asia, posting a 20% year-on-year growth in the first quarter of 2016, according to International Data Corporation ("**IDC**")[3]. Further, the country's plan to develop a national broadband network to enhance connectivity and allow greater Wi-Fi access presents exciting business opportunities.

To better tap on these opportunities, CMC Infocomm announced on 27 July 2016 that its wholly-owned subsidiary, CMC Communications (Philippines), Inc. ("**CMCCP**") has entered into a joint venture agreement with a local partner, Argosy Properties, Inc. ("**API**").

Pursuant to the joint venture agreement, CMCCP and API will incorporate a 40-60 joint venture company, namely CMC-AC Infocomms (Philippines) Inc. (the "**JVCo**"), in the Philippines, primarily to design, develop, install, implement and maintain telecommunication equipment and systems for commercial and industrial applications.

API is an affiliate of Argosy Partners, Inc. ("**Argosy Partners**"), an investment and advisory firm based in the Philippines, advising and investing in transactions involving companies from a wide range of industries including the property, financial services, business process outsourcing, telecommunications, power and industrial industries. The co-founder of API and Argosy Partners is Aloysius B. Colayco, who has been appointed to the boards of several international and local companies in the Philippines. He was also the head of international investments for a leading insurance group based in New York. Argosy Partners, represented by Aloysius B. Colayco, will provide assistance to the JVCo in dealing

[3] https://www.idc.com/getdoc.jsp?containerId=prAP41533516.

CHANGI INTERNATIONAL AIRPORT TERMINAL 2, SINGAPORE
(On-Going Project)

Our Solution:

- Full implementation for 4G LTE MIMO Network
- LTE two layer high capacity network advantage over conventional 3G single layer network
- Delivered optimised high speed network design for two key operators i.e. M1 and StarHub

THE PHILIPPINES IS THE FASTEST GROWING SMARTPHONE MARKET IN SOUTHEAST ASIA

with telecommunications companies in the Philippines as well as strategic and business management advisory services to the JVCo through a separate management and consultancy agreement.

With Argosy Partners as its local partner, the Group will work towards obtaining a licence from the Philippine Contractors Accreditation Board via the JVCo and tapping on each other's capabilities to grow the telecommunications solutions and services business in the Philippines.

MALAYSIA

In October 2015, CMC Infocomm acquired a 100% stake in CMC Infocomm Sdn Bhd in Malaysia to explore business opportunities in the provision of integrated and innovative communications solutions and services to customers in Malaysia, which has one of the highest mobile penetration rates in the region.

While there was no revenue contribution from Malaysia in FY2016, the Group has been leveraging on the existing business network of CMC Engineering Sdn Bhd, one of its major shareholders, to establish its market presence in Malaysia through various business development channels. While it is envisaged that the business development activities for the in-building coverage solution will take time to materialise in revenue contribution, the Group has been actively looking into providing new and complementary services as well.

CENTRAL WORLD SHOPPING MALL, BANGKOK
(On-Going Project)

Our Solution:

- Designed and Implemented an active small cell solution (LampSite) with high speed (LTE) multi-wireless data services that supports Wi-Fi and Cellular networks
- Provides higher spectrum efficiency for a seamless service experience
- Implemented Common Antenna System for Multi-Operators (DTAC, True Move)

SEACON SQUARE SHOPPING MALL, BANGKOK
(On-Going Project)

Our Solution:

- Designed, Supplied and Implemented a Distributed Antenna System (DAS) using LTE Multiple-Input Multiple-Output (MIMO) Technology
- MIMO provides higher downlink throughput data as compared to conventional Single-Input Single-Output (SISO)
- Performed Network Optimization to ensure Optimal performance

CMC INFOCOMM GROUP'S REVENUE INCREASED BY 11.6% TO S$18.2 MILLION

INCOME STATEMENT

For the financial year ended 31 May 2016 ("**FY2016**"), CMC Infocomm Group's revenue increased by 11.6% to S$18.2 million mainly due to higher revenue contribution from its subsidiaries in Singapore and the Philippines arising from In-Building Coverage ("**IBC**") projects. The increase in revenue was partially offset by a drop in revenue contribution from its Thailand subsidiary mainly due to a delay in commencement of projects.

Gross profit increased by 8.9% from S$4.3 million in FY2015 to S$4.7 million in FY2016 which is in line with the increase in revenue, however, gross profit margin decreased from 26.2% in FY2015 to 25.5% in FY2016 mainly due to lower margin contributed from certain projects as a result of increased competitiveness in the industry and tougher market conditions.

Other operating expenses increased by 39.9% from S$1.2 million in FY2015 to S$1.7 million in FY2016 mainly due to higher IPO related expenses incurred during the year.

Administrative expenses increased by 51.3% from S$3.0 million in FY2015 to S$4.6 million in FY2016 mainly due to an increase in overhead expenses which comprised mainly payroll expenses due to additional headcount to support the execution of the Group's expansion plan into new and complementary businesses in Singapore, Malaysia and the Philippines.

BALANCE SHEET

Non-current assets decreased by 2.6% from S$4.5 million as at 31 May 2015 to S$4.4 million as at 31 May 2016. This was mainly due to the decrease in the carrying value of the intangible assets attributable to the amortisation charges for the financial year, partially offset by the increase in the net book value of property, plant and equipment and increase in deferred tax assets.

Current assets increased by 47.0% from S$11.8 million as at 31 May 2015 to S$17.3 million as at 31 May 2016. This was attributable to higher gross amount due from customers for contracts work-in-progress mainly due to Changi Terminal 2 project as a result of higher project costs incurred but yet to be billed to the customers and also from higher trade and other receivables. Cash and cash equivalents increased as well due to the proceeds from IPO.

Current liabilities increased by 56.9% from S$5.8 million as at 31 May 2015 to S$9.1 million as at 31 May 2016. This was partly due to the novation of shareholder's loan, use of project financing and the increase in trade and other payables due to higher outstanding invoices owing to suppliers and other payables as a result of more work done for the Group's IBC projects in Singapore.

Non-current liabilities increased by 387.3% from S$0.1 million as at 31 May 2015 to S$0.6 million as at 31 May 2016 mainly due to the novation of shareholder's loan.

The increase in share capital was due to the Restructuring Exercise and the issue of new shares pursuant to the IPO. The decrease in reserves was due to the adjustments made pursuant to the Restructuring Exercise and current year losses.

STATEMENT OF CASH FLOWS

Net cash flows used in operating activities amounted to S$0.6 million mainly due to loss before tax, changes in working capital and payments of interest and tax.

Net cash flows generated from financing activities amounted to S$3.8 million. This was mainly due to proceeds of S$6.0 million received from the issuance of shares pursuant to the IPO of which S$0.6 million was used for the repayment of shareholder's loan and payment of professional fees incurred in relation to the IPO of S$1.33 million.

Net cash flows used in investing activities amounted to S$0.7 million due to renovation cost, purchases of tools and testing equipment and office equipment, partially offset by the withdrawal of deposits pledged with bank.

As a result of the above, there was a net increase of S$2.5 million in cash and cash equivalents. As at 31 May 2016, the Group's cash and cash equivalents amounted to S$5.1 million.

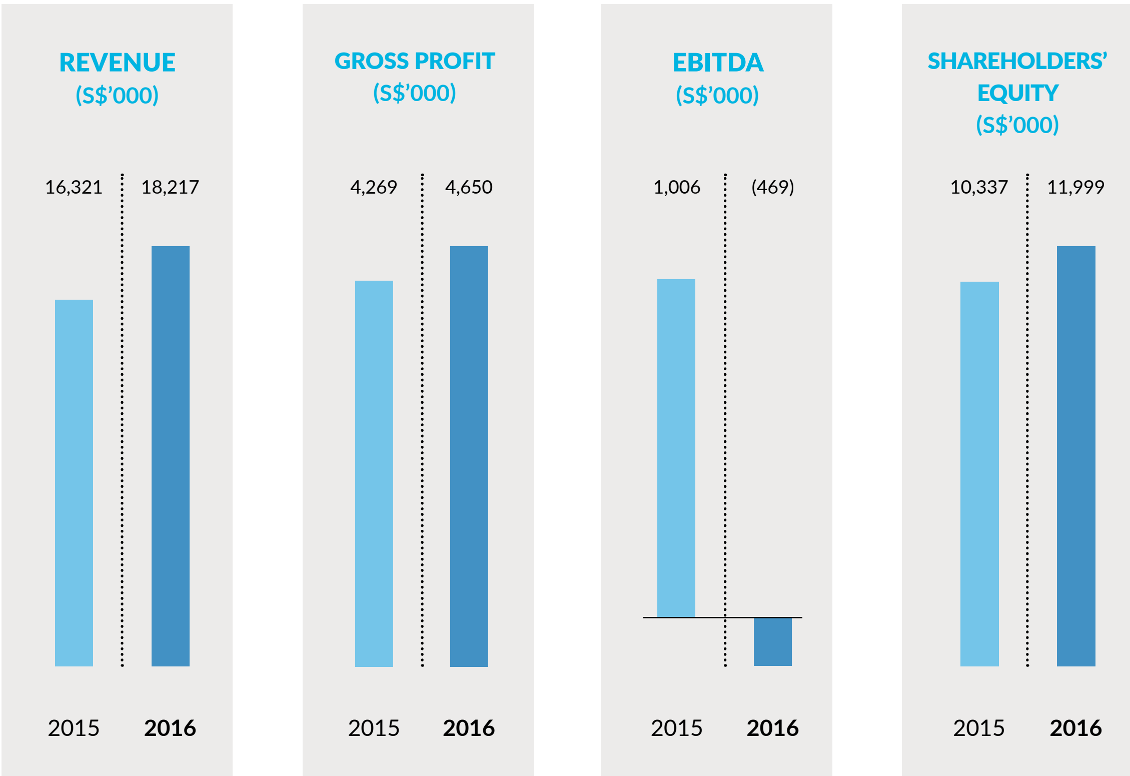
> *Talent wins games, but teamwork and intelligence win championships.*
>
> ***Michael Jordan***

STRENGTHENED BY EXPERIENCE

Having completed over 100 projects in Singapore, the Philippines and Thailand since 2011, CMC Infocomm has built a track record that affirms our desire to deliver solutions our clients can rely on.

FINANCIAL HIGHLIGHTS

FOR THE YEAR (S$'000)	FY2016	FY2015
Revenue	**18,217**	16,321
Gross profit	**4,650**	4,269
Gross profit margin (%)	**25.5**	26.2
Earnings (Loss) before interest, tax, depreciation & amortisation (EBITDA)	**(469)**	1,006
(Loss)/profit before tax	**(1,465)**	110
(Loss)/profit for the year	**(1,497)**	(186)
(Loss)/profit attributable to owners of the company	**(1,497)**	(186)
AT YEAR END (S$'000)		
Current assets	**17,328**	11,787
Total assets	**21,695**	16,270
Current liabilities	**9,121**	5,815
Total liabilities	**9,696**	5,933
Total debts (Including shareholder's loan)	**2,117**	–
Equity attributable to owners of the company	**11,999**	10,337
Total equity	**11,999**	10,337



2015

AUGUST

- Listed on Catalist of SGX-ST.
- Awarded S$2 million worth of orders from Singapore telecommunications companies.

SEPTEMBER

- Awarded of S$4 million worth of contracts from the Singapore telecommunications companies to carry out IBC projects and network migration for the upgrading and refurbishment in Singapore.

OCTOBER

- Acquired 100% stake in CMC Infocomm Sdn Bhd in Malaysia.

2016

JULY

- Proposed joint venture in the Philippines with Argosy Properties, Inc.
- Awarded S$3.8 million worth of contracts for cellular network engineering and maintenance projects with the leading mobile operators in the region.

CORPORATE STRUCTURE

> *Whatever we accomplish belongs to our entire group – a tribute to our combined effort.*
>
> ***Walt Disney***

POISED FOR OPPORTUNITIES

With rapidly increasing need for speedy, secure, cost-effective and scalable telecommunications infrastructure in the region, CMC Infocomm is well-positioned to tap into new dynamic growth opportunities.

BOARD OF DIRECTORS

01
DATO' ABDUL RAHMAN BIN YUSOF
Non-Executive Chairman

02
MR. KEVIN PHUA
Executive Director and
Chief Executive Officer

03
MR. HAZWAN ALIF
Executive Director

04
MR. SIM GEOK SOON
Non-Executive Director

05
MR. YEE KIT HONG
Lead Independent Director

06
MR. JAKOB HINRICHSEN
Independent Director

07
MR. ALEX SIOW
Independent Director

08
MR. CLIFTON YONG
Independent Director

BOARD OF DIRECTORS

01
Dato' Abdul Rahman Bin Yusof
Non-Executive Chairman

Dato' Abdul Rahman was appointed to our Board on 14 July 2015 and is our Non-Executive Chairman. He has over 30 years of experience in the engineering and telecommunications industry and has been instrumental in leading our Group to become an established player in the telecommunications industry.

He provides strategic direction and formulates business and corporate policies and strategies for the continual growth of our Group. Dato' Abdul Rahman started his career as a technical assistant at Telekom Department of Malaysia in 1975. Between 1977 and 1980, Dato' Abdul Rahman worked for various companies before returning to Telekom Department of Malaysia as an assistant controller in January 1980. From 1983 to 1985, Dato' Abdul Rahman worked for various companies under Sri Communication Sdn Bhd where he was involved in telecommunications-related projects. In 1986, Dato' Abdul Rahman joined Sapura Infrastructure Group as a general manager where he was responsible for two companies within the group involved in telecommunications-related projects. In May 1996, Dato' Abdul Rahman founded CMC Engineering Sdn Bhd to offer full turnkey engineering services relating to public transportation system, telecommunications network roll-out and oil and gas electrical and automation works.

Dato' Abdul Rahman graduated with a Diploma in Electrical Engineering (Communication) from Universiti Teknologi Malaysia in December 1978 and subsequently obtained a Bachelor of Science degree in Electronic and Electrical Engineering in July 1981 from Robert Gordon University (formerly known as Robert Gordon's Institute of Technology) in Scotland, United Kingdom. He also completed the Stanford- NUS Executive Program in February 1988.

