COLEX HOLDINGS LTD

ANNUAL REPORT 2012

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

CORPORATE PROFILE

CERT NO.: 2003-1-0465
ISO 9001 : 2008

CERT NO.: 2010-0470
ISO 14001 : 2004

Colex Holdings Limited ("Colex"), a 40-year veteran of waste management in Singapore that has pioneered many innovative value-added services which include the fully mechanised waste disposal vehicles and portable waste compactors used in the industry today, was listed on the SESDAQ (now known as Catalist of Singapore Exchange Securities Trading Limited) in April 1999.

Colex attained its ISO 9001:2000 Quality Management System certification in February 2003, which was converted to ISO 9001:2008 in March 2010. The ISO 14001:2004 Environmental Management System certification was attained in May 2010.

Colex specialises in waste disposal for a wide portfolio of clients including commercial offices, shopping complexes, food courts, cineplexes, residential buildings and warehouses.

Colex's unwavering focus on quality and service has resulted in it being awarded by the National Environment Agency ("NEA"), the 5-year Bedok sector municipal waste collection contract in 1999. This was followed by the 7-year Jurong sector municipal waste collection contract which commenced on 1 April 2006.

On 23 November 2012, Colex was awarded a second 7-year contract for the Jurong sector by the NEA which commenced on 1 April 2013.

In 1999, Colex acquired Integrated Property Management Pte Ltd ("IPM") and with this acquisition, Colex's activities were extended to include contract cleaning of commercial, industrial and residential buildings.

On 16 November 2011, the Company incorporated a new wholly-owned subsidiary, Colex Environmental Pte. Ltd. Its principal activity is to provide waste management services, namely waste disposal services to commercial, industrial and residential properties and other waste disposal related business. The reorganisation of the waste disposal business is expected to be completed by April 2013.

Providing customers with quality and value-added services remains Colex's key guiding principle and strategy in maintaining competitiveness. Where new market opportunities arise, the Group will forge strategic alliances and business relationships with other members of the industry and NEA for greater growth.

Financial Review

Group revenue for the financial year ended 31 December 2012 ("FY2012") increased by 10.88% from $41.05 million for the financial year ended 31 December 2011 ("FY2011") to $45.52 million in FY2012. The waste disposal segment had a 3.20% increase in revenue from $26.15 million in FY2011 to $26.99 million in FY2012. Revenue from the contract cleaning segment increased by 24.37% from $14.90 million in FY2011 to $18.53 million in FY2012. The increase in revenue from both segments was mainly due to the successful renewal of existing contracts at higher price and more new contracts secured during the year.

Group operating profit before tax increased by 52.18% from $1.50 million in FY2011 to $2.28 million in FY2012. Operating profit before tax for the waste disposal segment decreased by $0.73 million from $1.05 million in FY2011 to $0.32 million in FY2012 due to the absence of a one-off gain of $1.03 million recognized in FY2011. Operating profit before tax for the contract cleaning segment increased by $1.51 million from $0.45 million in FY2011 to $1.96 million in FY2012. This was mainly due to higher revenue, better cost control and better contract margin for new contracts as well as existing contracts upon renewal.

Earnings per share increased from 1.10 Singapore cents in FY2011 to 1.49 Singapore cents in FY2012, while the net tangible assets per share increased from 12.99 Singapore cents to 14.07 Singapore cents.

Operations Highlights

In light of the intense competition in 2012, the Group continued to face challenges in its business environment. Nonetheless, we managed to secure new sales and retain our market shares despite the rising operating costs and intense competition. The contract cleaning segment managed to renew the bulk of its contracts at higher prices with better margin. The higher contract prices secured help to partially offset higher operating costs such as higher workers' salaries, increase in foreign worker levy and more costly accommodation for foreign workers. Despite the increases in our operating costs, we continued to provide services that would best meet our customers' needs. Our desire to provide excellent service enable us to maintain our position as one of the market leaders.

To sustain our business excellence, the Company continued to be accredited with ISO 9001 Quality Management System, 14001 Environmental Management System and BizSafe Level 3 for Workplace Health and Safety. We continued to build an inclusive and performance driven work place culture and also put in place a comprehensive human resource strategy to recruit, develop and retain our existing staff. All our employees are guided by the Group's core values of service, working relationships and teamwork to deliver quality assurance and develop strong bonds and long term partnerships with our customers. We recognize the importance of sustaining a productive workforce and therefore, have been proactively investing in improving the skills and productivity of our staff. Our existing operations procedures are being constantly reviewed to improve productivity and efficiency for optimizing our overall operations cost. This has bolstered our overall profitability and sustain our business competitiveness.

Dividend

For the financial year ended 31 December 2012, the Board of Directors is pleased to recommend a tax-exempt (one-tier) first and final dividend of 0.5 Singapore cents per ordinary share amounting to $662,613 (FY2011's tax-exempt (one-tier) first and final dividend of 0.5 Singapore cents per ordinary share amounted to $662,613). The first and final dividend, if approved at the Company's forthcoming Annual General Meeting on 17 April 2013, will be paid on 17 May 2013.

Outlook

Year 2013 will remain challenging for the Group amidst the uncertain global economic outlook. To remain competitive and to sustain our business growth, we need to continuously increase our workforce competency and expertise to unlock new sources of efficiency and where culture and values make a difference. The recruitment of manpower remains a big challenge as the Government has tightened the foreign workers dependency ratio. As a result, we will have to hire more locals who may demand higher wages which will then affect our overall manpower costs. Delivering quality services and ensuring total customer satisfaction remains a key component of our business viability.

On 6 August 2012, the Company accepted the award of the tender to lease a land parcel of approximately 8,854 square metres located at Tuas South St 13 from Jurong Town Corporation. The lease term of the land is 18 years 1 month from 1 November 2012. The Company will be relocating its business operations and assets to the land tentatively by January 2014 once the land is ready to be occupied.

On 1 November 2012, the Company announced a reorganisation of the Company's industrial and commercial (ICW) and future public waste collection (PWC) businesses to streamline the Group's businesses. Under the reorganisation, the Company will transfer all its property, plant and equipment and its ICW and PWC businesses to its wholly owned subsidiary, Colex Environmental Pte Ltd, which was incorporated on 16 November 2011. The reorganisation is expected to be completed by April 2013. Upon the completion of the reorganisation, the Company will become the investment and holding company of the Group.

In November 2012, the Company was awarded the waste management license by the National Environment Agency for the provision of waste collection services to domestic and trade premises in the Jurong sector in Singapore. The commencement date of the license is 1 April 2013 for a period of 7 years up to 31 March 2020. Three public waste collection tenders are expected in 2013 which the Company intends to participate in to increase its market shares.

Moving ahead, with our visionary leadership, customer centric excellence, agility and results orientated mindset, we endeavour to stay ahead of the competition while remaining steadfast on our mission and vision to meet our shareholders' expectation and to bring the Group to the next level of growth.

Acknowledgement

On behalf of the Board of Directors, I would like to express our appreciation to our clients, suppliers and shareholders for their continuous support and to our employees for their unstinting contributions.

Henry Ngo
Chairman
6 March 2013

OPERATIONS REVIEW 04

Operations Review

Our key strength lies in our well developed infrastructure and productive workforce. These traits, intertwined with human capital investment, has enabled us to secure new accounts with positive contributions and renewed existing contracts with better rates in tandem with the rising operating costs. Our staff continued to strengthen ties and engage in collaborative efforts with our customers to provide excellent customer service thus enhancing the Group's value proposition to customers. Drawing on the expertise and experience gained from the past years, our staff continued to maintain a customer centric mindset that augurs well with our success in securing and renewing contracts. Our focus on greater productivity and on improving marketing efforts to better serve our customers has proven to be responding well to the market needs as our customers have been supportive of our contract pricing, besides our branding and innovative approaches.

Valuing the environment and corporate social responsibilities are integral to our efforts in promoting recycling in the community. Although recycling efforts have been intensified, there is still room for improvement on the recycling culture within the community at large. The maturity of the Jurong sector on the public waste collection has stabilised the billings of all the designated premises as there is minimal change of use for these designated premises and hence had minimal impact on the total monthly revenue.

The Team

Our highly valued staff is vital for the Group's ongoing success. The Group nurtures a team culture to motivate and encourage a can-do attitude among all the employees. We are also constantly increasing employee engagement, trust and productivity throughout the organisation to share the common goals of the Group. Our employees are always inspired to explore innovative work processes and being regularly trained in their field of expertise, allows for their continual delivery of exemplary service to our customers. By benchmarking ourselves against industries' best practices, it sets our employees to be more responsive in handling their day-to-day work which in turn maximises value for our customers as well as our shareholders.

Moving Ahead

With uncertainties in the global economic outlook, 2013 continues to be a challenging and competitive year. The relentless drive to create long term business strategies and the endeavour to continuously add value to our customers through distinguished and indefatigable service are our principal thrust to remain competitive and relevant.

The labour costs for the cleaning segment is expected to increase further as the Government had introduced a number of measures and initiatives targeted at raising the salary of low-wage workers, categories of which include our cleaning crew. One example was the launch

of the progressive wage model for cleaners in October 2012 by the Tripatite Cluster for cleaners comprising government agencies, labour union and cleaning service providers which recommends different wage points for wage progression supported by skills upgrading. The lowest wage point is higher than what is currently being offered in the cleaning industry.

The foreign worker levy was also raised in July 2012 and will be raised further in 2013. These measures taken by the Government are aimed at encouraging companies to hire more local workers and thereby reducing dependency on foreign labour. However, the pool of local workers for the waste disposal and cleaning industries are limited as not many locals are interested in the waste disposal and cleaning jobs that are generally considered to be unattractive, mundane and low prestige in nature. As a result, the salary of the Group's local workers is expected to rise rapidly in the near future as more and more companies are competing to retain and recruit more local staff to meet their manpower needs. There is also a risk on the Group's inability to find sufficient manpower to fulfill our contractual needs if the labour market continues to shrink.

Our core business competency has enabled us to grow our business through the retention of existing customers and securing new contracts at reasonable margins. We are constantly reviewing our management system and processes in order to sustain our customer service efficiency, high performance and competitiveness. Cost savings on all operational aspects of the business remains as one of our priorities to compete aggressively in the respective markets.

The Group aims to diversify and expand the business based on its core competency whenever any business opportunities arise. We will adopt strategic skills and knowledge, which has been defining our competitive strategic direction, and implement effective strategic plans to grow the Group's business.