Dato' Abdul Rahman is a Chartered Engineer and a fellow of the Institution of Engineering and Technology, a fellow of the Institution of Railway Signal Engineers, a Chartered Engineer of the Engineering Council UK, a member of Malaysian Institute of Management, a chartered member of Malaysian Institute of Directors and a Senior Fellow of the Institute of Business Executive Malaysia.

02
Mr. Kevin Phua
Executive Director and Chief Executive Officer

Kevin Phua was appointed to our Board on 16 March 2015 and is our Executive Director and CEO. Kevin Phua is responsible for the overall management of our Group's business and corporate development and he works together with our Non-Executive Chairman to formulate the business and corporate policies and strategies of our Group.

He started his career in August 1994 as an engineer with National Semiconductor Manufacturing Pte Ltd before he joined Infineon Technologies Asia Pacific Pte Ltd (formerly known as Siemens Components Pte Ltd) from March 1996 to December 2000 where he was involved in developing software for the testing of microchips as a senior engineer. In January 2001, Kevin Phua joined ST Assembly and Test Services Pte Ltd as an engineering section manager where he was in-charge of testing microchips at its test development centre. He subsequently joined Flextronics International Ltd. in June 2002 as a manager at its test development department where he was a division head and responsible for testing of product designs for Singapore, Malaysia and China. Kevin Phua founded and was the Chief Executive Officer of Nexfrontier Solutions Pte. Ltd. from June 2005 to September 2012. Prior to being appointed as our Executive Director and CEO, Kevin Phua had been an Executive Director at TEE International Limited from October 2012 to August 2015 and was involved in the executive and management role in the telecommunication operation, infrastructure, information technology functions and merger and acquisition projects.

Kevin Phua graduated from Nanyang Technological University with a Bachelor of Engineering degree in May 1994 and from the National University of Singapore with a Master of Science (Electrical Engineering) degree in July 1999.

Kevin Phua is the nephew of Phua Chian Kin, the Group Chief Executive Officer and Managing Director, and controlling shareholder of TEE International Limited. As of the date of this annual report, TEE International Limited holds 42.11% of the issued and paid-up share capital of the Company and Kevin Phua holds shares amounting to less than 5% of the issued share capital of TEE International Limited.

03
Mr. Hazwan Alif
Executive Director

Hazwan Alif was appointed to our Board on 16 March 2015 and is our Executive Director. He primarily oversees the business development and administration functions of our Group. He began his career as an associate with KPMG in London between October 2009 and July 2010 when he was involved in the execution of full audit work on design and effectiveness of internal controls and statutory audit on financial statements. Hazwan Alif joined Ernst and Young, Kuala Lumpur, Malaysia between October 2010 and July 2013 as a senior associate where he led audit and non-audit engagement teams serving a portfolio of clients including various banks and finance houses, asset/investment management firms and unit trust funds. In July 2013, he joined CMC Engineering as the head of strategic development and focused on business strategy development and execution, establishment of key collaborations between the company (including our operations) and its various partners. He was also responsible for identifying opportunities for the company's overseas expansions.

Hazwan Alif graduated from The University of Warwick with a Bachelor of Science with Honours degree in Economics in July 2009. He is an associate with The Institute of Chartered Accountants in England and Wales, an affiliate of The Institution of Railway Signal Engineers and a committee member of the Board of the Institution of Railway Signal Engineers Malaysian Section Berhad.

04
Mr. Sim Geok Soon
Non-Executive Director

Sim Geok Soon was appointed to our Board on 14 July 2015 and is our Non-Executive Director. Sim Geok Soon has more than 30 years of experience in project and construction management in the construction engineering industries, familiar with all stages of project delivery.

Sim Geok Soon started his career as an electrical technician in Soon Meng Electrical Engineering & Plumbing Contractors in October 1982. In March 1984, he joined Link Automation Pte Ltd as an electrical foreman. In April 1985, he joined LK-NES (S.E.A) Pte. Ltd. as an assistant project engineer involved in upgrading of electrical system for various sewage pumping stations. In May 1986, he joined Kandenko Co Ltd as project engineer involved in Phase 1A Mass Rapid Transit project. In May 1988, he joined Indeco Engineer Pte Ltd as a project engineer involved in Phase 2A Mass Rapid Transit Project. In June 1990, he joined Lindeteves Jacoberg (F.E) Private Limited as a project engineer before he left as a project manager in April 1996. He was in charge of various water and waste projects in Singapore and Malaysia. In April 1996, he joined Trans Equatorial Engineering Pte Ltd as a project director and later rose to the position of senior project director/ executive director before he was promoted to managing director (special projects), a position which he holds to date. He is in charge of mechanical and electrical engineering and special projects in Singapore and overseas, handling a variety of projects in the airport, metro, commercial, gaming, water and waste sectors.

Sim Geok Soon received a National Trade Certificate (Grade Three) in electrical fitting and installation (industrial & domestic) in August 1979, from the Vocational and Industrial Training Board Singapore. He obtained an Industrial Technician Certificate in Electrical Engineering in October 1981 from the Vocational and Industrial Training Board Singapore and a Certificate in Management in November 1994 from Singapore Institute of Management.

Trans Equatorial Engineering Pte Ltd which Sim Geok Soon holds the position of Managing Director (Special Projects), is a subsidiary of TEE International Limited, the Company's controlling shareholder. He also holds shares amounting to less than 5% of TEE International Limited.

05
Mr. Yee Kit Hong
Lead Independent Director

Yee Kit Hong is our Lead Independent Director and was appointed to our Board on 14 July 2015. Prior to joining Ernst & Young in July 1982, he worked as a project accountant in Morrison Knudsen Low Keng Huat and as an accountant in Brown & Roots, as well as an audit senior in Wilson Green & Gibbs. He was an assurance and tax manager at Ernst & Young when he left in September 1989. Since October 1989, Yee Kit Hong has been a partner at Kit Yee & Co, a firm providing audit, accountancy and taxation advice or related services. He is a principal partner responsible for providing assurance, advisory, consultancy and taxation services to clients.

Yee Kit Hong is a fellow of The Institute of Chartered Accountants in England and Wales and of the Institute of Singapore Chartered Accountants. He is also admitted as an accredited tax practitioner by the Singapore Institute of Accredited Tax Professionals and a full member of the Singapore Institute of Directors.

Yee Kit Hong graduated with a Bachelor of Accountancy degree from University of Singapore in June 1971.

06
Mr. Jakob Hinrichsen
Independent Director

Jakob Hinrichsen is our Independent Director and was appointed to our Board on 14 July 2015. He started his career with DSC Communications Dedicom as a project and service manager in July 1994. He then served as the sales manager of TDC, the largest telco in Denmark, responsible for sales of the company's international data solutions from June 1996 to May 1999. He joined Energis Carrier Services in June 1999 where he served as head of networks responsible for building and operating Energis' Pan-European and Transatlantic network. In November 2004, Jakob Hinrichsen co-founded Oghma and became the company's director for market development, strategy and operations. Between October 2005 and June 2007, he served as a general manager of Natrindo Telepon Seluler where he was responsible for strategy development and business planning for the company's international gateway and business. In October 2007, Jakob Hinrichsen joined PT Excelcomindo Pratama (XL) as its vice president of corporate strategy and business development responsible for strategy formation and execution of strategic initiatives. In September 2012, he became Senior Vice President of corporate strategy and business transformation with PT XL Axiata. In that role, which he held until August 2014, he was the chairman of the operating committee and led the company's strategy formation and the execution of its business transformation program. Since October 2004, Jakob Hinrichsen has also been the managing director of T. Hagen Partners Pte. Ltd., an independent consultancy firm specialising in strategy formation, and execution of growth strategies for companies in the internet, communication and technology sectors in Asia.

Jakob Hinrichsen is a member of the Singapore Institute of Directors and a member of the Danish Society of Engineers. He graduated with a Master of Science in Engineering degree from the Technical University of Denmark in July 1994 and a Masters of Business Administration degree from INSEAD in December 2003.

07
Mr. Alex Siow
Independent Director

Alex Siow is our Independent Director and was appointed to our Board on 14 July 2015. He started his career as a structural engineer in June 1981 at the Housing & Development Board, where he was responsible for the design and construction of public housing in Singapore and was promoted to head of the construction technology unit in April 1986 where he was responsible for the introduction of several technologies for improvement of construction productivity. In September 1990, he was promoted to chief information officer responsible for the overall implementation of information technology to facilitate product development and customer service. In March 2003, Alex Siow joined StarHub Ltd as vice president of strategic relations and government affairs in the chief executive officer's office before he was appointed as head of corporate sales in February 2005 where he was responsible for the sales of all StarHub products to the enterprise sector. In February 2008, he was promoted to head of business excellence and systems technology, responsible for network convergence and the implementation of a new business support system. In March 2011, Alex Siow was promoted to head of enterprise risk management and business excellence, responsible for drawing a risk management framework, identifying risks, risk mitigation, and risk policy and process audits. Alex Siow joined Accenture Pte Ltd as managing director of health and public service in July 2013 where he was responsible for sales origination of system integration and consultancy projects in the healthcare and public sectors. Since January 2015, he has been a professor in the department of information systems, school of computing in National University of Singapore. He is also the director of Strategic Technology Management Institute and the Centre for Health Informatics at National University of Singapore.

Alex Siow graduated with a Bachelor of Engineering (Civil) degree from Stuttgart Institute of Technology in July 1979 and a Master of Science (Engineering) (Construction Management) degree from the University of Birmingham in December 1986. He completed the Senior management Programme at INSEAD, Fontainebleu in 1991. He is a full member of the Singapore Institute of Directors. He is also a member of the Certification Board for the Institute of Management Consultants.

08
Mr. Clifton Yong
Independent Director

Clifton Yong is our Independent Director and was appointed to our Board on 14 July 2015. He began his career at the Ministry of Defence from June 1982 to November 1988. From May 1991 to February 2002, Clifton Yong was with Nortel Networks before he left as vice president of submarine cables and global carriers division, responsible for the company's optical portfolio in the submarine segment and co-leading the global submarine networks initiatives which included manufacturing as well as research and development. He then joined Alcatel Singapore in February 2002 as managing director and left in March 2008 as senior vice president of the Asia Pacific region, responsible for the expansion of the company's business into enterprises and vertical markets. Subsequently, from March 2008 to July 2011, Clifton Yong was the chief commercial officer and group executive vice president of MediaCorp Pte Ltd, responsible for all commercial functions such as sales, marketing, operations and customer engagement functions.

He is currently the Executive Chairman of Nano Equipment Pte. Ltd., having successfully transformed the company from a technology system integrator to a cloud-based mobile solution provider.

Clifton Yong graduated from the National University of Singapore with a Bachelor of Engineering (Electrical) degree in July 1991 and obtained a Master of Business Administration (General Management) degree from University of Hull in April 1995. He also completed the general manager program at Harvard Business School in November 2000.

KEY EXECUTIVES

01

MR. LIM LIAN SWA

Chief Operating Officer

02

MR. BENJAMIN WONG

Deputy Financial Controller

01
Mr. Lim Lian Swa
Chief Operating Officer

Lim Lian Swa is our Chief Operating Officer and is responsible for the overall operations of our Group in Singapore, Thailand and the Philippines to achieve desirable objectives, project deliverables and profitability. He is assisted by the general managers from each of the respective offices.

Upon graduation, Lim Lian Swa started his career as a project engineer with Rahmonic Resources Pte Ltd from June 1993 to March 1995, where he was responsible for computer imaging projects in the semiconductor industry. He then joined International Video Products Pte Ltd as a test engineer from March 1995 to May 1995, where he was responsible for developing and enhancing both software and hardware for online testing of recorders and other products. Subsequently, he joined Keppel Communications Pte Ltd as a project engineer in June 1995 and was responsible for achieving targeted margins and guiding a team of project engineers, before he left in August 2000 as a project manager.

Thereafter, Lim Lian Swa worked as a project manager in Lantrovision (Singapore) Pte Ltd from August 2000 to April 2001 before he returned to Keppel Communications Pte. Ltd. as a senior manager in April 2001. In August 2001, he was promoted to project director responsible for the Singapore and Indonesia project offices and in April 2003, he also became responsible for the Thailand project office, in addition to the Singapore and Indonesia project offices. From 2004 to May 2011, he was project director for the Singapore and the Philippines project offices. As a project director, he was in charge of the overall performance of each of the project offices, ensuring all operation processes adhered to ISO standards and achieving targeted annual revenue. He was appointed as the Group General Manager in May 2011 and assisted the then Chief Operation Officer to oversee the overall operations of our various regional offices before he was promoted to the Chief Operating Officer of our Group in January 2015.

Lim Lian Swa graduated from the National University of Singapore in June 1993 with a Bachelor of Engineering (Electrical) degree and subsequently obtained a Master of Science (Communication & Network Systems) degree from Nanyang Technological University of Singapore in July 2003. He also successfully completed the Risk Management Course (BizSafe Level 2) in July 2010 by NTUC Learning Hub Pte Ltd, the Workshop for CEO/Top Management (BizSafe Level 1) in October 2010 by NTUC Learning Hub Pte Ltd and the ISO 9001:2008 Internal Auditing Training Course by SGS-SSC in November 2009. Lim Lian Swa has attended courses on Building Automation Systems organised by Singapore Polytechnic in April 1998 and Internal QMS Auditor Training conducted by PSB Corporation in October 2005.

02
Mr. Benjamin Wong
Deputy Financial Controller

Benjamin Wong is our Deputy Financial Controller. He joined our Group in January 2016 and is in charge of managing the accounting and finance function of our Group including supervising the preparation of accounts as well as consolidation of financial results and reporting. Prior to joining our Group, Benjamin Wong was an auditor with the Assurance Services Unit of Ernst & Young LLP in Singapore. He progressed from an audit assistant to audit manager from 2009 to 2016 and was involved in various audit works for companies with overseas subsidiaries and listing-related audit engagements.

Benjamin Wong is a Member of the Institute of Singapore Chartered Accountants since 2013. Benjamin Wong obtained his Bachelor of Accounting (Second Upper Honours) from the Nanyang Technological University in 2009.

CMC Infocomm adopts a fair and open approach towards the delivery of timely, transparent, and consistent disclosures to its shareholders, the financial community and the public.

INVESTOR RELATIONS AND FINANCIAL CALENDAR FY2016

AUGUST 2015

- Listed on Catalist of SGX-ST

JANUARY 2016

- Announcement of Financial Year 2016 1st Half-Year Results

MAY 2016

- Financial Year End 2016

JULY 2016

- Announcement of Financial Year 2016 Full-Year Results

SEPTEMBER 2016

- 1st Annual General Meeting

CMC Infocomm is guided by a set of principles that defines Investor Relations ("**IR**") as a strategic management responsibility that integrates finance, communication, marketing and securities law compliance. This is to enable the most effective two-way communication between the Group and its stakeholders, which comprise staff and management, the financial community, media and the public, who will ultimately contribute to achieving a fair valuation of CMC Infocomm.

We ensure relevant and material information are disclosed in a clear, concise and consistent manner, in accordance with the Catalist rules of the Singapore Exchange. We also proactively engage the investing community to promote greater understanding of the developments at CMC Infocomm.

ENGAGING STAKEHOLDERS

CMC Infocomm engages financial analysts, existing and potential investors, shareholders and the media through multiple channels, including one-to-one meetings, group briefings, investor roadshows and through emails exchanges. Key executives are present at such engagements to discuss the Group's business strategy, operational and financial performance and prospects.

The Annual General Meeting is another way for us to reach out to our shareholders. It is the main platform for the Directors and key executives to answer shareholders' questions about the Group and to address shareholders' concerns with regard to the Group's performance for the year and also to keep them informed about recent developments and projects.

DIVIDEND POLICY

CMC Infocomm does not have a formal dividend policy. The form, frequency and amount of any proposed dividend will take into consideration the Group's operating results, financial position, committed capital expenditure, working capital requirements and any other relevant considerations the Board of Directors may deem appropriate.

CMC Infocomm Stock Information

Stock Code	
SGX	42F
Bloomberg	CMC.SP
Reuters	CMCI.SI
ISNI Code	
SG1BF8000005	
Share Statistics	
Issued and Paid-Up Shares	152,000,000
Market Capitalisation (S$)	12.2 million (As at 31 August 2016)

CMC Infocomm is committed to sustainability by adopting best practices throughout the organisation, in particular, in the areas of human capital management, community and society, occupational safety, health and environmental awareness and risk management.

01

HUMAN CAPITAL

We believe people are our most important and valuable resource. CMC Infocomm has in place programs for developing and engaging employees. We strive to help our people achieve their full potential by providing them with equal opportunities for training and development based on their strengths and needs.

02

COMMUNITY AND SOCIETY

CMC Infocomm strives to be part of a positive change and is committed to serving and giving back to the community. Our Group has identified Lee Ah Mooi Old Age Home ("**LAM**") as the nursing home to support and some of our initiatives include providing meals for needy citizens and the residents of LAM.

03

OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENTAL AWARENESS

We have put in place comprehensive safety measures to provide a safe and healthy working environment for our staff. We also value the environment and evaluate the impact of our business on the environment.

04

RISK MANAGEMENT

Risk management is an integral part of CMC Infocomm's business operations and decision making processes. The Group has adopted the Enterprise Risk Management ("**ERM**") Framework, which allows the company to manage identified risks in a systematic and structured manner. The ERM Framework is an extension of the group's internal control processes, providing a robust structure.

At CMC Infocomm, we value our people, recognising them as our most important and valuable resource.

TRAINING AND DEVELOPMENT PROGRAMS

CMC Infocomm has in place programs for developing and engaging employees. We strive to help our employees achieve their fullest potential by providing them with equal opportunities for training and development based on their strengths and needs.

We believe that technical competence and equipment knowledge of our staff are instrumental maintaining our competitive edge and ensuring the continued success of our Group. The objective of our staff training is to establish a training system to support our quality management system, to ensure that our staff are kept abreast of the latest industry developments and are equipped with the necessary skills and knowledge to enhance their work performance. This is accomplished through the constant upgrading of their skills to meet the required standards of quality for the services to which they provide. We tailor the training of our staff according to their respective job scopes. Our human resources department maintains a record of all relevant training received by our staff in areas such as technology, safety, accounting and finance to further enhance their technical expertise.

We organise both internal and external training programmes for our staff from time to time. Our senior staff conduct in-house training for our staff, which includes orientation for new staff to familiarise themselves with our corporate culture and business operations. Our staff are also provided with basic training to equip them with the necessary knowledge for their respective job scopes and safety briefings.

Our staff also participate in seminars hosted by professionals on topics such as accounting, tax and technology. In addition, our suppliers may also conduct ad-hoc training for our staff to equip them with the relevant technical skills on the functionality of the hardware and software supplied.

PROMOTING A HAPPIER AND HEALTHIER WORKFORCE

CMC Infocomm believes that by promoting a happier and healthier workforce, we can create a positive working environment that will help us in attracting, motivating and retaining staff. This will also drive all employees towards a common goal of growing the business and strengthening the financial performance of the Group.

CMC Infocomm organises a host of activities to encourage staff to participate and try out new sports. Various interest groups have been formed including cycling and squash, with other new sports in the pipelines as we seek to engage staff to work towards a healthy living lifestyle. We also support the Government initiative of "**Eat with your Family Day**" by encouraging all staff to leave the office earlier on the first Friday of every month. This is to encourage employees to spend quality time with their family members over dinner.

COMMUNITY AND SOCIETY

Our Group strives to be part of a positive change and is committed to serving and giving back to the community. We recognise that for long term sustainability, we need to achieve a balance between business profitability and corporate social responsibility ("**CSR**"). We have taken steps to play our part in contributing to the welfare of the community.

In particular, we have identified Lee Ah Mooi Old Age Home ("**LAM**") as the nursing home to support and some of our initiatives include providing meals for needy citizens and the residents of LAM. We will continue to work closely with LAM to enhance the welfare of the residents.

Our Thailand subsidiary CMC Communications (Thailand) Co., Ltd. ("**CMCCT**") was also involved in CSR activities with Border Patrol Police School Baan Tum Hin, Suan Phung, Ratchaburi, Thailand whereby the volunteers played games with the kids from the school and treated them to lunch and tea break as well as distributed educational gifts.

WE HAVE PUT IN PLACE COMPREHENSIVE SAFETY MEASURES TO PROVIDE A SAFE AND HEALTHY WORKING ENVIRONMENT FOR OUR STAFF

OCCUPATIONAL SAFETY AND HEALTH AWARENESS

The Group believes that workplace safety and health is paramount and essential to all our work processes and activities. We have put in place comprehensive safety measures to provide a safe and healthy working environment for our staff. The members of our safety committee are adequately trained in risk assessment and are responsible for ensuring that the safety measures are adhered to. Such measures include:

(a) conducting periodic and necessary risk assessments for all our projects to identify the risks and gaps, and implement mitigating procedures in order to achieve an accident-free environment or minimise risks to an acceptable level;

(b) conducting regular safety meetings and providing sufficient management support and resources to plan, implement and execute safety measures in compliance with workplace health and safety legislations and other requirements which include directives, guidelines and standards prescribed by our Group;

(c) conducting regular tools and equipment checks;

(d) improving the competency of our staff and cultivating good safety habits through proper training, instruction and guidance and ensuring that workplace safety and health matters are effectively communicated to all employees; and

(e) monitoring the effectiveness of risk control measures which have been implemented and conducting a third party audit or an internal review to ensure that safety measures are adhered to.

As a testament of our commitment to maintaining high safety standards, CMC Communications (Singapore) Pte. Ltd. ("**CMCCS**") has received the bizSAFE Level 4 certification from the Workplace Safety and Health Council since 2011, in recognition of our workplace safety and health management system. We have also received the Certificate of Compliance on General Labor Standards and Occupational Safety and Health Standards from the Department of Labor and Employment of the Republic of the Philippines in 2014, in recognition of our compliance with the general labour standards and occupational safety and health standards pursuant to a joint assessment conducted. CMCCS also received the ISO9001 certificate in recognition of its quality control standards.

For the last three financial years ended 31 May 2016, we did not experience any major accidents which have resulted in serious injury or death.

As at 31 May 2016, we have not experienced any complaints nor encountered any accidents which resulted in censuring by the relevant authorities.

ENVIRONMENTAL AWARENESS

At CMC Infocomm, we are mindful of the impact of our business operations on the environment. We have made efforts to protect and sustain the environment by conducting all aspects of our business in a manner that ensures compliance with environmental law.

We ensure that supplies are efficiently managed in order to minimise wastage and reduce obsolete supplies. We also maximise the re-use and recycling of recovered materials in a safe and secure environment, in compliance with bizSAFE requirements.

ERM FOCUSES ON MAINTAINING AN ENTERPRISE WIDE VIEW OF RISKS

ENTERPRISE RISK MANAGEMENT

CMC Infocomm has adopted the Enterprise Risk Management ("**ERM**") Framework, which allows the company to identify major risks that confront the organisation, estimate their impact and significance and for the Group to manage the identified risks in a systematic and structured manner. The ERM Framework is an extension of the group's internal control processes, providing a robust structure.

The overall responsibility for reviewing risk management in the Group rests with the Board of Directors. The Audit Committee ("**AC**") oversees the risk management and key matters are floated to the Board through the AC.

The ERM framework involves the following steps:

- Establish an environment that assesses and addresses risks on an ongoing manner
- Identify and assess the different risks that can affect the company
- Determine the most appropriate way to address the risks
- Keep proper transactional records and report to the AC regularly

At CMC Infocomm, risks are measured across two dimensions – likelihood and impact. Ratings for each dimension will be considered and evaluated to determine the gross score and the risks are then defined and summarised in CMC Infocomm's Risk Register. The risks are ranked according to their likelihood and consequential impact to CMC Infocomm as a group and managed and mitigated by the counter measures. In terms of the addressing of the identified risks, CMC Infocomm has set out four methods which consist mainly of the following:

- Mitigation of risk through internal controls
- Transfer of risk to third party
- Acceptance of risk
- Avoidance of risk

The control activities governing the various business processes are generally documented for consistency and avoidance of doubt over what controls need to be in place. In order to assess the effectiveness of controls, the residual risk exposure needs to be considered. After the risk assessment exercise, if many risks still fall within the medium level, then more consideration should be put into the design of the internal control procedures.

ERM focuses on maintaining an enterprise wide view of risks. The manner in which risk is managed in one part of the organisation could have a correlated impact on another part of the organisation. Without a holistic view of the risks affecting the organisation, disparate methods of managing risks by divisions in the organisation might result in counterproductive decisions to address risks.

CMC Infocomm recognises that the ERM framework is not expected to be static and will in fact, be expected to evolve in line with changes to the business environment or operations.

CMC Infocomm Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**").

The Company is pleased to report on its corporate governance processes and activities as required by the Code ("**Report**"). For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 31 May 2016 ("**FY2016**"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

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

The Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Dato' Abdul Rahman Bin Yusof ("**Dato' Abdul Rahman**")	Non-Executive Chairman
Phua Cher Chuan ("**Kevin Phua**")	Executive Director and Chief Executive Officer
Hazwan Alif Bin Abdul Rahman ("**Hazwan Alif**")	Executive Director
Sim Geok Soon	Non-Executive Director
Yee Kit Hong	Lead Independent Director
Hans Jakob Hinrichsen ("**Jakob Hinrichsen**")	Independent Director
Siow Yuen Khong Alex ("**Alex Siow**")	Independent Director
Yong Kee Tong ("**Clifton Yong**")	Independent Director

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, taking into consideration sustainability issues;

- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation; and

- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's half-year and full-year results, declaration of dividends and interested person transactions.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed Directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. All Directors who have no prior experience as directors of a listed company will undergo training and/or briefing on the roles and responsibilities as directors of a listed company. All Directors, save for Mr Yee Kit Hong, had no prior experience as directors of a public listed company in Singapore prior to their appointment to the Board. They had received relevant training to familiarise themselves with the roles and responsibilities of directors.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis.

To assist in the execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees function within clearly defined written terms of reference and operating procedures.

The Board meets regularly on a half-yearly basis and ad hoc Board Committee or Board meetings are convened when they are deemed necessary. The number of Board Committee and Board meetings held in FY2016 is set out below:

	Board	Board Committees		
		AC	NC	RC
Number of meetings held	1	2	–	–
	Number of meetings attended			
Dato' Abdul Rahman	1	–	–	–
Kevin Phua	1	–	–	–
Hazwan Alif	1	–	–	–
Sin Geok Soon	1	–	–	–
Yee Kit Hong	1	2	–	–
Jakob Hinrichsen	1	2	–	–
Alex Siow	1	2	–	–
Clifton Yong	1	–	–	–

Note:
Only one Board meeting and two Audit Committee meetings were held during FY2016 as the Company was listed on Catalist on 13 August 2015. The full year Board and Board Committee meetings were conducted on 27 July 2016, and were not included above as they were conducted subsequent to 31 May 2016.

The Constitution of the Company provides for meetings of the Board to be held by way of telephonic conference.

2. BOARD COMPOSITION AND GUIDANCE

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 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

The Board comprises eight Directors, of whom four (constituting half of the Board) are independent, namely, Mr Yee Kit Hong, Mr Jakob Hinrichsen, Mr Alex Siow and Mr Clifton Yong.

The criterion of independence is based on the definition set out in the Code. The Board considers an "**Independent**" Director to be one who has no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more of the total votes attached to all the voting shares in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. With four Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. There is therefore no individual or small group of individuals who dominate the Board's decision-making.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

Where necessary or appropriate, the non-Executive Directors on the Board will meet without the presence of the Management. The non-Executive Directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

The profiles of the Directors are set out on pages 15 to 18 of this Annual Report.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The positions of Chairman and Chief Executive Officer ("**CEO**") are held by separate individuals, who are not immediate family members, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for objective decision-making.

Dato' Abdul Rahman is the Non-Executive Chairman of the Company and oversees the overall strategic directions and expansion plans for the growth and development of the Group. With the assistance of the company secretary, he also ensures that Board meetings are held as and when required, sets the agenda for the Board meetings and ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders as well as ensures effective communication with shareholders.

Mr Kevin Phua is the Executive Director and CEO of the Company and oversees the overall business and general management of the Group.