CORPORATE DATA

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197101485G

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Singapore 619257
Tel: +65 6268 7711
Fax: +65 6264 1219
Email: wastemgt@colex.com.sg

Directors
Henry Ngo (Chairman)
Desmond Chan Kwan Ling
Ding Chek Leh
Fong Heng Boo
Lim Hock Beng

Audit Committee
Fong Heng Boo (Chairman)
Lim Hock Beng
Henry Ngo

Nominating Committee
Fong Heng Boo (Chairman)
Lim Hock Beng
Henry Ngo

Remuneration Committee
Lim Hock Beng (Chairman)
Fong Heng Boo
Henry Ngo

Secretary
Foo Soon Soo

Registrar
KCK CorpServe Pte. Ltd.
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721

Principal Bankers
DBS Bank Ltd
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad

Independent Auditor
Foo Kon Tan Grant Thornton LLP
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce &
Industry Building
Singapore 179365

Partner-in-charge: Tei Tong Huat
Date of appointment:
1 January 2012

FINANCIAL HIGHLIGHTS

	2012	2011	2010	2009	2008
	$'000	$'000	$'000	$'000	$'000
REVENUE	45,519	41,052	38,622	40,687	42,367
PROFIT BEFORE TAXATION	2,275	1,495	638	1,480	1,060
PROFIT AFTER TAXATION	1,970	1,457	570	1,389	907
GROSS DIVIDEND PER SHARE (CENTS)	0.50	0.50	0.30	0.80	0.50
EARNINGS PER SHARE (CENTS) AFTER TAX	1.49	1.10	0.43	1.05	0.68
DILUTED EARNINGS PER SHARE (CENTS) AFTER TAX	1.49	1.10	0.43	1.05	0.68
NET TANGIBLE ASSETS PER SHARE (CENTS)	14.07	12.99	12.12	12.43	11.82
DIVIDEND COVER (TIMES)	2.97	2.20	1.43	1.31	1.37
FIXED ASSETS	4,789	4,726	8,438	8,872	9,056
NET CURRENT ASSETS	14,476	13,196	8,440	8,243	7,467
SHAREHOLDERS' FUND	18,704	17,396	16,336	16,827	16,101

PROFILE OF DIRECTORS

Mr. Henry Ngo

Mr Ngo has been the Chairman of Colex since 1983 when Colex became a subsidiary of Bonvests Holdings Limited ("Bonvests"). He is also the Chairman and Managing Director of Bonvests, a company listed on the SGX-ST. Under Mr Ngo's leadership, Bonvests diversified into property development, waste management, ownership and operation of hotels.

Mr. Desmond Chan Kwan Ling

Mr Chan is a Director of Colex and oversees all key matters of the waste management division. He is responsible for providing strategic business planning to the operations team and working closely with the Group's subsidiaries to carry out the entire Group's financial reporting functions. Mr Chan joined Colex as a General Manager in 1999 and assisted the former Managing Director in overseeing the full spectrum of activities in the waste disposal operations. Following a re-organisation of the Group's waste management division to be carried out under Colex Environmental Pte Ltd, a wholly owned subsidiary of Colex Holdings Limited, Mr Chan was appointed as Director of Colex Environmental Pte Ltd and re-designated as General Manager, Colex Environmental Pte Ltd on 7 September 2012. His years of experience span across the automotive and transportation industries with Singapore Power Ltd as Head, Transport before joining Colex. He holds a Bachelor of Science (Hons) in Mechanical Engineering and a Master of Science from the University of Birmingham, United Kingdom.

Mr. Ding Chek Leh

Mr Ding is a Director of Colex since March 1999. He is also the Executive Director in charge of the operations of Integrated Property Management Pte Ltd ("IPM"), a subsidiary of Colex. He worked with the Housing Development Board of Singapore for three years as an Estate Officer before joining IPM in July 1987 as its Operations Manager. Mr Ding was promoted to Senior Operations Manager in April 1989 and subsequently to General Manager in September 1990. He holds an honours degree in Bachelor of Engineering from the University of Canterbury (New Zealand).

Mr. Fong Heng Boo

Mr Fong has been an Independent Director of Colex since March 1999. He is currently the Director (Special Duties) in Singapore Totalisator Board. Prior to this appointment, he was with the Auditor-General's Office, Singapore between 1975 and 1993. He was holding the appointment of Assistant Auditor-General when he left the Auditor-General's Office. Subsequent to his tenure at the Auditor-General's Office, he was the General Manager (Corporate Affairs) of Amcol Holdings Limited and the Chief Financial Officer of Easycall International Limited. Mr Fong is a Fellow member of the Institute of Certified Public Accountants, Singapore and holds a Bachelor Degree in Accountancy (Honours) from the University of Singapore. He also served on the Board of Directors as well as on the Audit Committee of two other listed companies in Singapore.

Mr. Lim Hock Beng

Mr Lim has been an Independent Director of Colex since March 1999. Since 1996, he has been the Managing Director of Aries Investments Pte Ltd, an investment holding company with its principle interests in investing quoted securities and properties. Prior to that, he founded Lim Associates (Pte) Ltd in 1968, which provides comprehensive corporate secretarial services to private and public listed companies and was its Managing Director for 27 years until his retirement at the end of 1995. He has more than 30 years of experience and knowledge in corporate secretarial work, which included advising listed companies on compliance with the Listing Rules of the SGX-ST. He holds a Diploma in Management Accounting & Finance from the National Productivity Board and is a Fellow member of the Singapore Institute of Directors. He also serves on the Board of Directors as well as on the Audit Committee of several public companies listed on the SGX-ST.

Mr. Liau Khin Siong

Mr Liau was appointed as the Assistant General Manager of Colex on 1 December 2012, assisting the Executive Director in overseeing the day-to-day operations in the waste disposal operations. Mr Liau joined Colex in 2002 as Workshop Manager and was promoted to Senior Manager in August 2005, responsible for the repair and maintenance of all the waste disposal trucks, commercial vehicles and workshop equipment used in the waste disposal business.

Prior to joining Colex, he was the Workshop Manager of one of the waste disposal companies, in charge of a fleet of waste disposal vehicles and equipment. He holds a degree in Master of Business Administration from Brunel University.

Mr. Antony Chen

Mr Chen is a Senior Manager in charge of the marketing and sales services of IPM. He is also involved in the day-to-day operations of work sites such as manpower recruitment and payroll, customer relations, quality control and audit. Mr Chen has worked in IPM since 1987 when he joined as a Business Development Executive. He was promoted to the post of Senior Manager in 1995.

Ms. Ng Siew Gek

Ms Ng has been the Finance Manager of Colex since September 2009. She joined Colex in 1992 as an Accounts Assistant and was promoted to Deputy Finance Manager in 2008. She holds an honours degree in Bachelor of Arts in Accounting & Finance from the University of Northumbria at Newcastle.

Mr. Tan Swee Kiat

Mr Tan was appointed as Senior Operations Manager of Colex on 1 December 2012, overseeing the waste disposal operations and recycling activities of the Company. He joined Colex in 1986 as an Operations Officer and was promoted to Senior Operations Officer in 1994 and subsequently to Assistant Operations Manager in 2000. In 2005, he was promoted to Operations Manager taking charge of the Operations Department and was responsible for all issues related to waste disposal operations of the Company.

Ms. Goh Geok Ee

Ms Goh Geok Ee has been the Administration and Human Resource Manager of Colex since June 2000. She joined Colex in 1998 as an Admin Executive and was subsequently promoted to Admin Manager in mid 1998. She holds a degree in Bachelor of Science from the University of New South Wales.

Mr. Han Hee Guan

Mr Han is a Senior Manager of IPM. He joined IPM as Sales Executive in February 2001 and was promoted to Sales Manager in February 2006 and subsequently to Senior Manager in October 2011. He is also involved in the day-to-day operations of work sites such as manpower recruitment, quality control and customer relations.


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FINANCIAL CONTENTS

Colex Holdings Limited (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Company and its subsidiary companies (the "Group"). This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles of the Code of Corporate Governance 2005 (the "Code"), pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Catalist Rules"). The Company will continue to improve its systems and corporate governance processes in compliance with the Code. There are other sections in this annual report which contain information required by the Code. Hence the annual report should be read in totality.

BOARD MATTERS

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 success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") comprises three executive and two independent directors having the appropriate mix of core competencies and diversity of experience to direct and lead the Company. As at the date of this report, the Board comprises the following members:

Mr Henry Ngo (Chairman)
Mr Desmond Chan Kwan Ling (Director)
Mr Ding Chek Leh (Director)
Mr Fong Heng Boo (Independent Director)
Mr Lim Hock Beng (Independent Director)

The primary role of the Board is to protect and enhance long-term shareholders' value. It sets the corporate strategies of the Group, sets directions and goals for the Management and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. It supervises the Management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Matters requiring Board approval are as follows:

- corporate policies, strategies and objectives of the Company;
- annual budgets;
- half yearly and full year announcements;
- annual report and accounts;
- major acquisitions, investments and disposal of assets;
- strategic planning; and
- transactions or investments involving a conflict of interest for a substantial shareholder or a Director, financial restructuring and share issuance, dividends and other returns to shareholders.

There has been no change to the Group's internal guidelines which had been approved by the Board for material transactions and investments by the Company and the Group, with limits for different levels of approving authorities, categories of expenditures and investments.

Regular meetings are held to deliberate the strategic policies of the Company, including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results.

The Board has delegated certain matters to specialised committees of the Board, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and Remuneration Committee ("RC") (collectively, the "Board Committees"), to assist in carrying out and discharging its duties and responsibilities efficiently and effectively.

The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board.

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 31 December 2012 ("FY2012"):

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Henry Ngo	4	4	4	4	1	1	1	1
Yeo See Ann (#)	4	2	4	2*	NA	NA	NA	NA
Desmond Chan Kwan Ling (**)	4	2	4	2*	NA	NA	NA	NA
Ding Chek Leh	4	4	4	4*	NA	NA	NA	NA
Fong Heng Boo	4	4	4	4	1	1	1	1
Lim Hock Beng	4	4	4	4	1	1	1	1

* attendance by invitation

(#) Mr Yeo See Ann had retired and ceased to be an Executive Director and Managing Director of the Company with effect from 1 June 2012

(**) Mr Desmond Chan Kwan Ling was appointed as an Executive Director of the Company with effect from 7 September 2012

NA denotes Not applicable

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibilities of the Board include:

- setting strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- reporting to shareholders and the market;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- monitoring the Board composition, director selection and Board processes and performance;
- reviewing and approving executive directors' remuneration;
- validating and approving corporate strategy;
- reviewing major business initiatives and results, monitoring budgetary control and corrective actions (if required); and
- authorising and monitoring major investment and strategic commitments.