The Board is of the view that with the current executive management team and the establishment of the three Board committees, there are adequate safeguards in place to ensure unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

In view that the Non-Executive Chairman is not an Independent Director, Mr Yee Kit Hong has been appointed as the Lead Independent Director. He is available to shareholders where they have concerns or issues which communication with the Company's Chairman, CEO, Executive Director and/or Deputy Financial Controller has failed to resolve or where such communication is inappropriate.

4. BOARD MEMBERSHIP

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

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises Mr Clifton Yong, Mr Yee Kit Hong and Dato' Abdul Rahman. The chairman of the NC is Mr Clifton Yong. A majority of the NC, including the chairman, is independent. The chairman of the NC is not directly associated with, any substantial shareholder of the Company.

The written terms of reference of the NC have been approved and adopted, and they include the following:

(a) developing and maintaining a formal and transparent process and making recommendations to the Board for the appointment and nomination for the re-election of Directors (including alternate Directors, if any), having regard to their competencies, contribution, performance and ability to commit time and attention to the affairs of the Group, taking into account their respective commitments outside the Group including their principal occupation and board representations in other companies, if any;

(b) reviewing Board succession plans for the Directors, in particular, for the Chairman and the Chief Executive Officer;

(c) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(d) determining on an annual basis whether or not a Director is independent having regard to Guideline 2.3 or 2.4 of the Code and any other salient factors;

(e) review and decide, in respect of a Director who has multiple board representations on other companies (if any), whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Directors serving on multiple boards and discharging his duties towards other principal commitments;

(f) reviewing training and professional development programs for the Board; and

(g) developing a process for evaluating the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.

Having made its review, the NC is of the view that Mr Yee Kit Hong, Mr Jakob Hinrichsen, Mr Alex Siow and Mr Clifton Yong have satisfied the criteria for independence.

The Company does not have a formal selection criteria for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the Constitution of the Company, each Director is required to retire at least once every three years by rotation, and all newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The dates of initial appointment and last re-election of the Directors, together with their directorships in other listed companies, are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Dato' Abdul Rahman	Non-Executive Chairman	14 July 2015	12 August 2015	PJ Development Holdings Berhad	–
Kevin Phua	Executive Director and CEO	16 March 2015	12 August 2015	–	–
Hazwan Alif	Executive Director	16 March 2015	12 August 2015	–	–
Sim Geok Soon	Non-Executive Director	14 July 2015	12 August 2015	–	–
Yee Kit Hong	Lead Independent Director	14 July 2015	12 August 2015	Acromec Limited Global Palm Resources Holding Limited Nam Cheong Limited	KOP Limited
Jakob Hinrichsen	Independent Director	14 July 2015	12 August 2015	–	–
Alex Siow	Independent Director	14 July 2015	12 August 2015	–	–
Clifton Yong	Independent Director	14 July 2015	12 August 2015	–	–

According to Article 104 of the Company's Constitution, Mr Kevin Phua, Mr Sim Geok Soon and Mr Yee Kit Hong, will retire at the Company's forthcoming annual general meeting and will be eligible for re-election. The Board has accepted the NC's recommendation for the re-election of Mr Kevin Phua, Mr Sim Geok Soon and Mr Yee Kit Hong. In making the recommendation, the NC had considered the Directors' overall contribution and performance.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. And as such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold. None of the Directors hold more than four directorships in listed companies concurrently.

Key information regarding the Directors, are set out on pages 15 to 18 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

5. BOARD PERFORMANCE

Principle 5: There should be a formal annual 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 Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board Committee.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

6. ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors 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.

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process. Upon request, the Management will provide any additional information needed for the Directors to make informed decisions.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

The Board (whether individually or as a whole) has separate and independent access to the Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, and the Catalist Rules. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

7. REMUNERATION MATTERS

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.

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

The RC comprises Mr Alex Siow, Mr Jakob Hinrichsen and Mr Clifton Yong, all of whom are Independent Directors. The chairman of the RC is Mr Alex Siow.

The terms of reference of the RC have been approved and adopted. The duties and powers of the RC include the following:

(a) reviewing and recommending for endorsement by the entire Board a framework of remuneration for the Directors and executive officers and determining specific remuneration packages of each Director and executive officer. The RC shall cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(c) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;

(d) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(e) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and executive officers and to align the interests of the Directors and executive officers with the long-term interests of the Company.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2016.

The RC's recommendations will be submitted for endorsement by the Board. No Director is involved in deciding his own remuneration.

8. 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.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

The Independent Directors and non-Executive Directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. Remuneration for the Executive Directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company has entered into fixed-term service agreements with the Executive Directors, namely Mr Kevin Phua and Mr Hazwan Alif. The service agreements are valid for an initial period of three years with effect from the date of admission of the Company to the Catalist. Upon the expiry of the initial period of three years, the employment of Mr Kevin Phua and Mr Hazwan Alif shall be automatically renewed on a year-to-year basis on the same terms or otherwise on such terms and conditions as the parties may agree in writing. During the initial period of three years, either party may terminate the service agreements at any time by giving the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the director's last drawn monthly salary.

The Company does not currently have any long-term incentive schemes. The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

9. 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.

The Board is of the view that full disclosure of the specific remuneration of each individual Director is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

The level and mix of remuneration paid or payable to the Directors and Executive Officers for FY2016 are set out as follows:

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee[1] %	Other Benefits %	Total %
Directors					
S$250,000 to below S$500,000					
Kevin Phua	75.4	20.0	–	4.6	100.0
Below S$250,000					
Dato' Abdul Rahman	–	–	100.0	–	100.0
Hazwan Alif	68.6	24.7	–	6.7	100.0
Sim Geok Soon	–	–	100.0	–	100.0
Yee Kit Hong	–	–	100.0	–	100.0
Jakob Hinrichsen	–	–	100.0	–	100.0
Alex Siow	–	–	100.0	–	100.0
Clifton Yong	–	–	100.0	–	100.0
Key Management Personnel					
Below S$250,000					
Lim Lian Swa	78.2	15.1	–	6.7	100.0
Wong Wei Wen, Benjamin[2]	89.4	–	–	10.6	100.0
Chan Ai Lee[3]	100.0	–	–	–	100.0
Toh Hwee Hoon[4]	71.8	20.3	–	7.9	100.0

Notes:

(1) Director's fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.
(2) Mr Wong Wei Wen, Benjamin was appointed as the Deputy Financial Controller on 11 January 2016.
(3) Ms Chan Ai Lee resigned as the Group Finance Manager on 5 January 2016.
(4) Ms Toh Hwee Hoon resigned as the Group Financial Controller on 31 May 2016.

There were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S$50,000 during FY2016.

The aggregate remuneration paid to the above key management personnel of the Group (excluding the two Executive Directors) in FY2016 amounted to S$489,697.

There are no termination, retirement or post-employment benefits that are granted to the Directors, CEO and the key management personnel of the Group. Currently, the Company has not implemented any employee share option schemes.

10. ACCOUNTABILITY

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

The Board understands its accountability to the shareholders on the Group's performance, financial position and prospects. The objectives of the presentation of the annual and interim financial statements announcements to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position, and prospects. In line with the Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management understands its role in providing all members of the Board with management accounts and such explanation as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

11. 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.

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

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The internal auditors conduct annual reviews of the effectiveness of the Group's key risk management and internal control systems, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the CEO and the Deputy Financial Controller (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2016 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.

Based on the assurance from the CEO and Deputy Financial Controller referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 31 May 2016.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference, which clearly set out its authority and duties.

The AC comprises Mr Yee Kit Hong, Mr Jakob Hinrichsen and Mr Alex Siow, all of whom are Independent Directors. The chairman of the AC is Mr Yee Kit Hong. No former partner or Director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted. The main duties and powers of the AC include:

(a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response;

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management system (such review may be carried out internally or with the assistance of any competent third parties) prior to the incorporation of such results in the Company's annual report;

(c) reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;

(d) reviewing and discussing with the external and internal auditors, 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 Management's response;

(e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;

(f) considering the appointment and re-appointment of the external auditors, including their independence and objectivity, taking into account the non-audit services provided by the external auditors;

(g) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approving interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of the Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;

(h) making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(i) reviewing and approving the Group's foreign exchange hedging policies (if any), and conducting periodic reviews of foreign exchange transactions and hedging undertaken by the Group;

(j) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

(k) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing the adequacy and effectiveness of the internal audit function at least annually.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external and internal auditors without the presence of the Management, at least annually.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

The fees paid by the Company to the external auditors in FY2016 for audit and non-audit services amounted to S$93,000 and S$54,000, respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimization for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. A copy of this policy, including the contacts of the AC, is available on the Company's website.

13. INTERNAL AUDIT

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

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The AC approves the appointment of the internal auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The AC is satisfied with the adequacy and effectiveness of the Company's internal audit function.

14. 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 Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders. The Company encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

15. 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 recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure.

The Company has outsourced its investor relations function to Waterbrooks Consultants Pte. Ltd., who facilitates communications with shareholders and analysts, attend to their queries or concerns and keep them apprised of the Group's corporate developments and financial performance.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. It was disclosed in the Company's Offer Document dated 31 July 2015 the Board intends to declare and distribute dividends of at least 20.0% of the Group's net profit after tax for FY2016 to its shareholders. However, taking into consideration the Group's loss position for FY2016, the Board decided not to recommend any payment of dividends. Further, the Group is focused on investing capital to bolster its operations for future growth.

16. 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.

All shareholders of the Company will receive the Annual Report and the notice of the annual general meeting. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at annual general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Board supports the Code's principle of encouraging shareholder participation. The Constitution of the Company currently allow a member of the Company to appoint up to two proxies to attend and vote at general meetings. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the annual general meeting.

DEALINGS IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the results.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. The Management reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

In response to the increasing scale and complexity of operations, the Group has also adopted the enterprise risk management framework ("**ERM Framework**") which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The ERM Framework will be reviewed regularly, taking into account the changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of the Group over a short-medium term are summarised in the Group's risks register, and are ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated by counter measures.

The ERM Framework is not intended to and does not replace the internal control framework that the Group has in place, but rather incorporates the internal control framework within it. The Group is able to leverage on the ERM Framework to satisfy internal control needs and to move towards a fuller risk management process.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During FY2016, the Group did not enter into any interested person transactions of S$100,000 and more. The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

MATERIAL CONTRACTS

The shareholder's loan from TEE International Limited (a controlling shareholder of the Company) amounting to S$2.6 million was novated to the Company on 13 July 2015, pursuant to the restructuring exercise undertaken for the Company's initial public offering. The loan is unsecured, bears interest at the rate of 5.35% per annum and is scheduled to be repaid within two years. As at 31 May 2016, the loan balance amounted to S$1.5 million.

Save as disclosed above, there were no material contracts of the Group involving the interests of the Chief Executive Officer, each Director or controlling shareholder, either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

For FY2016, the Company paid S$595,458 to its sponsor, SAC Capital Private Limited, for acting as the issue manager, underwriter and placement agent to the Company's initial public offering.

USE OF IPO PROCEEDS

The utilisation of the net proceeds from the Company's initial public offering as of 31 August 2016 is set out as below:

		Amount allocated S$'million	Amount utilised S$'million	Balance amount S$'million
(a)	Expansion of business operations	3.20	0.18	3.02
(b)	Repayment of amount owing to TEE International	0.60	0.60	–
(c)	General corporate and working capital requirements	0.18	0.18 [1]	–
	Total	**3.98**	**0.96**	**3.02**

[1] Breakdown of the general and corporate working capital requirements:

	$'000
Professional fees	117
Employee benefit expenses for the Company	23
Sundry expenses	40
	180

FINANCIAL STATEMENTS

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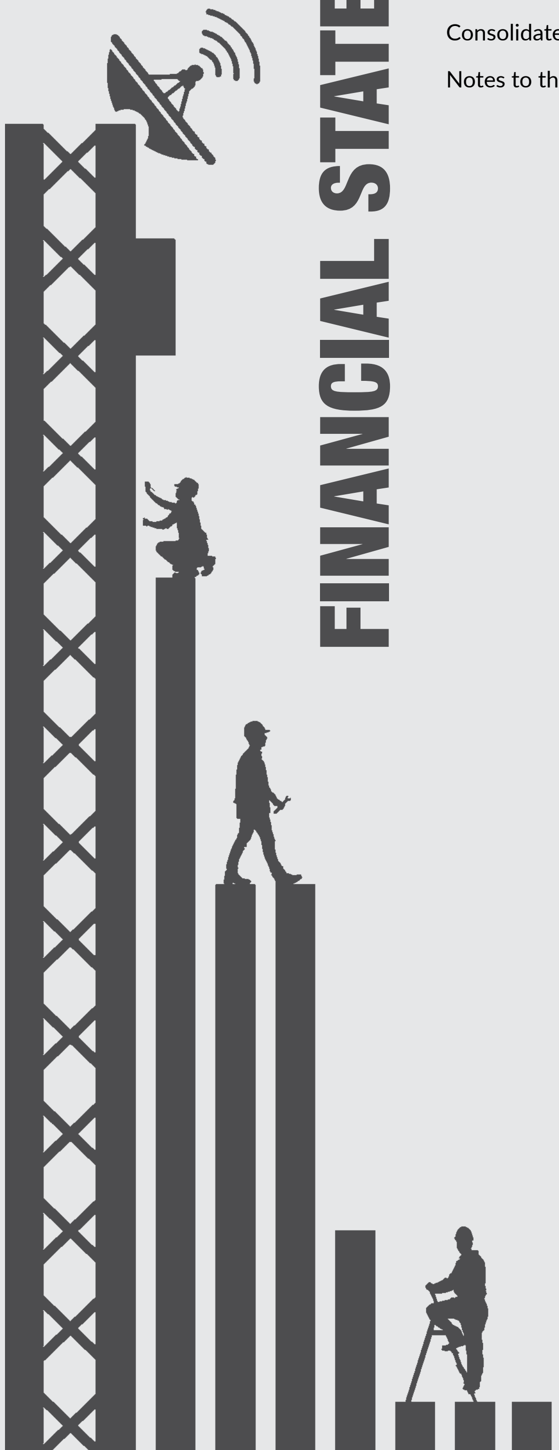

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of CMC Infocomm Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2016.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to meet its liabilities as and when they fall due.