Newly appointed Directors will be given an orientation program to familiarise themselves with the Company's operations and business activities.

During the financial year reported on, the Directors had received updates on regulatory changes to the Catalist Rules and changes to the accounting standards. The Directors had also received appropriate training to develop the necessary skills in facilitating the discharge of their duties. Currently, three of the Directors are members of the Singapore Institute of Directors ("SID"). The Directors, through SID and other advisors, keep themselves abreast of relevant new laws and regulations.

Board Composition and Balance

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

As shown on Page 17, the Board comprises five members, two of whom are independent. Key information regarding the Directors and their appointments on various Board Committees is also contained therein. All Board Committees are chaired by an Independent Director, with a majority of members being non-executive and independent.

The independence of each Independent Director is reviewed annually by the NC based on the guidelines set forth in the Code. The Independent Directors have confirmed that they do not have any relationship with the Company, or its related companies or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the conduct of the Group's affairs. The NC has reviewed and determined that the said Directors are independent.

As there are two Independent Directors on the Board, the requirement of the Code that at least one-third of the Board be comprised of independent directors is satisfied.

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The NC is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Independent Directors constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

Details of the Board members' qualifications and experience are presented on Page 17 of this Annual Report.

Chairman and Chief Executive Officer

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

Mr Henry Ngo is the Chairman. Mr Desmond Chan Kwan Ling, Director of the Company and General Manager of the the Company's subsidiary, Colex Environmental Pte Ltd, oversees the day-to-day management of the waste disposal division of the Company. Mr Ding Chek Leh, Director of the Company and General Manager of the Company's subsidiary, Integrated Property Management Pte Ltd, oversees the day-to-day management of the contract cleaning division.

The roles of the Chairman are separate and distinct from the roles of the General Managers, with each having their own areas of responsibilities. The Company believes that a distinctive separation of responsibilities between the Chairman, and the General Managers will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman's responsibilities include:

- scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;
- preparing meeting agenda (in consultation with the General Managers);
- assisting in ensuring the Company's compliance with the Code;
- ensuring that Board meetings are held when necessary;
- reviewing most board papers before they are presented to the Board;
- encouraging constructive relations between the Board and Management;
- facilitating the effective contribution of non-executive directors in particular;
- encouraging constructive relations between executive directors and non-executive directors; and
- promoting high standards of corporate governance.

In assuming his roles and responsibilities, Mr Henry Ngo consults with the Board, AC, NC and RC on major issues and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

Both the General Managers are responsible for the day-to-day management affairs of the Group's businesses comprising the waste disposal and cleaning divisions. Both report directly to the Chairman and updates the Chairman on the performance of the Group during regular meetings, and ensures that policies and strategies adopted by the Board are implemented.

Board Membership

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

The NC comprises Mr Fong Heng Boo, Mr Lim Hock Beng and Mr Henry Ngo, the majority of whom, including the Chairman, are independent. The Chairman of the NC is Mr Fong Heng Boo, who is not directly associated with any substantial shareholders of the Company.

The NC functions under the terms of reference which sets out its responsibilities:

- to review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of directors;
- to recommend to the Board on all board appointments, re-appointments and re-nominations;
- to review the independence of the Independent Directors annually in accordance with the guidelines set out in the Code; and
- to assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board.

The NC will conduct an annual review of the composition of the Board in terms of the size and mix of skills and qualifications of Board members. The NC is charged with the responsibility of re-nominations, having regard to the Director's contributions and performance (e.g. attendance, preparedness, participation and candour including, if applicable, as an Independent Director). In addition, it may, if it deems appropriate, recommend the appointment of additional directors to strengthen the composition of the Board. The NC may recommend the appointment of a new director to fill a casual vacancy in the Board.

The Company has in place the policy and procedures for the appointment of new directors, including a description on the search and nomination process.

The search for a suitable candidate could be drawn from contacts and the network of existing Directors. The NC can approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate.

The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions.

New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

The Articles of Association of the Company require one-third of the Board to retire from office at each annual general meeting. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

The NC has recommended to the Board, the re-election of Mr Ding Chek Leh and Mr Desmond Chan Kwan Ling and the re-appointment of Mr Lim Hock Beng at the forthcoming annual general meeting.

Mr Ding Chek Leh will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting pursuant to Article 104 of the Articles of Association of the Company.

Mr Desmond Chan Kwan Ling will retire and being eligible, will offer himself for re-election at the forthcoming annual general meeting pursuant to Article 108 of the Articles of Association of the Company.

Mr Lim Hock Beng who is over the age of 70 years, will be re-appointed as a Director of the Company at the forthcoming annual general meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore. Mr Lim Hock Beng will, upon re-appointment as a Director, remain as the chairman of the RC and a member of the AC and the NC.

In making recommendation for the purpose of re-nomination of these Directors, the NC has taken into consideration these Directors' contribution and performance. Mr Lim Hock Beng has abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-appointment as a director. The Board has accepted the NC's recommendation.

Particulars of directors pursuant to the Code:

Name of Director	Professional Membership/ Qualifications	Board Appointment Executive/ Non-Executive	Board Committees as Chairman or Member	Date of first appointment as Director	Date of last re-election	Directorship/ Chairmanship in other listed companies in Singapore (present and held over preceding 3 years)
Mr Henry Ngo	Member of Singapore Institute of Directors	Chairman and Executive	Member: Audit Committee Nominating Committee Remuneration Committee	03.11.1983	19.04.2012	Bonvests Holdings Limited
Mr Desmond Chan Kwan Ling	Bachelor of Engineering (Honours) and Master of Science	Executive	–	07.09.2012	–	–
Mr Ding Chek Leh	Bachelor of Engineering (Honours)	Executive	–	26.03.1999	20.04.2010	–
Mr Fong Heng Boo	Fellow, Certified Public Accountant (Singapore)	Independent Non-Executive	Chairman: Audit Committee Nominating Committee Member: Remuneration Committee	26.03.1999	19.04.2011	Pteris Global Limited Capital Retail China Trust Management Limited (CRCTML)
Mr Lim Hock Beng	Member of Singapore Institute of Directors	Independent Non-Executive	Chairman: Remuneration Committee Member: Audit Committee Nominating Committee	26.03.1999	19.04.2012	Huan Hsin Holdings Limited GP Industries Limited King Wan Corporation Limited LMA International N.V. TA Corporation Ltd

The details on shareholdings of the Directors are disclosed on page 29 of the Annual Report under Directors' interest in shares or debentures section of the Directors' report.

Board Performance

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

The NC examines the Board's size to satisfy that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations.

The NC will review and evaluate the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and the Board Committees and also the contribution of each Director to the effectiveness of the Board.

In evaluating the Board's performance, the NC implements a self-assessment process that requires each Director to submit the assessment of the performance of the Board as a whole during the year under review. This self-assessment process takes into account, *inter alia*, the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given to the Group by the Directors.

Access to Information

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

All Directors are from time to time furnished with complete, adequate and timely information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Management. The Board has unrestricted access to the Company's records and information and the Board has separate and independent access to the Company Secretary and to other senior management executives of the Company and of the Group at all times in carrying out their duties.

Senior members of Management are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Company Secretary attends all Board meetings and meetings of Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of all Board Committees' meetings are circulated to the Board. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between Management and Independent Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and the removal of the Company Secretary rest with the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as a Director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises Mr Lim Hock Beng, Mr Fong Heng Boo and Mr Henry Ngo, the majority of whom, including its Chairman, are independent. The Chairman of the RC is Mr Lim Hock Beng.

The Independent Directors believe that the RC benefits from the experiences and expertise of the participation by Mr Henry Ngo.

The RC recommends to the Board a framework of remuneration for the Directors and executive officers, and determines specific remuneration packages for each General Manager. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, will be covered by the RC. Each RC member will abstain from voting on any resolution in respect of his remuneration package.

The RC functions under the terms of reference which sets out its responsibilities:

- to recommend to the Board a framework for remuneration for the Directors and key executives of the Company;
- to determine specific remuneration packages for each General Manager; and
- to review the appropriateness of compensation for Independent Directors.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

Level and Mix of Remuneration

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

Based on the recommendations made by an independent human resource consultancy firm, the Company has adopted a performance-related remuneration scheme for the General Managers to ensure the competitiveness of their remuneration packages.

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and senior management of the required experience and expertise.

The Company has entered into service contracts with its General Managers. The service contracts cover the terms of employment, salaries and other benefits. Independent Directors have no service contracts with the Group.

The Board has also recommended a fixed Directors' fee for Independent Directors, taking into account the effort, time spent and responsibilities of each Independent Director. The RC will recommend the quantum of directors' fees for each financial year to the Board for endorsement, before seeking shareholders' approval at each annual general meeting.

Disclosure of Remuneration

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

The summary compensation table for the Directors and key executives of the Group in bands of S$250,000, for the financial year ended 31 December 2012 is set out below:

	Salary	Bonus	Directors' Fees	Allowances and Other Benefits	Total Compensation
	%	%	%	%	%
DIRECTORS					
Between S$250,000 and S$500,000					
Ding Chek Leh	45	44	–	11	100
Below S$250,000					
Henry Ngo	–	–	–	–	–
Yeo See Ann (#)	79	–	–	21	100
Desmond Chan Kwan Ling (*)	60	31	–	9	100
Fong Heng Boo	–	–	100	–	100
Lim Hock Beng	–	–	100	–	100
KEY EXECUTIVES OF THE GROUP					
Below S$250,000					
Desmond Chan Kwan Ling (*)	87	–	–	13	100
Liau Khin Siong	80	7	–	13	100
Antony Chen	72	14	–	14	100
Han Hee Guan	63	19	–	18	100
Ng Siew Gek	90	8	–	2	100
Tan Swee Kiat	79	7	–	14	100
Goh Geok Ee	90	8	–	2	100

(#) Mr Yeo See Ann had retired and ceased to be an Executive Director and Managing Director of the Company with effect from 1 June 2012

(*) Mr Desmond Chan Kwan Ling was appointed as an Executive Director of the Company with effect from 7 September 2012

Immediate Family Member of Directors or Substantial Shareholders

The Company does not have any employee who is an immediate family member of a Director and/or a substantial shareholder whose remuneration exceeded S$150,000 during the financial year ended 31 December 2012.

Share Incentive Scheme

The Company does not have any share option or other share incentive schemes for its employees.

ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

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

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within prescribed periods by the relevant regulations.

The management currently provides the Board with management accounts which presents a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis and as and when deemed necessary.

Audit Committee

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

The AC comprises Mr Fong Heng Boo, Mr Lim Hock Beng and Mr Henry Ngo, the majority of whom, including its Chairman, are independent. The Chairman of the AC is Mr Fong Heng Boo.

The Independent Directors believe that the AC benefits and continues to benefit from the experiences and expertise of Mr Henry Ngo, in carrying out its functions effectively. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC's functions.

The AC functions under the terms of reference which sets out its responsibilities as follows:

- to review the audit plans of both the internal and external auditors;
- to review the scope and results of the auditors' reports and their evaluation of the Company's and of the Group's systems of internal controls and all non-audit services provided by the auditors to ensure that such services would not affect the independence of the auditors;
- to review the effectiveness and adequacy of the internal audit function that is outsourced to a professional firm;
- to review the co-operation given by the Company's officers to the internal and external auditors;
- to review the financial statements of the Company and of the Group before submission to the Board;
- to nominate and review appointment of internal and external auditors and approve the fees to be paid to the auditors;
- to review with the auditors and Management on the general internal control procedures;
- to review the independence of the internal and external auditors; and
- to review interested person transactions and ensure that such transactions are conducted at arm's length and are not detrimental to the interests of the Company and its minority shareholders.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in.

The AC has full access to and co-operation of the Management and has full discretion to invite any director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. While the Company does not have a Chief Financial Officer, the Group's finance functions and reporting functions are supervised by the Finance Manager reporting to Mr Desmond Chan Kwan Ling, the General Manager.

The AC meets with both the internal and external auditors without the presence of the Management at least once every financial year.

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

The AC reviews the independence of the external auditors annually. The AC, having reviewed the range and value of non-audit services performed by the external auditors, Messers Foo Kon Tan Grant Thornton LLP, during FY2012 which amounted to S$11,700 or 21.35% of the audit fees, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended that Messrs Foo Kon Tan Grant Thornton LLP be nominated for re-appointment as the Company's auditors at the forthcoming annual general meeting.

The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties in confidence in matters of financial reporting or other matters. The AC oversees the administration of the framework and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

Internal Controls

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

The AC will ensure that a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management (collectively, "Internal Controls"), is conducted annually. In this respect, the AC will review the audit plans, the findings of the auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process.

The Company maintains a system of Internal Controls for all companies within the Group. The Internal Controls are meant to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational controls are in place, business risks are suitably protected and proper accounting records are maintained. The AC is satisfied that the Internal Audit function of the Company is adequate.

With the assistance of the internal auditors and through the AC, the Board reviews the effectiveness of the key internal controls on an on-going basis, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report independently, conclusions and recommendations to Management and to the AC.

The Company's systems of internal controls have a key role in the identification and management of risks that are significant to the achievement of its business objectives. The process of business risk management has been integrated throughout the Group in its business planning and monitoring processes. The results are reviewed by Management on a continuous basis. The overall risk management process and results will be reviewed by the Board. In addition, comprehensive exercises to assess the risk of each of the business division were conducted by the internal auditors with the participation from the Board and senior members of the management team. This will provide the Board and the management with another opportunity to relook at risk management issues.

The significant risk factors relevant to the Group's operations and the associated mitigating factors are discussed as follows:

Economic and market risks

The waste disposal and contract cleaning industry is a very competitive one with many new players trying to under-bid or under-cut the fees of incumbent service providers with the aim of gaining market access or market share. The Company addresses such risks by ensuring that the Group operates within certain market niches where it has competitive advantages and that its costs are controlled to help the Group remain competitive.

Risks associated with labour-intensive operations

The lack of local workers willing to take up employment within this industry poses a recruitment problem, and the employment of foreign workers is subjected to government policies and regulations. The labour-related costs for the industry are also generally on the rise. As the Group is generally reliant on labour for contractual fulfillment, the ability to attract and retain a pool of workers who are capable of performing the services required in a cost-efficient and accident-free manner will be the key to the Group's ability in remaining ahead of the competition.

Financial risk

The Group's operational activities are mainly carried out in Singapore dollars, which is the Group's functional currency. There is minimal exposure to any currency risk arising from movements in foreign currency exchange rates.

The Group has no interest-bearing financial instruments and hence, it is not exposed to any movements in market interest rates. Fixed deposits placed with financial institutions are short term in nature and have minimal interest rates exposure.

The Group has policies in place to ensure that transactions are conducted with customers with strong credit ratings. The Group's credit risks and amount owing by customers are monitored on an on-going basis by the General Managers. The waste disposal division relies on an external agent to carry out its billing for municipal waste collection and for private contracts. Therefore, it is exposed to the risk of uncollectable payables as it is dependent on the external agent for the collection of the payables.

Please refer to Note 25 of the financial statements on Page 67 of the Annual Report for a more comprehensive disclosure of our financial risk management.

The Board believes that, in the absence of any evidence to the contrary and from due enquiries, the system of Internal Controls that has been maintained by the Company's management is adequate to meet the needs of the Company in its current business environment.

Confirmation Pursuant to Catalist Rule 1204(10) of the Listing Manual

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks were adequate as at 31 December 2012.

Internal Audit

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

KPMG Services Pte Ltd is currently engaged as the internal auditors of the Group and reports directly to the AC on audit matters and the Group's Chairman on administrative matters.

The primary functions of Internal Audit are to:

- assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure that internal control procedures are complied with;
- assess if operations of the business processes under review are conducted efficiently and effectively; and
- identify and recommend improvement to internal control procedures, where required.

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

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. Following the review of the internal audit plan for FY2012 and their evaluation of the system of internal controls, the AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

Communication with Shareholders

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

Principle 15: Companies should encourage greater shareholder participation at AGMs and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

In line with continuous obligations of the Company pursuant to the Catalist Rules, the Board's policy is that all shareholders be informed in a comprehensive manner and on a timely basis of all major developments that impact the Group. The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news releases;
- Annual Report prepared and issued to all shareholders; and
- Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings.

The Company's annual general meetings are the principal forums for dialogue with shareholders. The Directors, including the chairpersons of each of the Board Committees are normally available at the meetings to address shareholders' queries. The external auditors shall also be present to assist the Directors in addressing any relevant queries by the shareholders.

Shareholders are encouraged to attend the annual general meetings and/or the extraordinary general meetings to ensure high levels of accountability and to stay appraised of the Group's strategy and goals. Notice of the meetings will be advertised in newspapers and announced on the SGXNET.

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

The Company's Articles of Association allow a member of the Company to appoint one or two proxies to attend and vote at its general meetings.

Dealing in Securities

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by Directors and executives of the Company.

The Company has in place a policy prohibiting dealings of the Company's securities by Directors and employees of the Company on short-term considerations or when they are in possession of price sensitive information and during the period of one month prior to the announcement of the Company's half-year and full-year results, as the case may be, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

Interested Person Transactions Policy

The Company has adopted an internal policy in respect of any transactions with interested persons and has established procedures for review and approval of the interested person transactions entered into by the Group. The AC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company's shareholders.

The Group did not have a general mandate for recurrent interested person transactions for FY2012. Save as disclosed below, there is no other interested person transactions for the financial year ended 31 December 2012.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Goldvein Pte Ltd (1)	231,485	N.A.
Allsland Pte Ltd (2)	181,947	N.A.
Richvein Pte Ltd (3)	603,845	N.A.

(1) Mr Henry Ngo holds 40% shareholdings in the issued share capital of Goldvein Holdings Pte Ltd ("Goldvein") which in turn holds 59.68% shareholdings in the issued share capital of Bonvests Holdings Limited ("Bonvests"). Bonvests in turn holds 100% shareholdings in Goldvein Pte Ltd. Accordingly, Mr Henry Ngo is deemed interested in the whole of the issued share capital of Goldvein Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50 (the "Companies Act"), and Goldvein Pte Ltd is an interested person as defined by the Listing Manual of the SGX-ST, Section B: Rules of Catalist (the "Catalist Rules").

(2) Allsland Pte Ltd is wholly-owned by Mr Henry Ngo. Accordingly, Allsland Pte Ltd is an interested person as defined by the Catalist Rules.

(3) Mr Henry Ngo holds 40% shareholdings in the issued share capital of Goldvein which in turn holds 59.68% shareholdings in the issued share capital of Bonvests. Bonvests holds 100% shareholdings in the issued share capital of Richvein Pte Ltd. Accordingly, Mr Henry Ngo, is deemed interested in the whole of the issued share capital of Richvein Pte Ltd by virtue of Section 7 of the Companies Act, and Richvein Pte Ltd is an interested person as defined by the Catalist Rules.

Material Contracts

Save for the service agreements between the Executive Directors and the Company as mentioned above, there were no material contracts entered into by the Company or its subsidiaries involving the interests of its Chairman or any Directors or controlling shareholders which are either still subsisting as at the end of FY2012 or if not then subsisting, entered into since the end of the previous financial year.

Treasury Shares

There are no treasury shares held by the Company at the end of the financial year ended 31 December 2012.

Audit and Non-Audit Fees

The amount of audit fees paid to the Company's external auditors, Foo Kon Tan Grant Thornton LLP for FY2012 was S$54,800. The non-audit fees paid in relation to tax services provided in FY2012 was S$11,700.

Non-Sponsor Fees

Pursuant to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fees paid to PrimePartners Corporate Finance Pte. Ltd. for the financial year ended 31 December 2012.

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2012.

NAMES OF DIRECTORS

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

Henry Ngo (Chairman)
Ding Chek Leh (Director)
Desmond Chan Kwan Ling (Director) (Appointed on 7 September 2012)
Fong Heng Boo (Independent Director)
Lim Hock Beng (Independent Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held office at the end of the financial year had any interest in shares or debentures of the Company or its related corporations, except as follows:

		Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
Name of Director	Name of company in which shares are held	As at 1.1.2012	**As at 31.12.2012 and 21.1.2013**	As at 1.1.2012	**As at 31.12.2012 and 21.1.2013**
The Company					
Henry Ngo	Colex Holdings Limited	–	**–**	106,331,560	**106,331,560**
Immediate holding company					
Henry Ngo	Bonvests Holdings Limited	3,620,831	**3,620,831**	327,688,066	**327,951,066**
Ultimate holding company					
Henry Ngo	Goldvein Holdings Pte. Ltd.	42,502,922	**42,502,922**	–	**–**
Fellow subsidiaries					
Henry Ngo	Singapore Tunisian Investment Company	–	**–**	2,303,644	**2,596,474**
Henry Ngo	Singapore Tunisian Investment Company immobiliere	–	**–**	187,800	**187,800**
Henry Ngo	Singapore Tunisian Investment Company Douz	–	**–**	1,500,000	**1,500,000**

Mr Henry Ngo, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in the whole of the issued share capital of all the wholly-owned subsidiaries of Goldvein Holdings Pte. Ltd., the ultimate holding company, Bonvests Holdings Limited, the immediate holding company, Colex Holdings Limited, Richvein Pte Ltd and Singapore Tunisian Investment Company and in the shares held by the above entities in their subsidiaries that are not wholly-owned by the Group.