DIRECTORS

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

Dato' Abdul Rahman Bin Yusof
Phua Cher Chuan
Hazwan Alif Bin Abdul Rahman
Sim Geok Soon
Yee Kit Hong
Hans Jakob Hinrichsen
Siow Yuen Khong Alex
Yong Kee Tong

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company or of related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year/date of appointment	At the end of financial year	At the beginning of financial year/date of appointment	At the end of financial year
Dato' Abdul Rahman Bin Yusof	–	–	64,650,000	64,650,000
Phua Cher Chuan	–	50,000	–	–
Hazwan Alif Bin Abdul Rahman [(1)]	–	500,000	–	–
Sim Geok Soon	–	40,000	–	–
Yee Kit Hong	–	100,000	–	–
Hans Jakob Hinrichsen	–	100,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 June 2016.

Note:
(1) The shares held by Hazwan Alif Bin Abdul Rahman are held through CIMB Securities (Singapore) Pte Ltd.

DIRECTORS' STATEMENT

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

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

AUDIT COMMITTEE

The audit committee ("**AC**") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

- Reviewed the half yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate;

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist;

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once during the year.

Further details regarding the AC are disclosed in the Report of Corporate Governance.

DIRECTORS' STATEMENT

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Phua Cher Chuan
Director

Hazwan Alif Bin Abdul Rahman
Director

Singapore
31 August 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CMC INFOCOMM LIMITED

For the financial year ended 31 May 2016

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of CMC Infocomm Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages 43 to 87, which comprise the statement of financial position of the Group and the Company as at 31 May 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income, and consolidated statement of cash flows of the Group for the financial year ended 31 May 2016, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended 31 May 2016.

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 August 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 May 2016

	Note	2016 $'000	2015 $'000
Revenue	4	18,217	16,321
Cost of sales		(13,567)	(12,052)
Gross profit		4,650	4,269
Other income		247	91
Interest income		13	4
Other operating expenses		(1,687)	(1,206)
Administrative expenses		(4,570)	(3,021)
Finance costs	6	(118)	(27)
(Loss)/profit before tax	7	(1,465)	110
Income tax expense	8	(32)	(296)
Loss net of tax		(1,497)	(186)
Loss attributable to owners of the Company, net of tax		(1,497)	(186)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	(1.02)	(0.15)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial (losses)/gain on measurements of post-employment benefit plan, net of tax		(29)	3
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(153)	180
Other comprehensive income for the year, net of tax		(182)	183
Total comprehensive income for the year		(1,679)	(3)
Total comprehensive income for the year attributable to owners of the Company		(1,679)	(3)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2016

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	957	513	4	–
Intangible asset	11	3,193	3,844	–	–
Investment in subsidiaries	12	–	–	11,121	–
Deferred tax assets	13	155	50	–	–
Restricted bank deposits	17	19	60	–	–
Deposits		43	16	–	–
		4,367	4,483	11,125	–
Current assets					
Gross amount due from customers for contracts work-in-progress	14	4,857	3,678	–	–
Trade and other receivables	15	7,261	5,398	25	95
Amounts due from subsidiaries	16	–	–	390	–
Cash and bank balances	17	5,210	2,711	3,200	*
		17,328	11,787	3,615	95
Total assets		21,695	16,270	14,740	95
EQUITY AND LIABILITIES					
Current liabilities					
Gross amount due to customers for contracts work-in-progress	14	794	518	–	–
Trade and other payables	18	6,138	4,520	405	752
Amounts due to shareholders and related companies	16	136	396	136	–
Shareholder's loan	16	1,148	–	1,148	–
Amounts due to subsidiaries	16	–	–	475	–
Loan and borrowings	19	618	–	–	–
Provision for tax		287	381	–	–
		9,121	5,815	2,164	752
Net current assets/(liabilities)		8,207	5,972	1,451	(657)

* denotes amounts less than $1,000

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Deferred tax liabilities	13	30	–	–	–
Shareholder's loan	16	351	–	351	–
Employee benefit liabilities	20	194	118	–	–
		575	118	351	–
Total liabilities		9,696	5,933	2,515	752
Net assets/(liabilities)		11,999	10,337	12,225	(657)
Equity attributable to owners of the Company					
Share capital	21	14,542	804	14,542	*
Retained earnings/ (accumulated losses)		5,986	7,512	(2,317)	(657)
Reserves	22	(8,529)	2,021	–	–
Total equity		11,999	10,337	12,225	(657)
Total equity and liabilities		21,695	16,270	14,740	95

* denotes amounts less than $1,000

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2016

	Attributable to owners of the Company									
	Equity total $'000	Share capital (Note 21) $'000	Preference shares $'000	Merger reserves $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Other reserves total $'000	Capital reserves $'000	Statutory reserves $'000	Others $'000
Group										
At 1 June 2014	**10,340**	**726**	**78**	**–**	**(104)**	**7,695**	**1,945**	**1,890**	**49**	**6**
Loss for the year	(186)	–	–	–	–	(186)	–	–	–	–
Other comprehensive income										
Actuarial gains on measurement of post-employment benefit plan, net of tax	3	–	–	–	–	3	–	–	–	–
Currency translation difference	180	–	–	–	180	–	–	–	–	–
Other comprehensive income for the year, net of tax	183	–	–	–	180	3	–	–	–	–
Total comprehensive income for the year	(3)	–	–	–	180	(183)	–	–	–	–
At 31 May 2015 and 1 June 2015	**10,337**	**726**	**78**	**–**	**76**	**7,512**	**1,945**	**1,890**	**49**	**6**
Loss for the year	(1,497)	–	–	–	–	(1,497)	–	–	–	–
Other comprehensive income										
Actuarial losses on measurement of post-employment benefit plan, net of tax	(29)	–	–	–	–	(29)	–	–	–	–
Currency translation difference	(153)	–	–	–	(153)	–	–	–	–	–
Other comprehensive income for the year, net of tax	(182)	–	–	–	(153)	(29)	–	–	–	–
Total comprehensive income for the year	(1,679)	–	–	–	(153)	(1,526)	–	–	–	–
Contributions by owners										
Adjustment arising from Restructuring Exercise	(2,236)	8,239	(78)	(10,397)	–	–	–	–	–	–
Share issued pursuant to initial public offering	6,000	6,000	–	–	–	–	–	–	–	–
Share issues expenses	(423)	(423)	–	–	–	–	–	–	–	–
Total contributions by owners	3,341	13,816	(78)	(10,397)	–	–	–	–	–	–
At 31 May 2016	**11,999**	**14,542**	**–**	**(10,397)**	**(77)**	**5,986**	**1,945**	**1,890**	**49**	**6**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 May 2016

	Attributable to owners of the Company		
	Equity total $'000	**Share capital (Note 21)** $'000	**Accumulated losses** $'000
Company			
At 16 March 2015 (Date of Incorporation)	*	*	–
Loss for the year, representing total comprehensive income for the year	(657)	–	(657)
At 31 May 2015 and 1 June 2015	**(657)**	*	**(657)**
Loss for the year, representing total comprehensive income for the year	(1,660)	–	(1,660)
Contributions by owners			
Adjustment arising from Restructuring Exercise	8,965	8,965	–
Share issued pursuant to initial public offering	6,000	6,000	–
Share issue expenses	(423)	(423)	–
Total contributions by owners	14,542	14,542	–
At 31 May 2016	**12,225**	**14,542**	**(2,317)**

* denotes amounts less than $1,000

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2016

	Note	2016 $'000	2015 $'000
Operating activities:			
(Loss)/profit before tax		(1,465)	110
Adjustments for:			
Interest expense on borrowings	6	118	27
Interest income	7	(13)	(4)
Loss on disposal of property, plant and equipment	7	9	–
Provision for doubtful debts	7	176	39
Write-back of provision for doubtful debts	7	(8)	–
Payment of initial public offering related expenses	7	998	600
Depreciation of property, plant and equipment	10	252	232
Amortisation of intangible assets	11	639	641
Exchange (gain)/loss		(71)	136
Employee benefit liabilities	20	42	20
Total adjustments		2,142	1,691
Operating cash flows before changes in working capital		677	1,801
Changes in working capital:			
(Increase)/decrease in gross amount due from customers for contracts work-in-progress		(1,179)	89
(Increase)/decrease in trade and other receivables		(1,683)	356
Increase/(decrease) in gross amount due to customers for contracts work-in-progress		276	(1,840)
Increase in trade and other payables		1,618	1,621
Total changes in working capital		(968)	226
Cash flows (used in)/from operations		(291)	2,027
Interest received		13	4
Interest paid		(118)	(27)
Taxes paid		(192)	(150)
Net cash flows (used in)/generated from operating activities		(588)	1,854
Financing activities:			
Proceeds from bank borrowings		618	–
Repayment of shareholder's loan		(1,129)	–
Placement of pledged deposits		(85)	–
Proceeds from issuance of shares pursuant to the initial public offering		6,000	–
Payment of initial public offering related expenses		(1,326)	(696)
Decrease in amounts due to related companies		(440)	(48)
Increase in amounts due to shareholder		100	–
Net cash flows generated from/(used in) financing activities		3,738	(744)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2016

	Note	2016 $'000	2015 $'000
Investing activities:			
Purchase of property, plant and equipment	10	(710)	(220)
Withdrawal of restricted bank deposits		40	215
Incorporation of immediate holding company		–	*
Net cash flows used in investing activities		(670)	(5)
Net increase in cash and cash equivalents		2,480	1,105
Effects of exchange rate changes on cash and cash equivalents		(66)	45
Cash and cash equivalents at 1 June		2,711	1,561
Cash and cash equivalents at 31 May	17	5,125	2,711

* denotes amounts less than $1,000

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

1. CORPORATE INFORMATION

1.1 THE COMPANY

The Company was incorporated on 16 March 2015 under the Singapore Companies Act (the "**Act**") as a private limited company under the name of CMC Infocomm Pte. Ltd. The Company is jointly held by TEE International Limited and CMC Engineering Sdn. Bhd. which are incorporated and domiciled in Singapore and Malaysia respectively. TEE International Limited is listed on the Singapore Exchange.

The Company was incorporated for the purpose of acquiring the existing operating entities, CMC Communications Singapore Pte. Ltd. ("**CMCCS**"), CMC Communications Philippines, Inc. ("**CMCCP**") and CMC Communications (Thailand) Co., Ltd. ("**CMCCT**") pursuant to the Restructuring Exercise as disclosed in Note 1.2. On 14 July 2015, the Company was converted to a public limited company and changed its name to CMC Infocomm Limited.

The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 13 August 2015.

The registered office and principal place of business of the Company is located at Block 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874.

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

1.2 THE RESTRUCTURING EXERCISE

The Group undertook the transactions described below as part of a corporate reorganisation implemented in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited (the "**Restructuring Exercise**").

(a) ***Incorporation of the Company***

CMC Infocomm Pte. Ltd. was incorporated in Singapore on 16 March 2015 as an investment holding company with an issued and paid-up share capital of S$2, comprising of two ordinary shares held equally by TEE International Limited and CMC Engineering Sdn. Bhd..

(b) ***Acquisition of CMCCS, CMCCP and CMCCT***

Pursuant to the Restructuring Agreement, CMTE Technology Sdn. Bhd. (formerly known as CMC Communications Sdn. Bhd.) ("**CMTE Technology**") transferred to the Company:

(i) all 500,000 ordinary shares in the issued capital of CMCCS (which holds all the common shares in the issued capital of CMCCP) and 572,700 ordinary shares in CMCCT, for a purchase consideration of S$7,104,000, being equivalent to the audited combined net asset value ("**NAV**") of CMCCS, CMCCP and CMCCT as at 28 February 2015; and

(ii) the intangible asset relating to the customer relationships arising from the purchase price allocation exercise pursuant to the acquisition of CMCCS, CMCCP and CMCCT, for a purchase consideration of S$4,018,000, being equivalent to its carrying value as at 28 February 2015.

The shares were transferred with all rights, benefits and interests in and to the shares as at 1 June 2015. CMCCS holds approximately 20% of the voting rights in CMCCT.

Following the acquisition of CMCCS, CMCCP and CMCCT as set out above, the aggregate amount due from the Company to CMTE Technology was S$11,122,000.

1. CORPORATE INFORMATION (CONT'D)

1.2 THE RESTRUCTURING EXERCISE (CONT'D)

(c) ***Settlement of consideration and amounts owing***

(i) As at 28 February 2015, CMCCT owed S$472,000 to CMTE Technology under a loan granted by CMTE Technology. The amount owing to CMTE Technology was novated by CMCCT to the Company, and as a result, the amount of S$472,000 was due from the Company to CMTE Technology.

Accordingly, the total amount due from the Company to CMTE Technology pursuant to the above acquisitions and novation of amount owing was S$11,594,000 (the "**Acquisitions Settlement Amount**").

(ii) As at 28 February 2015, CMTE Technology owed S$5,030,000 to TEE International (the "**TEE Loan**") and S$2,402,000 to CMC Engineering (the "**CMCE Loan**") pursuant to shareholder loans. The total amount of S$7,432,000 was novated by CMTE Technology to the Company, in consideration of which an amount of S$7,432,000 (the "**Loan Settlement Amount**") was due from CMTE Technology to the Company.

(iii) As agreed between the Company and CMTE Technology, the Acquisitions Settlement Amount was set-off against the Loan Settlement Amount, such that the net amount owing by the Company to CMTE Technology would be S$4,162,000 (the "**Net Amount**"). As full settlement of the Net Amount and as directed by CMTE Technology, the Company issued 2,080,816 new Shares fully paid at S$1 each to each of TEE International and CMC Engineering.

(iv) To settle the CMCE Loan, the Company issued 2,401,792 new Shares fully paid at S$1 each to CMC Engineering. To partially settle the TEE Loan, the Company issued 2,401,792 new Shares fully paid at S$1 each to TEE International, following which a balance amount of S$2,628,000 remained owing by the Company to TEE International of which S$600,000 was repaid using part of the initial public listing proceeds.