There are no changes to the above shareholdings as at 21 January 2013.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except as disclosed in the accompanying financial statements and except that one of the directors has an employment relationship with the immediate holding company, and has received remuneration in that capacity.

SHARE OPTIONS

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of the Company or any subsidiaries under option at 31 December 2012.

AUDIT COMMITTEE

The audit committee at the end of the financial year comprises the following members:

Fong Heng Boo (Chairman)
Lim Hock Beng
Henry Ngo

The audit committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the committee reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audits;

(iii) the quarterly financial information (where applicable) and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2012 as well as the auditor's report thereon; and

(iv) interested person transactions (as defined in Chapter 9 of the Catalist Rules of the Singapore Exchange).

The audit committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The audit committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The audit committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan Grant Thornton LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

DESMOND CHAN KWAN LING

FONG HENG BOO

6 March 2013

In the opinion of the directors, the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

DESMOND CHAN KWAN LING

FONG HENG BOO

6 March 2013

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Colex Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Tei Tong Huat
Partner in charge of the audit
Date of appointment: 1 January 2012

Singapore, 6 March 2013

		The Company		The Group	
		31 December 2012	31 December 2011	**31 December 2012**	31 December 2011
	Note	**$**	$	**$**	$
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**4,354,582**	4,490,811	**4,788,623**	4,725,896
Subsidiaries	5	**4,488,705**	1,288,707	**–**	–
Deferred expenditure	6	**51,600**	176,032	**51,600**	176,032
		8,894,887	5,955,550	**4,840,223**	4,901,928
Current Assets					
Inventories	7	**8,580**	6,369	**28,132**	27,435
Trade and other receivables	8	**4,403,693**	3,742,512	**7,470,946**	6,446,242
Deposits	9	**1,936,742**	34,972	**2,009,037**	90,912
Prepayments		**76,237**	79,304	**143,728**	110,791
Cash and cash equivalents	10	**3,764,030**	9,267,690	**9,067,387**	10,524,632
		10,189,282	13,130,847	**18,719,230**	17,200,012
Total assets		**19,084,169**	19,086,397	**23,559,453**	22,101,940
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**14,523,504**	14,523,504	**14,523,504**	14,523,504
Retained profits		**1,327,691**	1,190,446	**4,180,261**	2,872,620
Total equity		**15,851,195**	15,713,950	**18,703,765**	17,396,124
Non-Current Liabilities					
Deferred taxation	12	**596,809**	690,456	**613,082**	701,580
Current Liabilities					
Trade and other payables	13	**2,450,929**	2,542,653	**3,799,375**	3,723,177
Accrual for directors' fees		**40,000**	35,000	**40,000**	35,000
Current tax payable		**145,236**	104,338	**403,231**	246,059
		2,636,165	2,681,991	**4,242,606**	4,004,236
Total equity and liabilities		**19,084,169**	19,086,397	**23,559,453**	22,101,940

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

	Note	**Year ended 31 December 2012 $**	Year ended 31 December 2011 $
Revenue	3	**45,518,895**	41,051,772
Other income	14	**532,384**	1,284,278
Changes in inventories and consumables used		**(1,438,430)**	(1,191,772)
Staff costs	15	**(15,993,644)**	(14,505,990)
Depreciation of property, plant and equipment	4	**(1,141,451)**	(1,186,768)
Amortisation of deferred expenditure	6	**(170,633)**	(129,268)
Other operating expenses		**(25,031,955)**	(23,827,170)
Profit before taxation	16	**2,275,166**	1,495,082
Taxation	17	**(304,912)**	(37,848)
Profit for the year		**1,970,254**	1,457,234
Other comprehensive income after tax		**–**	–
Total comprehensive income		**1,970,254**	1,457,234
Profit attributable to:			
Equity holders of the Company		**1,970,254**	1,457,234
Non-controlling interests		**–**	–
		1,970,254	1,457,234
Total comprehensive income attributable to:			
Equity holders of the Company		**1,970,254**	1,457,234
Non-controlling interests		**–**	–
		1,970,254	1,457,234
Earnings per share	19	**Cents**	Cents
– Basic		**1.49**	1.10
– Diluted		**1.49**	1.10

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Share capital $	Retained profits $	Total $
Balance at 1 January 2011	14,523,504	1,812,954	16,336,458
Total comprehensive income	–	1,457,234	1,457,234
Dividends for year ended 31 December 2010			
– exempt (one-tier) final dividend of 0.3 cents per share	–	(397,568)	(397,568)
Balance at 31 December 2011	**14,523,504**	**2,872,620**	**17,396,124**
Total comprehensive income	**–**	**1,970,254**	**1,970,254**
Dividends for year ended 31 December 2011			
– exempt (one-tier) final dividend of 0.5 cents per share	**–**	**(662,613)**	**(662,613)**
Balance at 31 December 2012	**14,523,504**	**4,180,261**	**18,703,765**

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

	Year ended 31 December 2012 $	Year ended 31 December 2011 $
Cash Flows from Operating Activities		
Profit before taxation	**2,275,166**	1,495,082
Adjustments for:		
Depreciation of property, plant and equipment	**1,141,451**	1,186,768
Amortisation of deferred expenditure	**170,633**	129,268
Property, plant and equipment written off	**25,476**	18,554
Gain on disposal of property, plant and equipment	**(28,369)**	(1,070,382)
Interest income	**(14,067)**	(12,569)
Operating profit before working capital changes	**3,570,290**	1,746,721
(Increase)/Decrease in inventories	**(697)**	9,632
Increase in operating receivables	**(1,087,137)**	(128,917)
Increase in operating payables	**81,198**	306,336
Cash generated from operations	**2,563,654**	1,933,772
Interest received	**14,067**	12,569
Income tax paid	**(236,237)**	(14,509)
Net cash generated from operating activities	**2,341,484**	1,931,832
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	**29,448**	4,275,993
Deposits paid to suppliers of property, plant and equipment	**(1,888,629)**	–
Purchase of bins	**(46,201)**	(35,573)
Acquisition of property, plant and equipment	**(1,230,734)**	(699,287)
Net cash (used in)/generated from investing activities	**(3,136,116)**	3,541,133
Cash Flows from Financing Activity		
Payment of dividends	**(662,613)**	(397,568)
Net cash used in financing activity	**(662,613)**	(397,568)
Net (decrease)/increase in cash and cash equivalents	**(1,457,245)**	5,075,397
Cash and cash equivalents at beginning	**10,524,632**	5,449,235
Cash and cash equivalents at end (Note 10)	**9,067,387**	10,524,632

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

1 GENERAL INFORMATION

The financial statements of the Company and of the Group for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company was incorporated as a limited liability company and is domiciled in Singapore, with the registered office at 541 Orchard Road #16-00, Liat Towers, Singapore 238881.

The principal activities of the Company are those of an investment holding company and a provider of waste management services, namely, waste disposal services to commercial, industrial and residential properties and other waste disposal related business. The principal place of business is located at 20 Jalan Tukang, Singapore 619257.

The principal activities of its subsidiaries are that of refuse disposal and contract cleaning.

The immediate holding company is Bonvests Holdings Limited, whilst the ultimate holding company is Goldvein Holdings Pte. Ltd. Both companies are incorporated in Singapore.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("$") which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a higher degree of judgement are described below.

2(A) BASIS OF PREPARATION (Cont'd)

Critical judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policy, which are described in Note 2(d), management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 10 years except for leasehold building and site improvements which is depreciated over the remaining period of lease. The carrying amount of the Company's and the Group's property, plant and equipment as at 31 December 2012 are $4,354,582 and $4,788,623 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment in investment in subsidiaries (Note 5)

Determining whether investment in subsidiaries is impaired requires an estimation of the value-in-use of that investment. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

Allowance for bad and doubtful debts (Note 8)

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Income tax (Note 12 and 17)

Significant judgement is required in determining the group-wide provision for income taxes. There are also certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2012

On 1 January 2012, the Group adopted the amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRS which are relevant to the Group.

Reference	Description
FRS 12	Deferred Tax – Recovery of Underlying Assets
FRS 107	Disclosures – Transfers of Financial Assets

The adoption of these amended FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2(C) FRS ISSUED BUT NOT YET EFFECTIVE

The following are the new or amended FRS and INT FRS issued in 2012 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (annual period beginning on or after)
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income	1.7.2012
Revised FRS 19	Employee Benefits	1.1.2013
Revised FRS 27	Separate Financial Statements	1.1.2014
Revised FRS 28	Investments in Associates and Joint Ventures	1.1.2014
FRS 32	Offsetting of Financial Assets and Financial Liabilities	1.1.2014
FRS 101	Amendments to FRS 101 – Government Loans	1.1.2013
Amendments to FRS 107	Disclosures – Offsetting of Financial Assets and Liabilities	1.1.2013
FRS 110	Consolidated Financial Statements	1.1.2014
FRS 110	Consolidated Financial Statements, Joint Entities: Arrangements and Disclosure of Interests in Other Transition Guidance (Amendments to FRS 110, FRS 111 and FRS 112)	1.1.2014
FRS 111	Joint Arrangements	1.1.2014
FRS 112	Disclosure of Interests in Other Entities	1.1.2014
FRS 113	Fair Value Measurements	1.1.2013
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine	1.1.2013
General amendments	Improvements to FRSs 2012	1.1.2013

2(C) FRS ISSUED BUT NOT YET EFFECTIVE (Cont'd)

Except for the amendments to FRS 1, the directors do not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

The nature of the impending changes in accounting policy on adoption of the amendments to FRS 1 is described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be classified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is given in Note 5.

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

On disposal, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Leasehold building and site improvements	:	over remaining period of lease (original lease period: 30 years)
Plant, equipment and containers	:	between 5 and 10 years
Office furniture and equipment	:	between 3 and 5 years
Vehicles	:	between 5 and 10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Deferred expenditure

Deferred expenditure representing cost of bins is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Bins are amortised over the remaining period of the contract to match the costs to the revenue earned.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Except for loans and receivables, the Company and the Group have not designated any financial assets as financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in the profit or loss.

Inventories

Inventories which principally comprise of consumables, are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Company and the Group become a party to the contractual agreements of the instrument. All interest-related charges are recognised as expenses in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Company's and the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

The Company has issued corporate guarantees to banks for bank facilities of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Provisions

Provisions are recognised when the Company and the Group have 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 a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Operating leases

<u>Where the Company/Group is the lessee</u>

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

<u>Where the Company/Group is the lessor</u>

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position.

Rental income (net of any incentives given to the lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Company and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Company and the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Employee benefits

Pension obligations

The Company and the Group contribute to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to the profit or loss in the period to which the contributions relate.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Employee benefits (Cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain managers are considered key management personnel.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of non-financial assets (Cont'd)

An impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs.

Revenue from services rendered in the collection and disposal of waste and repair of waste compactors and cleaning services rendered to customers are recognised when services are performed.

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

Rental income is recognised on straight-line basis over the lease term.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Functional currencies

Functional and presentation currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore Dollars, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognized in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates at the date of the transactions.

Operating segments

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management objectives and policies are provided in Note 25.

3 PRINCIPAL ACTIVITIES AND REVENUE

Revenue represents the invoiced value of services rendered in the collection and disposal of waste and repair of waste compactors and cleaning services rendered to customers.

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax are as follows:

The Group	**2012** **$**	2011 $
Waste disposal	**26,985,221**	26,149,549
Contract cleaning	**18,533,674**	14,902,223
	45,518,895	41,051,772

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold building and site improvements $	Plant, equipment and containers $	Office furniture and equipment $	Vehicles $	Total $
The Company					
Cost					
At 1 January 2011	5,876,387	4,614,675	376,951	9,324,951	20,192,964
Additions	–	207,502	6,552	351,993	566,047
Disposals	(5,876,387)	(316,955)	(10,485)	(354,277)	(6,558,104)
At 31 December 2011	**–**	**4,505,222**	**373,018**	**9,322,667**	**14,200,907**
Additions	**–**	**196,926**	**1,420**	**709,362**	**907,708**
Disposals	**–**	**(159,366)**	**(985)**	**(489,721)**	**(650,072)**
At 31 December 2012	**–**	**4,542,782**	**373,453**	**9,542,308**	**14,458,543**
Accumulated depreciation					
At 1 January 2011	2,632,625	2,837,263	319,469	6,198,317	11,987,674
Depreciation	51,763	387,386	30,451	588,328	1,057,928
Disposals	(2,684,388)	(298,841)	(10,485)	(341,792)	(3,335,506)
At 31 December 2011	**–**	**2,925,808**	**339,435**	**6,444,853**	**9,710,096**
Depreciation	**–**	**398,403**	**20,980**	**599,149**	**1,018,532**
Disposals	**–**	**(134,065)**	**(985)**	**(489,617)**	**(624,667)**
At 31 December 2012	**–**	**3,190,146**	**359,430**	**6,554,385**	**10,103,961**
Net book value					
At 31 December 2012	**–**	**1,352,636**	**14,023**	**2,987,923**	**4,354,582**
At 31 December 2011	–	1,579,414	33,583	2,877,814	4,490,811

4 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Leasehold building and site improvements $	Plant, equipment and containers $	Office furniture and equipment $	Vehicles $	Total $
The Group					
Cost					
At 1 January 2011	5,876,387	5,638,865	475,237	9,508,038	21,498,527
Additions	–	337,905	9,389	351,993	699,287
Disposals	(5,876,387)	(432,920)	(32,197)	(354,277)	(6,695,781)
At 31 December 2011	**–**	**5,543,850**	**452,429**	**9,505,754**	**15,502,033**
Additions	**–**	**421,237**	**5,640**	**803,857**	**1,230,734**
Disposals	**–**	**(273,839)**	**(985)**	**(489,721)**	**(764,545)**
At 31 December 2012	**–**	**5,691,248**	**457,084**	**9,819,890**	**15,968,222**
Accumulated depreciation					
At 1 January 2011	2,632,625	3,685,608	405,224	6,337,527	13,060,984
Depreciation	51,763	482,743	35,517	616,745	1,186,768
Disposals	(2,684,388)	(413,691)	(31,744)	(341,792)	(3,471,615)
At 31 December 2011	**–**	**3,754,660**	**408,997**	**6,612,480**	**10,776,137**
Depreciation	**–**	**492,272**	**25,123**	**624,056**	**1,141,451**
Disposals	**–**	**(247,387)**	**(985)**	**(489,617)**	**(737,989)**
At 31 December 2012	**–**	**3,999,545**	**433,135**	**6,746,919**	**11,179,599**
Net book value					
At 31 December 2012	**–**	**1,691,703**	**23,949**	**3,072,971**	**4,788,623**
At 31 December 2011	–	1,789,190	43,432	2,893,274	4,725,896

The Company and The Group

The leasehold land occupying 9,294.02 square metres at 20 Jalan Tukang, Mukim VI, Pte Lot A2469(B), Jurong where the leasehold building and site improvements reside, was surrendered to Jurong Town Council ("JTC") on 30 March 2011. The company entered into a new lease agreement for a 3-year period commencing 31 March 2011 with an option to extend the lease by 1 year.

5 SUBSIDIARIES

	The Company	
	2012	2011
	$	$
Unquoted equity investments, at cost		
Balance at beginning	**1,288,707**	1,288,705
Addition	**3,199,998**	2
Balance at end	**4,488,705**	1,288,707

On 1 November 2012, the Company increased its investment in its wholly-owned subsidiary, Colex Environmental Pte Ltd via cash injection of $3,199,998 for future working capital requirements of the subsidiary. There is no change in the percentage of the equity held by the Company after the capital injection.

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activity
		2012	2011	**2012**	2011	
		$	$			
Integrated Property Management Pte Ltd*	Singapore	**1,288,705**	1,288,705	**100%**	100%	Contract cleaning
Colex Environmental Pte Ltd*#	Singapore	**3,200,000**	2	**100%**	100%	Refuse disposal
		4,488,705	1,288,707			

* audited by Foo Kon Tan Grant Thornton LLP

\# newly incorporated on 16 November 2011 and is dormant from incorporation date to end of reporting period.

6 DEFERRED EXPENDITURE

The Company and The Group	2012 $	2011 $
Cost of bins		
Balance at beginning	**770,101**	734,528
Cost of additional bins acquired	**46,201**	35,573
Balance at end	**816,302**	770,101
Accumulated amortisation		
Balance at beginning	**594,069**	464,801
Amortisation (Note 16)	**170,633**	129,268
Balance at end	**764,702**	594,069
	51,600	176,032

The Company was awarded a 7-year contract by the National Environment Agency commencing 1 April 2006 to provide waste disposal services to the Jurong Sector. The distribution of bins to the Jurong Sector took place in April 2006. Additional bins are distributable during the 7-year contract period. The cost of bins is amortised over the remaining period of the 7-year contract, which expires on 31 March 2013.

7 INVENTORIES

	The Company		The Group	
	2012 $	2011 $	2012 $	2011 $
Bins	**7,773**	5,825	**7,773**	5,825
Consumables	**807**	544	**20,359**	21,610
	8,580	6,369	**28,132**	27,435

8 TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade receivables	**3,318,609**	3,221,670	**6,844,905**	5,994,463
Allowance for impairment of trade receivables	**(42,449)**	(79,518)	**(46,049)**	(103,818)
Net trade receivables	**3,276,160**	3,142,152	**6,798,856**	5,890,645
Income receivable	**519,750**	519,750	**519,750**	519,750
Interest receivable	**2,183**	2,247	**2,183**	2,247
Amount owing by subsidiaries	**600,000**	74,763	**–**	–
Staff advance	**5,600**	3,600	**7,400**	3,600
Others	**–**	–	**142,757**	30,000
	4,403,693	3,742,512	**7,470,946**	6,446,242

Trade receivables are normally on a 30 days payment terms. The Group does not identify any specific concentrations of credit risk as the amounts resemble a large number of receivables spread over a number of customers. Impairment on trade receivables is made when certain debtors are identified to be irrecoverable.

The amount owing by subsidiaries represents dividends receivable of $600,000 (2011 – $Nil) and other receivables of $Nil (2011 – $74,763).

Further details of credit risks on trade and other receivables are disclosed in Note 25.3.

9 DEPOSITS

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Deposits	**48,113**	34,972	**120,408**	90,912
Deposits paid to suppliers of property, plant and equipment	**1,888,629**	–	**1,888,629**	–
	1,936,742	34,972	**2,009,037**	90,912

10 CASH AND CASH EQUIVALENTS

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Cash on hand	**457**	634	**2,457**	2,634
Cash at bank	**2,157,787**	3,666,633	**7,459,144**	4,921,575
Fixed deposits	**1,605,786**	5,600,423	**1,605,786**	5,600,423
	3,764,030	9,267,690	**9,067,387**	10,524,632

The fixed deposits have an average maturity period of 3 months (2011 – 3 months) from the end of the financial year and earned interest at the effective rate of 0.2910% (2011 – 0.3245%) per annum for the Company and for the Group.

11 SHARE CAPITAL

	2012	2011
The Company and The Group	**$**	$
132,522,560 ordinary shares with no par value	**14,523,504**	14,523,504

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

12 DEFERRED TAXATION

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Deferred tax liabilities				
To be settled within one year	**102,184**	150,454	**115,393**	177,585
To be settled after one year	**494,625**	540,002	**497,689**	523,995
	596,809	690,456	**613,082**	701,580

Movements in deferred income tax liabilities during the financial year are as follows:

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Balance at beginning	**690,456**	797,100	**701,580**	810,664
Transfer to income statement (Note 17)				
– current year	**(96,723)**	(107,091)	**(88,057)**	(116,267)
– under provision/(over provision) in prior year	**3,076**	447	**(441)**	7,183
Balance at end	**596,809**	690,456	**613,082**	701,580

The balance comprises tax on the following temporary differences:

	Excess of net book value over tax written down value of qualifying property, plant and equipment	Provision for unutilised leave	Total
	$	$	$
The Company			
At 1 January 2011	622,100	175,000	797,100
Charged to profit or loss (Note 17)	77,928	(184,572)	(106,644)
At 31 December 2011	**700,028**	**(9,572)**	**690,456**
Charged to profit or loss (Note17)	**(92,651)**	**(996)**	**(93,647)**
At 31 December 2012	**607,377**	**(10,568)**	**596,809**
The Group			
At 1 January 2011	644,100	166,564	810,664
Charged to profit or loss (Note 17)	81,976	(191,060)	(109,084)
At 31 December 2011	**726,076**	**(24,496)**	**701,580**
Charged to profit or loss (Note17)	**(85,800)**	**(2,698)**	**(88,498)**
At 31 December 2012	**640,276**	**(27,194)**	**613,082**

13 TRADE AND OTHER PAYABLES

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade payables	**2,279,307**	2,373,556	**3,627,003**	3,561,608
Retention amount from employees	**74,350**	69,440	**74,350**	69,440
Deposits received	**96,243**	104,433	**96,243**	96,041
Others	**1,029**	(4,776)	**1,779**	(3,912)
	2,450,929	2,542,653	**3,799,375**	3,723,177

Trade payables are generally on a 30 days credit terms.