Following the above capitalisation of amounts owing, each of TEE International and CMC Engineering holds 4,482,609 Shares (including one Share held by each of them at incorporation).

(d) ***Sub-division of Shares***

On 13 July 2015, the Shareholders approved the sub-division of 8,965,218 Shares in the issued and paid-up share capital of the Company into 128,000,000 Shares. Following this sub-division, the issued and paid-up capital of the Company was S$8,965,000 comprising 128,000,000 Shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Although the Restructuring Exercise was completed on 13 July 2015, the combined statements presented for the financial year ended 31 May 2015 are those of the Company and its subsidiaries prepared in accordance with RAP 12 Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

The substance is that the Group is a continuation of CMCCS, CMCCP and CMCCT. The combined financial statements of the Group for the financial year ended 31 May 2015 have been presented as if the Group had been in existence for the period presented and the assets and liabilities of CMCCS, CMCCP and CMCCT are brought into the combined financial statements at their existing carrying amounts as reflected in the consolidated financial statements of CMTE Technology that would have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**"). The retained earnings recognised in the combined financial statements are the combined retained earnings of CMCCS, CMCCP and CMCCT.

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION (CONT'D)

The consolidated financial statements are presented in Singapore Dollars (SGD or S$) and all values in the tables are rounded to the nearest thousand ($'000) except where otherwise indicated.

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

2.2 CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 June 2015. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 Property, Plant and Equipment and FRS 41 Agriculture: *Bearer Plants*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
Improvements to FRSs (November 2014)	
(a) FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) FRS 19 *Employee Benefits*	1 January 2016
(d) FRS 34 *Interim Financial Reporting*	1 January 2016
FRS 7 Amendments to FRS 7: *Disclosure initiatives*	1 January 2017
FRS 12 Amendments to FRS 12: *Recognition of Deferred Tax Assets to Unrealised Losses*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 115 Amendments to FRS 115: *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019

Except for FRS 115, FRS 116 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 116 and FRS 109 are described below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Company to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 *Leases*

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, earnings before interest, tax, depreciation and amortisation and gearing ratio.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 BASIS OF CONSOLIDATION (CONT'D)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

The combined financial statement of the Group for the year ended 31 May 2015 has been presented as if the Group had been in existence since the year ended 31 May 2012 and the assets and liabilities are brought into the combined financial statements at the existing carrying amounts as reflected in the consolidated financial statements of CMTE Technology that would have been prepared in accordance with Singapore Financial Reporting Standards. The retained earnings recognised in the combined financial statements are the combined retained earnings of CMC Communications (Singapore) Pte. Ltd., CMC Communications (Thailand) Co., Ltd. and CMC Communications (Philippines), Inc..

Under this method, the Company has been treated as the holding company of CMC Communications (Singapore) Pte. Ltd., CMC Communications (Thailand) Co., Ltd. and CMC Communications (Philippines), Inc. for the financial year presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the year ended 31 May 2015 include the results of the subsidiaries for the entire year.

Pursuant to this,

- Assets, liabilities, reserves, revenue and expense of CMC Communications (Singapore) Pte. Ltd., CMC Communications (Thailand) Co., Ltd. and CMC Communications (Philippines), Inc. are consolidated at their existing carrying amounts as reflected in the consolidated financial statements of CMTE Technology that would have been prepared in accordance with Singapore Financial Reporting Standards;
- No amount is recognised for goodwill; and
- The share capital represented the issued and paid up share capital of CMC Communications (Singapore) Pte. Ltd. and CMC Communications (Thailand) Co., Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 FOREIGN CURRENCY

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

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 SUBSIDIARIES

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Renovation	5 years
Tools and testing equipment	5 years
Computer equipment	3 – 5 years
Office equipment	5 years
Motor vehicles	4 years

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

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

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

The Group's intangible assets, i.e. customer relationships arise from the purchase price allocation exercise upon acquisition of subsidiaries by the current substantial shareholders. The useful life of these customer relationships is estimated to be ten (2015: ten) years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

2.9 CONTRACT WORK-IN-PROGRESS

Contract work-in-progress comprises of telecommunications contracts that are in the course of development. These relate to the difference between the costs of telecommunications equipment and direct expenses incurred-to-date and the supplier invoices received/accrued. An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

2.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 FINANCIAL INSTRUMENTS

(a) ***Financial assets***

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss, held-to-maturity investments, or available-for-sale financial assets.

Subsequent measurement

Loans and receivables

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

De-recognition

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

The Group has not designated any financial liability upon initial recognition as fair value through profit or loss.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 FINANCIAL INSTRUMENTS (CONT'D)

(b) ***Financial liabilities (cont'd)***

De-recognition

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

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 IMPAIRMENT OF FINANCIAL ASSETS

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, and deposits with licensed bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 PROVISIONS

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 EMPLOYEE BENEFITS

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Defined Post-Employment Benefit Plan*

Philippines

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. The Group accrues the post-employment benefits under a defined benefit plan using the projected unit credit method as computed by an independent actuary covering all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bonds as published by Philippines Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Interest cost is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability and is included as part of finance costs or finance income in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 EMPLOYEE BENEFITS (CONT'D)

(b) *Defined Post-Employment Benefit Plan (cont'd)*

Thailand

The subsidiary in Thailand operates an unfunded benefit scheme, Legal Severance Pay Plan ("**LSP**"), for qualifying employees.

The LSP scheme is a defined benefit plan which pays employees a lump sum benefit computed based on their number of years of service and their basic salary upon retirement or early termination of their employment contracts.

The benefit schemes are assessed using the projected unit credit actuarial valuation method. The cost of providing for the employee benefits are charged to the profit or loss so as to spread the service cost over the service lives of employees in accordance with the actuarial valuation carried out during the year. The provision for the employee benefits is measured as the present value of the estimated future cash outflows by reference to the interest rates of government bonds in Thailand that have terms to maturity approximating the terms of the related liabilities. Actuarial gains and losses arising from LSP are recognised in other comprehensive income. The employee benefit expenses are included as part of employee benefit expenses.

The unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a scheme, past service costs are recognised immediately.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.16 LEASES

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

As lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 REVENUE AND OTHER INCOME

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(a) *Rendering of services*

Revenue from the rendering of service is recognised when the service is rendered. For telecommunications projects, revenue is recognised on a percentage of completion method, based on letter of acceptance received from customers upon completion of work performed in accordance with contract milestones.

(b) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 FINANCIAL GUARANTEE

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.19 TAXES

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

(b) *Deferred tax*

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 TAXES (CONT'D)

(b) *Deferred tax (cont'd)*

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

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

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

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.20 SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

2.21 SHARE CAPITAL AND SHARE ISSUANCE EXPENSES

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(a) *Percentage of completion for work in progress*

The Group recognise the revenue and expenses of telecommunication contracts that are in work-in-progress in the income statement by using the stage of completion method. The stage of completion is measured by reference to the completion of work performed in accordance with contract milestones and progress billings. Significant assumptions are required to estimate the total budgeted contract costs, as well as the recoverability of the costs incurred as at to-date. In making the judgment, the Group's evaluation is based on past experience and by relying on the work of project managers.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 14 to the financial statements. If the estimated total budgeted contract costs had been 2% higher than management estimate, the Group's losses for 31 May 2016 and 2015 would have increased by $622,000 and $540,000 respectively.

(b) *Valuation of post-employment defined benefit*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increment rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 20.

4. REVENUE

Revenue of the Group are derived from telecommunications network design, planning and implementation in the wireless and internet communications services.

5. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016	**2015**
	$'000	$'000
Wages, salaries and allowances	2,361	1,254
Contributions to defined contribution plan	203	133
Defined benefit plans	27	5
Other short-term benefits	96	102
	2,687	1,494

Included in employee benefits expense of the Group are directors' remunerations amounting to $167,000 (2015: $2,000) (Note 23).

6. FINANCE COSTS

	Group	
	2016	**2015**
	$'000	$'000
Interest expense – related party	103	24
Interest expense	15	3
	118	27

7. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving in (loss)/profit before tax:

	Group 2016 $'000	Group 2015 $'000
Audit fees:		
- Auditors of the Company	93	61
- Other auditors	21	15
Non-audit fees:		
- Auditors of the Company	54*	228*
- Other auditors	–	49*
Interest income	(13)	(4)
Employee benefits expense (Note 5)	2,687	1,494
Depreciation of property, plant and equipment	252	232
Loss on disposal of property, plant and equipment	9	–
Provision for doubtful debts	176	39
Write-back of provision for doubtful debts	(8)	–
Loss/(gain) on foreign exchange	41	(85)
Rental of office premise, warehouse, equipment	349	315
Amortisation of intangible asset (Note 11)	639	641
Initial public offering related expenses	980	330

* This includes special audit fees in relation to initial public offering.

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 May are:

	Group 2016 $'000	Group 2015 $'000
Consolidated income statement:		
Income tax		
- Current income taxation	93	286
- Under provision in prior year	5	8
	98	294
Deferred tax		
- (Reversal)/origination of temporary differences	(81)	*
- Under provision in prior year	15	2
	(66)	2
Income tax expense recognised in profit or loss	32	296
Statement of comprehensive income:		
Deferred tax (credit)/expense related to other comprehensive income:		
- Post employment benefit obligation	(11)	1

* denotes amounts less than $1,000

8. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting loss

The reconciliation of taxation determined on the results of the Group by applying the Singapore statutory income tax rate for the financial years ended 31 May are as follows:

	Group 2016 $'000	Group 2015 $'000
(Loss)/profit before tax	(1,465)	110
Taxation at statutory tax rate of 17% (2015: 17%)	(249)	19
Adjustments:		
Effect of different tax rates in other countries	(42)	35
Income not subject to tax	(1)	–
Expenses not deductible for tax purposes	339	318
Under provision in prior year	20	10
Effect of partial tax exemption and tax relief	(141)	(86)
Deferred tax asset not recognised	114	–
Others	(8)	–
Income tax expense recognised in profit or loss	32	296

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the financial year, the income tax rate applicable to foreign subsidiaries are as follows:

	Group 2016	Group 2015
Thailand	20%	20%
Philippines	30%	30%

9. LOSS PER SHARE

The basic and diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not hold any dilutive potential ordinary shares during the financial year (2015: Nil).

The following tables reflect the statement of comprehensive income and share data used in the computation of basic and diluted loss per share for the years ended 31 May 2016 and 31 May 2015.

	Group 2016 $'000	Group 2015 $'000
Loss for the year attributable to owners of the Company	(1,497)	(186)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	147,200	128,000
Loss per share attributable to owners of the Company (cents per share)		
- Basic and diluted	(1.02)	(0.15)

For comparative purposes, the loss per share for the prior year has been computed based on the net loss attributable to owners of the Company and the Company's pre-initial public offering share capital of 128,000,000 shares, assuming that the Restructuring Exercise had been completed.

10. PROPERTY, PLANT AND EQUIPMENT

	Renovation $'000	Tools and testing equipment $'000	Computers and office equipment $'000	Motor vehicles $'000	Total $'000
Group					
2016					
Cost:					
1 June 2015	296	788	745	87	1,916
Additions	243	308	158	1	710
Disposals	(112)	(185)	(94)	(18)	(409)
Currency realignment	(4)	(12)	(14)	–	(30)
At 31 May 2016	423	899	795	70	2,187
Accumulated depreciation:					
1 June 2015	214	514	624	51	1,403
Depreciation charge for the period	44	97	98	13	252
Disposals	(103)	(185)	(94)	(18)	(400)
Currency realignment	(3)	(10)	(12)	–	(25)
At 31 May 2016	152	416	616	46	1,230
Net carrying amount:					
At 31 May 2016	271	483	179	24	957
Group					
2015					
Cost:					
At 1 June 2014	285	620	663	107	1,675
Additions	6	152	62	–	220
Disposals	–	–	–	(20)	(20)
Currency realignment	5	16	20	–	41
At 31 May 2015	296	788	745	87	1,916
Accumulated depreciation:					
At 1 June 2014	166	427	510	57	1,160
Depreciation charge for the year	45	74	99	14	232
Disposals	–	–	–	(20)	(20)
Currency realignment	3	13	15	–	31
At 31 May 2015	214	514	624	51	1,403
Net carrying amount:					
At 31 May 2015	82	274	121	36	513

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computers and office equipment $'000
Company	
2016	
Cost:	
1 June 2015	–
Transfer [1]	4
At 31 May 2016	4
Accumulated depreciation:	
1 June 2015	–
Depreciation charge for the period	*
At 31 May 2016	*
Net carrying amount:	
At 31 May 2016	4

(1) Transferred from a subsidiary.
* denotes amounts less than $1,000

11. INTANGIBLE ASSET

	Customer relationships 2016 $'000	Customer relationships 2015 $'000
Group		
Cost:		
At 1 June	8,969	8,940
Currency alignment	(29)	29
At 31 May	8,940	8,969
Accumulated amortisation:		
At 1 June	5,125	4,470
Amortisation charge for the year	639	641
Currency alignment	(17)	14
At 31 May	5,747	5,125
Net carrying amount:	3,193	3,844

Customer relationships were allocated to two cash-generating units, CMCCS and CMCCT, which are also the reportable operating segments, for impairment testing.

The useful lives of these customer relationships are estimated to be ten years (2015: ten years) which is the period of expected benefits. As at 31 May 2016 and 2015, the customer relationships have remaining amortisation period of five years and six years respectively.

Amortisation expense

The amortisation of customer relationships is included in the other operating expenses line in the profit or loss.

12. INVESTMENT IN SUBSIDIARIES

	Company 2016 $'000	Company 2015 $'000
Shares, at cost	11,121	–

Details of the subsidiaries as at 31 May are:

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership 2016	Proportion (%) of ownership 2015
CMC Communications Singapore Pte. Ltd. ("**CMCCS**") [@]	Singapore	Investment holding, supply and installation of machinery equipment and tools for telecommunication	100	100
CMC Communications (Thailand) Co., Ltd. ("**CMCCT**") [^ #]	Thailand	Providing telecommunication network services	100	100
CMC Infocomm Sdn. Bhd. ("**CMCIM**") [# &]	Malaysia	Providing telecommunication network services	100	–
Held through CMC Communications Singapore Pte. Ltd.				
CMC Communications (Philippines), Inc. ("**CMCCP**") [* i]	Philippines	Design development, installation, implementation and maintenance of telecommunication equipment and system for commercial and industrial applications as well as related activities	100	100

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

@ Audited by Ernst & Young LLP, Singapore

Audited by affiliates of Ernst & Young Global

i Audited by Punongbayan & Araullo, Philippines
In accordance to Rule 715 of the Singapore Exchange Securities Trading Listed – Listing rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary would not compromise the standard and effectiveness of the audit of the Company.

* CMCCS owns 100% equity in CMCCP

^ 20% of the interest in CMCCT is held by CMCCS.
CMCCT has an issued capital comprising 765,000 preference shares and 735,000 ordinary shares. Under the articles of association of CMCCT, holders of preference shares are entitled to one vote for every ten preference shares while holders of ordinary shares are entitled to one vote for every one ordinary share. The Company and CMCCS collectively hold all the ordinary shares while a Thai national holds all the preference shares. As such, the Group holds 49.00% of the issued share capital and 90.57% of the voting rights in CMCCT. The Group accounts for CMCCT's entire financial results and net assets by virtue of its effective interest in CMCCT and control over its financial and operating policies as the Thai holder of the preference shares has signed a proxy instrument appointing the Group's Executive Director and CEO, Phua Cher Chuan, as his proxy to attend and vote for him and on his behalf at all the shareholders' meetings of CMCCT and at any adjournment thereof. No dividend will also be attributable to the holder of the preference shares in this aspect.

& Incorporated during the financial year.

For the financial year ended 31 May 2015, the financial results of the subsidiaries were combined with the Company on the basis that the Group is a continuation of the existing businesses of the subsidiaries under common control.

13. DEFERRED TAX

	Group	
	2016	2015
	$'000	$'000
At 1 June	50	51
Recognised in profit or loss (Note 8)	66	(2)
Recognised in other comprehensive income (Note 8)	11	(1)
Foreign exchange translation difference	(2)	2
At 31 May	125	50

The deferred tax consists of the tax effects of the following items:

	Group	
	2016	2015
	$'000	$'000
Deferred tax liabilities:		
Difference in depreciation for tax purposes	(30)	–
Deferred tax assets:		
Provisions and accruals	116	50
Unutilised losses	22	–
Unutilised capital allowances	17	–
Total	155	50
Represented by:		
Deferred tax assets	155	50
Deferred tax liabilities	(30)	–

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

Unutilised losses

At the end of the reporting period, the Group has unutilised losses of $669,000 (2015: Nil) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

14. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2016	2015
	$'000	$'000
Aggregate amount of costs incurred and recognised profits to date	37,385	32,055
Less: Progress billings	(33,322)	(28,895)
	4,063	3,160
Presented as:		
Gross amount due from customers for contract work-in-progress	4,857	3,678
Gross amount due to customers for contract work-in-progress	(794)	(518)
	4,063	3,160

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables	4,662	4,101	–	–
Less: Allowance for impairment	(219)	(69)	–	–
Unbilled revenue	1,821	373	–	–
Trade receivables, net	6,264	4,405	–	–
Other receivables				
Creditable withholding tax and Input Value Added Tax	520	457	–	–
Deposits	257	174	–	–
Sundry receivables	93	215	–	–
Prepaid expenses	127	147	25	95
Other receivables	997	993	25	95
Total trade and other receivables	7,261	5,398	25	95
Less: Non-financial assets				
Prepaid expenses	(127)	(147)	(25)	(95)
Creditable withholding tax and Input Value Added Tax	(520)	(457)	–	–
	6,614	4,794	–	–
Add: Cash and bank balances (Note 17)	5,210	2,711	3,200	*
Add: Restricted bank deposits (Note 17)	19	60	–	–
Add: Amounts due from subsidiaries (Note 16)	–	–	390	–
Add: Deposits	43	16	–	–
Total loans and receivables	11,886	7,581	3,590	*

* denotes amounts less than $1,000

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

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

Trade receivables denominated in foreign currency at 31 May 2016 and 2015 are as follows:

	Group		Company	
	2016 $'000	**2015** $'000	**2016** $'000	**2015** $'000
United States Dollar	116	173	–	–

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follow:

	Group	
	2016 $'000	**2015** $'000
Neither past due nor impaired	2,917	2,285
1 to 30 days past due but not impaired	713	1,065
31 to 90 days past due but not impaired	707	272
More than 90 days but not impaired	106	410
	1,526	1,747
Impaired	219	69
	4,662	4,101

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

As at 31 May 2016, the Group has trade receivables amounting to $1,526,000 (2015: $1,747,000) that are past due at the reporting date but not impaired. The receivables that are past due but not impaired are not secured by any collateral or credit enhancements.

Collaterals

Project financing from bank (Note 19) is secured by a fixed charge over certain trade receivables of a subsidiary.

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

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

	Individually impaired	
	2016	**2015**
	$'000	$'000
Trade receivables – nominal amounts	219	69
Less: Allowance for impairment	(219)	(69)
	–	–
Movement in allowance accounts:		
At 1 June	69	30
Charge for the year	176	39
Written back	(8)	–
Bad debt written off	(18)	–
At 31 May	219	69

Trade receivables that are individually determined to be impaired at the reporting date relate to invoices in dispute and unlikely to be recovered. These receivables are not secured by any collateral or credit enhancements.

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES, RELATED COMPANIES AND SHAREHOLDERS

The amounts due from/(to) subsidiaries and shareholders are non-trade related, unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

In the previous financial year, the amounts due to a related company includes a loan of $396,000 which is unsecured, bears interest at 8% p.a. and repayable upon demand and is expected to be settled in cash.

Shareholder's loan from TEE International Limited was novated pursuant to the Restructuring Exercise. The amount is unsecured, bears interest at the rate of 5.35% per annum and is expected to be settled in cash within the next two years.

17. CASH AND BANK BALANCES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Non-current assets				
Restricted bank deposits	19	60	–	–
Current assets				
Cash at banks	2,765	2,663	891	–
Short-term and fixed deposits	2,404	–	2,309	–
Cash on hand	41	48	–	*
	5,210	2,711	3,200	*
Less: Pledged bank deposits	(85)	–	–	–
Cash and cash equivalents	5,125	2,711	3,200	*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits excluding pledged deposits are withdrawable on one-month notice, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The pledged deposits are placed as security for the Company's Banker's Guarantee. The weighted average effective interest rates as at 31 May 2016 for the Group and the Company were 0.59% (2015: Nil%) and 0.60% (2015: Nil%) respectively.

The restricted bank deposits which are non-interest bearing have been pledged to secure the issuance of bank guarantees, which are not immediately available for use in the business.

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

Cash and bank balances	5,210	2,711
Less: Pledged bank deposits	(85)	–
Cash and cash equivalents	5,125	2,711

18. TRADE AND OTHER PAYABLES

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade payables		3,764	2,310	–	–
Other payables		488	1,384	93	722
Output Value Added Tax		137	118	15	–
Accruals		1,749	708	297	30
Total trade and other payables		6,138	4,520	405	752
Less: Non-financial liabilities					
Output Value Added Tax		(137)	(118)	(15)	–
		6,001	4,402	390	752
Add: Amounts due to shareholders and related companies	16	136	396	136	–
Add: Shareholder's loan	16	1,499	–	1,499	–
Add: Amounts due to subsidiaries	16	–		475	–
Add: Loan and borrowings	19	618	–	–	–
Total financial liabilities carried at amortised cost		8,254	4,798	2,500	752

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 180 days' terms.

Trade payables denominated in foreign currency at 31 May 2016 and 2015 are as follows:

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
United States Dollar	215	–	–	–

Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 60 days.

19. LOAN AND BORROWINGS

	Maturity	Group 2016 $'000	Group 2015 $'000
Current:			
Loan	1-Oct 2016	618	–

Loan and borrowings relates to project financing from bank which is secured by a fixed charge over certain trade receivables of a subsidiary (Note 15) and corporate guarantees (Note 25) provided by the Company. The loan carried a floating interest rate of 2.75% p.a. plus the bank's cost of funds or applicable SWAP offer rate, whichever is higher, as determined by the bank on the day of transaction.

20. EMPLOYEE BENEFIT LIABILITIES

As at 31 May 2016 and 2015, the Group has recorded estimated employee benefit liabilities based on the actuarial calculations prepared by independent firms of actuaries using the "Projected Unit Credit" method.

The subsidiary in Thailand operates an unfunded benefit scheme, Legal Severance Pay Plan ("**LSP**"), for qualifying employees.

The subsidiary in Philippines has not yet established a formal post-employment benefit plan but it accrues the post-employment benefits under a defined benefit plan using the projected unit credit method as computed by an independent actuary.

The following tables summarise the components of net benefit expense recognised in the income statement and amounts recognised in the statement of financial position.

	Group	
	2016	**2015**
	$'000	$'000
Net benefit expense		
Current service cost	37	16
Interest cost on benefit liabilities	5	4
Net benefit expense	42	20
Net actuarial losses/(gains) recognised in the other comprehensive income	40	(4)

Changes in present value of the employee benefit liabilities are as follows:

	Group	
	2016	**2015**
	$'000	$'000
At 1 June	118	97
Current service cost	37	16
Interest cost on benefit liabilities	5	4
Actuarial losses/(gains) on obligation	40	(4)
Exchange differences	(6)	5
At 31 May	194	118

The principal assumptions used in determining the Group's employee benefits are as follows:

	Group	
	2016	**2015**
Discount rates	2.7% - 4.3%	3.7% - 4.7%
Expected rate of salary increases	5%	3% - 5%
Mortality rates	3%	3%
Price inflation	3%	3%

20. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Group	
		2016	2015
	Increase/ (decrease) %	(Decrease) /increase in net employee benefit liabilities S$'000	(Decrease) /increase in net employee benefit liabilities S$'000
Discount rate	0.5	(14)	(9)
	(0.5)	15	10
Salary increase rate	1.0	29	55
	(1.0)	(25)	(39)

21. SHARE CAPITAL

	Group			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 June	1,235	726	1,235	726
Adjustment from restructuring exercise (Note 1.2)	126,765	8,239	–	–
Share issued pursuant to initial public offering	24,000	6,000	–	–
Share issue expenses	–	(423)	–	–
At 31 May	152,000	14,542	1,235	726
Preference shares:				
At 1 June	765	78	765	78
Adjustment from restructuring exercise (Note 1.2)	(765)	(78)	–	–
At 31 May	–	–	765	78
Total share capital:				
At 31 May	152,000	14,542	2,000	804

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

The Group has not been restructured as at 31 May 2015. Accordingly, the share capital of the Group as at 31 May 2015 refers to the combined paid-up capital of CMC Communications Singapore Pte. Ltd. and CMC Communications (Thailand) Co., Ltd.

Pursuant to the Restructuring Exercise, the Company acquired the entire equity interest in CMC Communications Singapore Pte. Ltd., CMC Communications (Philippines), Inc. and CMC Communications (Thailand) Co., Ltd. as disclosed in Note 1.2(b).

21. SHARE CAPITAL (CONT'D)

	Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 June	*	*	*	*
Adjustment from restructuring exercise (Note 1.2)	128,000	8,965	–	–
Share issued pursuant to initial public offering	24,000	6,000	–	–
Share issue expenses	–	(423)	–	–
At 31 May	152,000	14,542	*	*
Total share capital:				
At 31 May	152,000	14,542	*	*

* denotes amounts less than $1,000

22. RESERVES

	Group	
	2016 $'000	2015 $'000
Foreign currency translation reserve	(77)	76
Capital reserves	1,890	1,890
Merger reserves	(10,397)	–
Statutory reserves	49	49
Others	6	6
	(8,529)	2,021

(a) ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(b) ***Capital reserves***

Capital reserves relate to fair value adjustments on acquisition of subsidiaries relating to previously held interest.

(c) ***Statutory reserves***

Statutory reserves represent the fund set aside on the appropriation of net profit by the subsidiary in Thailand, in accordance with regulations governed in that country. Statutory reserves cannot be used for the dividend payment.

(d) ***Merger reserves***

Merger reserves represent the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under the "pooling-of-interest" method.

23. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions

In addition to the significant related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2016	**2015**
	$'000	$'000
Interest expense on a related company loan	–	24
Management fees payable to a related company	–	306
Interest paid to shareholder	103	–

Compensation of key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director of the Group.

The remuneration of key management personnel during the year is as follows:

	Group	
	2016	**2015**
	$'000	$'000
Short-term employee benefits	1,438	501
Defined contribution plan	75	33
	1,513	534
Comprise amounts paid to:		
Directors of the Group	167	2
Other key management personnel	1,346	532
	1,513	534

24. OPERATING LEASE COMMITMENT

The Group has entered into several lease agreements in respect of the lease of office buildings, motor vehicles and equipment. These non-cancellable leases have average tenure of one to five years. Future minimum lease payments payable under these non-cancellable operating leases are as follows:

	Group	
	2016	**2015**
	$'000	$'000
Within one year	439	269
Later than one year but not later than five years	1,114	39
	1,553	308

25. CORPORATE GUARANTEES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Corporate guarantees given to secure banking facilities granted to:				
- a subsidiary	–	–	3,730	–
	–	–	3,730	–

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs. No liability was recognised from the issuance of the corporate guarantees to a subsidiary as management has assessed the risk of default to be remote and therefore, the fair value of the corporate guarantee to be immaterial.

26. FAIR VALUE OF ASSETS AND LIABILITIES

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

Trade and other receivables and payables (Notes 15 and 18), cash and bank balances (Note 17), restricted bank deposits (Note 17), amounts due from/(to) subsidiaries, related companies and shareholders (Note 16) and loan and borrowings (Note 19).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

(b) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

There are no assets and liabilities that are not measured at fair value at 31 May 2016 and 2015 but for which fair value is disclosed.

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

There are no financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk and credit risk. The Group does not hold or issue derivative financial instruments for trading purposes.