Further details of liquidity risks on trade and other payables are disclosed in Note 25.4.

14 OTHER INCOME

	2012	2011
The Group	**$**	$
Operating lease income	**88,862**	70,268
Gain on disposal of property, plant and equipment	**28,369**	1,070,382
Interest income	**14,067**	12,569
Government grant:		
– Skill Development Fund	**37,324**	14,140
– Special Employment Scheme	**222,283**	31,106
Write back of unclaimed wages	**16,272**	19,491
Late payment charges	**29,065**	27,398
Other income	**96,142**	38,924
	532,384	1,284,278

15 STAFF COSTS

The Group	2012 $	2011 $
Directors		
– salaries and related costs	**471,031**	502,681
– CPF contributions	**24,104**	15,574
	495,135	518,255
Key management personnel other than directors		
– salaries and related costs	**610,056**	523,566
– CPF contributions	**60,086**	37,806
	670,142	561,372
Other than directors and key management personnel		
– salaries and related costs	**13,680,209**	12,449,754
– CPF contributions	**1,148,158**	976,609
	14,828,367	13,426,363
	15,993,644	14,505,990

16 PROFIT BEFORE TAXATION

The Group	Note	2012 $	2011 $
Profit before taxation has been arrived at after charging:			
Amortisation of deferred expenditure	6	**170,633**	129,268
Bad debt written off		**2,761**	774
Impairment of trade receivables		**–**	23,980
Allowance for impairment of trade receivables written back		**(4,730)**	–
Audit fee paid to:			
– Auditor of the Company		**54,800**	50,800
Non-audit fee paid to:			
– Auditor of the Company (tax compliance)		**11,700**	10,800
Cost of inventories recognised as expense		**1,438,430**	1,191,772
Depreciation of property, plant and equipment	4	**1,141,451**	1,186,768
Directors' fee		**40,000**	35,000
Distillate fees		**1,266,283**	1,276,650
Dumping fees		**15,778,722**	15,589,819
Operating lease rentals		**56,557**	716,064
Property, plant and equipment written off		**25,476**	18,554
Staff costs	15	**15,993,644**	14,505,990
And crediting:			
Gain on disposal of property, plant and equipment		**28,369**	1,070,382
Operating lease income		**88,962**	70,268
Interest income on fixed deposits		**14,067**	12,569

17 TAXATION

The Group	2012 $	2011 $
Current taxation	**403,230**	146,932
Deferred taxation (Note 12)	**(88,057)**	(116,267)
	315,173	30,665
Under/(over) provision in respect of prior years		
– current taxation	**(9,820)**	–
– deferred taxation (Note 12)	**(441)**	7,183
	304,912	37,848

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profits as a result of the following:

	2012 $	2011 $
Profit before taxation	**2,275,166**	1,495,082
Tax at statutory rate of 17%	**386,778**	254,165
Effect of:		
– Expenses not deductible for tax purposes	**40,631**	37,884
– Income not subject to tax	**(28,509)**	(190,378)
– Tax incentives	**(31,842)**	(19,737)
Singapore statutory stepped income exemption	**(51,850)**	(51,850)
Others	**(35)**	581
	315,173	30,665

18 DIVIDENDS

The Company and The Group	2012 $	2011 $
Ordinary dividends paid		
– final tax-exempt (one-tier) dividend paid in respect of the previous financial year of 0.5 cents (2011 – 0.3 cents) per share	**662,613**	397,568

At the forthcoming Annual General Meeting, a final tax-exempt (one-tier) dividend of 0.5 cents per share amounting to $662,613 will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for as a reduction in equity as a distribution of retained profits in the financial year ending 31 December 2013.

19 EARNINGS PER SHARE

The Group	**2012** **Cents**	2011 Cents
Earnings per share	**1.49**	1.10

The earnings per share is calculated based on the consolidated profit after taxation attributable to owners of the parent for the year of $1,970,254 (2011 – $1,457,234) divided by the weighted average number of shares in issue of 132,522,560 (2011 – 132,522,560) shares during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to owners of the parent of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential shares. As there are no dilutive potential ordinary shares that were outstanding during the year, the basic earnings per share is the same as the diluted earnings per share.

20 CORPORATE GUARANTEE

The Company

The Company has given a corporate guarantee to a bank amounting to $1,600,000 (2011 – $1,100,000) in respect of banking facilities granted to a subsidiary.

These banking facilities have been utilised amounting to $1,253,329 (2011 – $769,280). As at 31 December 2012 and at 31 December 2011, there is no effect on the financial guarantee which may require adjustment to fair value to be made to the financial statements.

21 RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Group and related parties at agreed rate:

The Group	**2012** **$**	2011 $
With companies in which a Director has interest		
Cleaning service fee income	**136,095**	128,669
Waste disposal	**25,160**	24,720
Rental	**20,692**	15,600
Others	**–**	245
With fellow subsidiaries		
Cleaning service fee income	**715,347**	655,661
Waste disposal	**121,023**	119,123
Rental	**68,176**	54,668
Others	**(1,040)**	–

22 OPERATING LEASE INCOME

At the end of the reporting period, the Company and the Group had the following rental income under non-cancellable leases for commercial premises with a term of more than one year:

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Lease which expires:				
Not later than one year	**36,736**	31,105	**23,070**	18,517

The leases on the Company's and the Group's office premises on which rentals are received will expire on 30 March 2013. The current rental received for each lease ranges from $1,803 per month to $5,971 per month.

23 COMMITMENTS

23.1 Capital commitments

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Capital expenditure contracted but not provided for in the financial statements	**10,027,196**	4,800	**10,027,196**	4,800

The capital expenditure contracted is for the acquisition of vehicles and equipments to service the 7-years licence to provide refuse collection services to domestic and trade premises in Jurong sector awarded by National Environment Agency. The commencement date of this contract is 1 April 2013.

23 COMMITMENTS (Cont'd)

23.2 Operating lease commitments (non-cancellable)

At the end of the reporting period, the Company and the Group were committed to making the following rental payments in respect of non-cancellable operating leases for office premises, staff accommodation, vehicles and office equipment:

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Lease which expires:				
Not later than one year	**935,210**	724,838	**1,259,123**	930,097
Later than one year and not later than five years	**228,365**	1,141,198	**349,866**	1,172,710

The Company

In prior year, the Company surrendered the lease of its premises and entered into a new lease agreement with JTC Corporation for its continued operations from 31 March 2011. The monthly rental for land and building is $25,233 for 1st year with effect from 31 March 2011, $50,467 for 2nd year and $75,700 for 3rd year and with a further term of up to 1 year at a monthly rental based on the prevailing market rate.

The leases on the staff accommodation will expire at the earliest on 14 April 2013 and not later than 14 January 2014. The current rental payable for each lease ranges from $1,010 per month to $2,900 per month.

The leases on the vehicles will expire at the earliest on 30 April 2013 and not later than 25 May 2013. The current rental payable for each lease ranges from $2,950 per month to $3,555 per month.

23 COMMITMENTS (Cont'd)

23.2 Operating lease commitments (non-cancellable) (Cont'd)

The Group

The leases on the staff accommodation will expire at the earliest on 24 March 2013 and not later than 31 December 2014. The current rental payable for each lease ranges from $1,010 per month to $3,400 per month.

The lease on the office equipment will expire on 10 October 2015 and the current rental payable is $253 per month.

24 OPERATING SEGMENTS

(a) For management purposes, the Group is organised into the following reportable operating segments:

(1) the waste disposal activities consist of provision of waste disposal services for domestic waste, commercial waste and industrial waste, sale and rental of equipment to customers and repair of waste compactors; and

(2) the contract cleaning includes provision of cleaning services.

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

The management of the Company monitors the operating results of its operating segments 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 respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Sales between operating segments are carried out at arm's length.

24 OPERATING SEGMENTS (Cont'd)

The Group	Waste disposal $	Contract cleaning $	Eliminations $	Total $
2012				
Revenue				
External sales	**26,985,221**	**18,533,674**	**–**	**45,518,895**
Inter-segment sales	**46,911**	**–**	**(46,911)**	**–**
Total revenue	**27,032,132**	**18,533,674**	**(46,911)**	**45,518,895**
Result				
Segment result	**902,978**	**1,958,121**	**(600,000)**	**2,261,099**
Interest income	**14,067**	**–**	**–**	**14,067**
Profit before taxation	**917,045**	**1,958,121**	**(600,000)**	**2,275,166**
Taxation				**(304,912)**
Profit after taxation from ordinary activities				**1,970,254**
Other information				
Segment assets	**15,581,893**	**6,371,774**	**–**	**21,953,667**
Fixed deposits	**1,605,786**	**–**	**–**	**1,605,786**
Consolidated total assets				**23,559,453**
Segment liabilities	**2,487,619**	**1,351,756**	**–**	**3,839,375**
Deferred taxation	**–**	**–**	**–**	**613,082**
Current tax payable	**–**	**–**	**–**	**403,231**
Consolidated total liabilities				**4,855,688**
Capital expenditure	**907,708**	**323,026**	**–**	**1,230,734**
Depreciation of property, plant and equipment	**1,018,532**	**122,919**	**–**	**1,141,451**
Non-cash expenses other than depreciation				
– Bad debt written off	**2,761**	**–**	**–**	**2,761**
– Property, plant and equipment written off	**25,301**	**175**	**–**	**25,476**
– Amortisation of deferred expenditure	**170,633**	**–**	**–**	**170,633**
– Allowance for impairment of trade receivables written back	**15,970**	**(20,700)**	**–**	**(4,730)**

24 OPERATING SEGMENTS (Cont'd)

The Group	Waste disposal $	Contract cleaning $	Eliminations $	Total $
2011				
Revenue				
External sales	26,149,549	14,902,223	–	41,051,772
Inter-segment sales	27,613	–	(27,613)	–
Total revenue	26,177,162	14,902,223	(27,613)	41,051,772
Result				
Segment result	1,036,534	445,979	–	1,482,513
Interest income	12,569	–	–	12,569
Profit before taxation	1,049,103	445,979	–	1,495,082
Taxation				(37,848)
Profit after taxation from ordinary activities				1,457,234
Other information				
Segment assets	12,122,504	4,379,013	–	16,501,517
Fixed deposits	5,600,423	–	–	5,600,423
Consolidated total assets				22,101,940
Segment liabilities	2,569,261	1,188,916	–	3,758,177
Deferred taxation	–	–	–	701,580
Current tax payable	–	–	–	246,059
Consolidated total liabilities				4,705,816
Capital expenditure	566,047	133,240	–	699,287
Depreciation of property, plant and equipment	1,057,928	128,840	–	1,186,768
Non-cash expenses other than depreciation				
– Bad debt written off	774	–	–	774
– Impairment loss of receivable	–	23,980	–	23,980
– Property, plant and equipment written off	16,987	1,567	–	18,554
– Amortisation of deferred expenditure	129,268	–	–	129,268

24 OPERATING SEGMENTS (Cont'd)

(b) Geographical segments

The Group currently operates solely in Singapore.