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

(a) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk and credit risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain sufficient cash and continuity of funding through an adequate amount of committed credit facilities.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

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

	1 year or less S$'000	**1 to 5 years** S$'000	**Total** S$'000
Group			
2016			
Financial assets:			
Restricted bank deposits	–	19	19
Trade and other receivables	6,614	–	6,614
Cash and bank balances	5,210	–	5,210
Deposits	–	43	43
Total undiscounted financial assets	11,824	62	11,886
Financial liabilities:			
Trade and other payables	6,001	–	6,001
Amounts due to shareholders and related companies	136	–	136
Shareholder's loan	1,200	354	1,554
Loan and borrowings	627	–	627
Total undiscounted financial liabilities	7,964	354	8,318
Total net undiscounted financial assets	3,860	(292)	3,568
2015			
Financial assets:			
Restricted bank deposits	–	60	60
Trade and other receivables	4,794	–	4,794
Cash and bank balances	2,711	–	2,711
Deposits	–	16	16
Total undiscounted financial assets	7,505	76	7,581
Financial liabilities:			
Trade and other payables	4,402	–	4,402
Amounts due to shareholders and related companies	396	–	396
Total undiscounted financial liabilities	4,798	–	4,798
Total net undiscounted financial assets	2,707	76	2,783

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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

	1 year or less S$'000	1 to 5 years S$'000	Total S$'000
Company			
2016			
Financial assets:			
Amounts due from subsidiaries	390	–	390
Cash and bank balances	3,200	–	3,200
Total undiscounted financial assets	3,590	–	3,590
Financial liabilities:			
Trade and other payables	390	–	390
Amounts due to shareholders and related companies	136	–	136
Amounts due to subsidiary company	475	–	475
Shareholder's loan	1,200	354	1,554
Total undiscounted financial liabilities	2,201	354	2,555
Total net undiscounted financial assets	1,389	(354)	1,035
2015			
Financial assets:			
Cash and bank balances	*	–	*
Total undiscounted financial assets	*	–	*
Financial liabilities:			
Trade and other payables	752	–	752
Total undiscounted financial liabilities	752	–	752
Total net undiscounted financial liabilities	752	–	752

* denotes amounts less than $1,000

The table below shows the contractual expiry by maturity of the Company's corporate guarantees. The maximum amount of the corporate guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	1 year or less S$'000	1 to 5 years S$'000	Total S$'000
Company			
2016			
Corporate guarantees	3,730	–	3,730

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a party default on its obligations. The Group's exposure to credit risk arises primarily from gross amount due from customers for contract work-in-progress, trade and other receivables and cash and bank balances.

The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts are not significant.

Cash and bank balances are placed with reputable financial institutions during the financial year.

At the end of the reporting period, approximately 70.8% (2015: 51.8%) of the Group's trade receivables were due from three major customers who are multi-industry conglomerates located in Singapore.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by a nominal amount of $3,730,000 (2015: Nil) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's bank loan.

28. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2016 and 31 May 2015.

The Group's net debt includes shareholder's loan, loan and borrowings, less cash and cash equivalents.

28. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2016	**2015**
	$'000	$'000
Shareholder's loan (Note 16)	(1,499)	–
Loan and borrowings (Note 19)	(618)	–
Add: Cash and cash equivalents (Note 17)	5,125	2,711
Net cash	3,008	2,711

29. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their geographical locations in Singapore, Thailand, the Philippines and Malaysia.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29. SEGMENT INFORMATION (CONT'D)

	Singapore		Thailand		Philippines		Malaysia		Adjustments and eliminations		Note	Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
External customers	12,927	10,299	3,538	4,641	1,752	1,381	–	–	–	–		18,217	16,321
Gross profit	3,130	2,237	979	1,342	541	690	–	–	–	–		4,650	4,269
Operating (loss)/profit	(435)	116	81	491	(338)	167	(3)	–	(665)	(641)	A	(1,360)	133
Interest income												13	4
Finance costs												(118)	(27)
(Loss)/profit before taxation												(1,465)	110
Income tax expense												(32)	(296)
Loss for the financial year												(1,497)	(186)
Segment assets	25,517	7,179	2,923	3,324	3,037	3,267	3	–	(9,785)	2,500	B	21,695	16,270
Segment liabilities	8,432	4,017	892	1,269	1,772	1,647	6	–	(1,406)	(1,000)	C	9,696	5,933
Net assets	17,085	3,162	2,031	2,055	1,265	1,620	(3)	–	(8,379)	3,500		11,999	10,337
Other information:													
Provision for doubtful debts	42	39	–	–	134	–	–	–	–	–		176	39
Write-back of provision for doubtful debts	(8)	–	–	–	–	–	–	–	–	–		(8)	–
Depreciation of property, plant and equipment	148	134	63	55	41	43	–	–	–	–		252	232
Amortisation of intangible asset	–	–	–	–	–	–	–	–	639	641		639	641
Purchase of property, plant and equipment	500	185	133	17	77	18	–	–	–	–		710	220

29. SEGMENT INFORMATION (CONT'D)

Note A

The following items are deducted from segment profit to arrive at "**Operating (loss)/profit**" presented in the consolidated income statements:

	2016 $'000	2015 $'000
Amortisation expenses	(639)	(641)
Others	(26)	–
	(665)	(641)

Note B

The following items are (deducted from)/added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 $'000	2015 $'000
Intangible asset	3,193	3,844
Inter-segment assets	(12,978)	(1,344)
	(9,785)	2,500

Note C

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 $'000	2015 $'000
Inter-segment liabilities	(1,406)	(1,000)

Information about major customers

Revenue from one major customer in Singapore contributed 55.3% (2015: 46.8%) of the total revenue of the Group.

30. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to year end, CMCCP entered into a shareholders' agreement dated 27 July 2016 with Argosy Properties, Inc. ("**API**"), pursuant to which the parties shall form a joint venture company ("**JVCo**"). In addition to the shareholders' agreement, a separate management and consultancy services agreement was entered into between CMCCP, JVCo and Argosy Partners, Inc.

The JVCo shall be named "**CMC-AC Infocomms (Philippines) Inc.**" and shall have an initial issued share capital of PHP15,000,000 comprising 15,000,000 ordinary shares, with CMCCP holding 6,000,000 shares (40.0%) and API holding 9,000,000 shares (60.0%) respectively.

The proposed capital structure is subjected to the approval of the Philippines Securities and Exchange Commission.

In July 2016, one of the Group's subsidiary also obtained an unsecured term loan of S$500,000, repayable in 24 monthly instalments.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 May 2016 were authorised for issue in accordance with a resolution of the directors on 31 August 2016.

SHAREHOLDING STATISTICS

As at 10 August 2016

Issued and paid-up capital	:	$14,542,370
Number of shares	:	152,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 10 August 2016

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 - 99	–	–	–	–
100 - 1,000	35	5.25	31,300	0.02
1,001 - 10,000	454	68.06	2,327,100	1.53
10,001 - 1,000,000	172	25.79	14,716,800	9.68
1,000,001 - and above	6	0.90	134,924,800	88.77
Grand Total	**667**	**100.00**	**152,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

As at 10 August 2016

	Name of Shareholder	No. of Shares	% of Shareholdings
1.	CMC ENGINEERING SDN. BHD.	64,000,000	42.11
2.	TEE INTERNATIONAL LIMITED	64,000,000	42.11
3.	DB NOMINEES (S) PTE LTD	2,687,000	1.77
4.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,990,800	1.31
5.	MAYBANK KIM ENG SECURITIES PTE LTD	1,185,700	0.78
6.	DIANA SNG SIEW KHIM	1,061,300	0.70
7.	CHEW SIEW ENG	550,000	0.36
8.	SAW CHIN CHOO	520,000	0.34
9.	CITIBANK NOMINEES SINGAPORE PTE LTD	500,000	0.33
10.	LEE HUNG MING	480,000	0.32
11.	SEAH MOON MING	480,000	0.32
12.	NGOI SING SHANG	400,000	0.26
13.	TAN ENG LEE	400,000	0.26
14.	LIM SWEE JOO	375,800	0.25
15.	NEO AH EE	353,000	0.23
16.	GOH CHIN YONG	300,000	0.20
17.	TAN WEI LI	289,700	0.19
18.	AW CHI-KEN BENJAMIN (HU ZHIQING)	270,000	0.18
19.	LEE CHEE KIONG BURNIE	225,000	0.15
20.	WONG CHEONG BOOU OR YEO EE YONG MRS WONG CHEONG BOOU	202,000	0.13
Total		**140,270,300**	**92.30**

FREE FLOAT

Based on the information provided to the Company as at 10 August 2016, approximately 14.8% of the issued ordinary shares of the company was held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist has been complied with.

SHAREHOLDING STATISTICS

As at 10 August 2016

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 10 August 2016.

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%[3]	No. of Shares	%[3]
Dato' Abdul Rahman Bin Yusof[1]	–	–	64,650,000	42.53
Phua Chian Kin[2]	–	–	64,000,000	42.11
CMC Engineering Sdn. Bhd.	64,000,000	42.11	–	–
TEE International Limited	64,000,000	42.11	–	–

Notes:

(1) Dato' Abdul Rahman Bin Yusof is deemed to have an interest in 64,000,000 shares held by CMC Engineering Sdn. Bhd. and 500,000 shares held by Ray Venture Inc (through Citibank Nominees Singapore Pte Ltd), by virtue of Section 7 of the Companies Act and 150,000 shares held by his wife, Adilah Binti Abdullah (through CIMB Securities (Singapore) Pte Ltd), in her sole name by virtue of Section 164 (15) of the Companies Act.

(2) Phua Chian Kin is deemed to have an interest in 64,000,000 held by TEE International Limited by virtue of Section 7 of the Companies Act.

(3) The percentages of issued share capital are calculated based on 152,000,000 issued shares in the capital of the Company as at 10 August 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of CMC INFOCOMM LIMITED (the "**Company**") will be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road Singapore 609078 on Monday, 26 September 2016 at 10.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 31 May 2016 together with the Reports of the Directors and the Independent Auditor, and the Statement by the Directors.

Resolution 2

2. To re-elect Mr Phua Cher Chuan who is retiring by rotation pursuant to Article 104 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director.

Resolution 3

3. To re-elect Mr Sim Geok Soon who is retiring by rotation pursuant to Article 104 of the Constitution and who, being eligible, offers himself for re-election as a Director.

Resolution 4

4. To re-elect Mr Yee Kit Hong who is retiring by rotation pursuant to Article 104 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   *Mr Yee Kit Hong will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

Resolution 5

5. To approve the payment of Directors' fees of S$162,824 for the financial year ended 31 May 2016.

Resolution 6

6. To approve the payment of Directors' fees of S$184,500 for the financial year ending 31 May 2017, to be paid quarterly in arrears.

Resolution 7

7. To re-appoint Ernst & Young LLP as the Company's Independent Auditor and to authorise the Directors to fix their remuneration.

8. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 8

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

   "**Authority to allot and issue shares**"

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual (Section B: Rules of Catalist) (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:-

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

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

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

(2) (subject to such manner of 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 (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this authority is given, after adjusting for:-

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

(ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this 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."

[see Explanatory Note]

BY ORDER OF THE BOARD

WEE MAE ANN
Company Secretary
Singapore
9 September 2016

Explanatory Note:
Under the Catalist Rules, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares).

Ordinary Resolution 8, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares). This authority will, unless previously revoked or varied at a general meeting, expire at 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 earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

Notes:
(1) Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(3) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

(4) If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or signed by its duly authorised officer or attorney.

(5) The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Block 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874 not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CMC INFOCOMM LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201506891C)

IMPORTANT:
1. For investors who have used their CPF monies to buy CMC Infocomm Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

ANNUAL GENERAL MEETING PROXY FORM

I/We,____(Name)____________________(NRIC/Passport/Registration Number)

of____(Address)

being a member/members of CMC INFOCOMM LIMITED (the "**Company**") hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person or both of the persons above, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road Singapore 609078 on Monday, 26 September 2016 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
ORDINARY BUSINESS			
1.	Audited accounts for the financial year ended 31 May 2016		
2.	Re-election of Mr Phua Cher Chuan as a Director		
3.	Re-election of Mr Sim Geok Soon as a Director		
4.	Re-election of Mr Yee Kit Hong as a Director		
5.	Approval of Directors' fees of S$162,824 for financial year ended 31 May 2016		
6.	Approval of Directors' fees of S$184,500 for financial year ending 31 May 2017		
7.	Re-appointment of Ernst & Young LLP as auditor of the Company		
SPECIAL BUSINESS			
8.	General authority to allot and issue shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this ______ day of _______________________ 2016.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. 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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. This proxy form duly executed must be deposited at the registered office of the Company at Block 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874 not less than 48 hours before the time set for the AGM.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the 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 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 September 2016.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman
Dato' Abdul Rahman Bin Yusof

Executive Director and Chief Executive Officer
Mr. Kevin Phua

Executive Director
Mr. Hazwan Alif

Non-Executive Director
Mr. Sim Geok Soon

Lead Independent Director
Mr. Yee Kit Hong

Independent Director
Mr. Jakob Hinrichsen

Independent Director
Mr. Alex Siow

Independent Director
Mr. Clifton Yong

AUDIT COMMITTEE

Chairman
Mr. Yee Kit Hong

Members
Mr. Jakob Hinrichsen
Mr. Alex Siow

NOMINATING COMMITTEE

Chairman
Mr. Clifton Yong

Members
Mr. Yee Kit Hong
Dato' Abdul Rahman Bin Yusof

REMUNERATION COMMITTEE

Chairman
Mr. Alex Siow

Members
Mr. Jakob Hinrichsen
Mr. Clifton Yong

COMPANY SECRETARY

Ms. Wee Mae Ann, LLB (Hons)

REGISTERED OFFICE

5008 Ang Mo Kio Avenue 5
#04-07 Techplace II
Singapore 569874
Tel: (65) 6654 1200
Fax: (65) 6747 8631

Website: www.cmcinfocomm.com

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

INDEPENDENT AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Ms. Lim Siew Koon
(Date of appointment: since financial year ended 31 Dec 2010)

SPONSOR

SAC Capital Private Limited
1 Robinson Road #21-02
AIA Tower
Singapore 048542

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

CMC INFOCOMM LIMITED
5008 Ang Mo Kio Avenue 5 #04-07 Techplace II
Singapore 569874
Tel: +65 6654 1200
Fax: +65 6747 1738
Website: www.cmcinfocomm.com