(c) Segment revenue and expense

All segment revenue and expense is directly attributable to the segments.

(d) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventory and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of payables. Segment assets and liabilities do not include deferred income taxes, taxes currently receivable and payable, investments in subsidiaries and inter-company balances between subsidiaries and immediate holding company.

(e) Inter-segment transfers

Segment revenue, segment expenses and segment result include transfer between business segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. Those transfers are eliminated on consolidation.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Board of Directors meets periodically to analyse and formulate measures to manage the Company's and the Group's exposure to market risk, including principally changes in interest rates. Generally, the Company and the Group employ a conservative strategy regarding its risk management. As the Company's and the Group's exposure to market risk is kept at a minimum level, the Company and the Group have not used any derivatives or other instruments for hedging purposes. The Company and the Group do not hold or issue derivative financial instruments for trading purposes.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

As at 31 December 2012, the Company's and the Group's financial instruments mainly consisted of cash and cash equivalents, receivables and payables.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

25.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company's and the Group's operational activities are mainly carried out in Singapore dollars which is the functional currency. There is insignificant exposure to any risk arising from movements in foreign currency exchange rates.

25.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's and the Group's financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to movements in market interest rates relate primarily to its fixed term deposits placed with financial institutions. The Company has no policy to hedge against interest rate risk. The Company is in a net interest-income position during the current financial year.

Sensitivity analysis for interest rate risk

At the end of reporting period, if SGD interest rates had been 36 (2011 – 4) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $2,879 (2011 – $423) lower/higher mainly as a result of lower/higher interest income on fixed deposits.

25.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Company or the Group to incur a financial loss.

The carrying amounts of trade receivables and other receivables and bank deposits represent the Company's and the Group's maximum exposure to credit risk in relation to its financial assets. The Company and the Group have no other significant concentration of credit risk other than as at 31 December 2012, the five largest trade receivables which represent approximately 56% and 44% respectively of the total trade receivables at the statement of financial position date. No other financial assets carry a significant exposure to credit risk.

Based on management information, the credit risk for trade receivables are based in Singapore and there is no significant related parties customers.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

25.3 Credit risk (Cont'd)

Exposure to credit risk

Credit exposure to an individual counterparty is restricted by credit limits that are approved by General Managers based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the management.

The credit risk for trade receivables based on the information provided to key management is as follows:

(i) Financial assets that are neither past due nor impaired

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Trade receivables	**2,388,813**	2,187,011	**4,232,694**	3,567,253

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Bank deposits that are neither past due or impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

(ii) Financial assets that are past due but not impaired

The age analysis of trade receivables past due but not impaired is as follows:

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Past due < 2 months	**778,630**	779,760	**2,299,950**	1,915,704
Past due over 2 months	**108,717**	175,381	**266,212**	407,688
	887,347	955,141	**2,566,162**	2,323,392

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due over 2 months. These receivables are mainly arising by customers that have a good credit record with the Group.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

25.3 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

(iii) Financial assets that are past due and impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The ageing analysis of trade receivables determined to be impaired is as follows:

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Past due < 2 months	**–**	–	**–**	–
Past due over 2 months	**42,449**	79,518	**46,049**	103,818
	42,449	79,518	**46,049**	103,818

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Gross amount	**42,449**	79,518	**46,049**	103,818
Less:				
Allowance for impairment of trade receivables	**(42,449)**	(79,518)	**(46,049)**	(103,818)
	–	–	**–**	–

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

25.3 Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

(iii) Financial assets that are past due and impaired (Cont'd)

	The Company		The Group	
	2012	2011	**2012**	2011
	$	$	**$**	$
Balance at beginning	**79,518**	126,631	**103,818**	126,951
Allowance made for the year	**15,970**	–	**–**	23,980
Allowance utilised	**(53,039)**	(47,113)	**(53,039)**	(47,113)
Allowance for impairment of trade receivables written back	–	–	**(4,730)**	–
Balance at end	**42,449**	79,518	**46,049**	103,818

The impaired trade receivables arise mainly from long overdue inactive debtors of the Company and its subsidiaries.

25.4 Liquidity risk

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity arises primarily from mismatched of the maturities of financial assets and liabilities. The Company and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

25.4 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

The Group	Less than 1 year $	Between 2 and 5 years $	Over 5 years $	Total $
As at 31 December 2012				
Trade and other payables	**3,799,375**	**–**	**–**	**3,799,375**
Accrual for directors' fees	**40,000**	**–**	**–**	**40,000**
	3,839,375	**–**	**–**	**3,839,375**
As at 31 December 2011				
Trade and other payables	3,723,177	–	–	3,723,177
Accrual for directors' fees	35,000	–	–	35,000
	3,758,177	–	–	3,758,177

The Company	Less than 1 year $	Between 2 and 5 years $	Over 5 years $	Total $
As at 31 December 2012				
Trade and other payables	**2,450,929**	**–**	**–**	**2,450,929**
Accrual for directors' fees	**40,000**	**–**	**–**	**40,000**
	2,490,929	**–**	**–**	**2,490,929**
As at 31 December 2011				
Trade and other payables	2,542,653	–	–	2,542,653
Accrual for directors' fees	35,000	–	–	35,000
	2,577,653	–	–	2,577,653

The Company and the Group maintain sufficient levels of cash and cash equivalents and have available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments, having adequate amount of credit facilities and the ability to close market positions at short notice.

26 FINANCIAL INSTRUMENTS

Fair values

The carrying amount of the financial assets and financial liabilities with maturity less than one year is assumed to approximate their fair values.

The Company and the Group do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

27 CAPITAL MANAGEMENT

The Company and the Group's objectives when managing capital are:

(a) To safeguard the Company's and the Group's ability to continue as a going concern;

(b) To support the Company's and the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company and the Group currently do not adopt any formal dividend policy.

The Company and the Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented in the statement of financial position.

There were no changes in the Group's approach to capital management during the year.

The Company and the Group are not subject to externally imposed capital requirements.

28 EVENTS AFTER END OF REPORTING PERIOD

The Company and The Group

On 1 November 2012, the Board of Directors of the Company and the Group had announce a reorganisation of the Company's industrial and commercial waste ("ICW") and future public waste collection ("PWC") businesses (the "Reorganisation"). Under the Reorganisation, the Company intends to transfer all of its property, plant and equipment and its ICW and future PWC businesses to its wholly-owned subsidiary, Colex Environmental Pte Ltd ("CEPL"). The Reorganisation is scheduled to be completed during the financial year ended 31 December 2013.

Issued & Fully Paid-Up Capital	:	S$14,523,504
Number & Class of Shares	:	132,522,560 ordinary shares with one vote for each ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1,000 – 10,000	1,278	79.08	5,544,250	4.18
10,001 – 1,000,000	335	20.73	18,458,750	13.93
1,000,001 and above	3	0.19	108,519,560	81.89
Total:	1,616	100.00	132,522,560	100.00

LIST OF 20 LARGEST SHAREHOLDERS
As at 8 March 2013

No.	Name	No. of Shares	%
1	BONVESTS HOLDINGS LIMITED	104,611,560	78.94
2	CHUA SWEE MING	2,188,000	1.65
3	BANKAMERICA NOM (1993) PTE LTD	1,720,000	1.30
4	THIAN YIM PHENG	999,000	0.75
5	CHIAM HOCK POH	862,000	0.65
6	LEH BEE HOE	844,000	0.64
7	DBS NOMINEES PTE LTD	684,000	0.52
8	UNITED OVERSEAS BANK NOMINEES	531,000	0.40
9	KUNG HOOI KOON	400,000	0.30
10	FAIRLADY JEWELLERS PTE LTD	324,000	0.24
11	CHUA CHOON CHENG	300,000	0.23
12	ANG HAO YAO (HONG HAOYAO)	287,000	0.22
13	LIM GUAN SENG	256,000	0.19
14	NAH CHONG HWEE NIFTY	229,000	0.17
15	TOK SHYH LEONG	222,000	0.17
16	YOONG TAT MIN	220,000	0.17
17	TAN YEW PHENG, WILSON	217,000	0.16
18	LEE GEE CHOW	200,000	0.15
19	OCBC NOMINEES SINGAPORE	184,000	0.14
20	TAN KHIOK KWEE	181,000	0.14
Total:		115,459,560	87.13

SHAREHOLDINGS IN THE HANDS OF THE PUBLIC AS AT 8 MARCH 2013

Percentage of shareholdings held in the hands of the public is 19.76% and hence Rule 723 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Pte. Ltd. is complied with.

SUBSTANTIAL SHAREHOLDERS
(As shown in the Register of Substantial Shareholders)

	Direct Interest	Deemed Interest
Bonvests Holdings Limited	104,611,560	–
Goldvein Holdings Pte. Ltd.	–	*104,611,560
Mr. Henry Ngo		
– through Goldvein Holdings Pte. Ltd.	–	*104,611,560
– through BankAmerica Nominees (1993) Pte Ltd	–	1,720,000
Mr. Patrick Tse		
– through Goldvein Holdings Pte. Ltd.	–	*104,611,560
Mr. James Sookanan		
– through Goldvein Holdings Pte. Ltd.	–	*104,611,560
Mr. Wilfred Hsieh		
– through Goldvein Holdings Pte. Ltd.	–	*104,611,560

* Goldvein Holdings Pte. Ltd. holds 59.68% shareholdings in the issued share capital of Bonvests Holdings Limited. Accordingly, Goldvein Holdings Pte. Ltd. is deemed interested in the 104,611,560 shares in the issued and paid-up share capital of the Company held by Bonvests Holdings Limited.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Colex Holdings Limited will be held at the Second Floor Conference Room, 20 Jalan Tukang, Jurong Town, Singapore 619257 on Wednesday, 17 April 2013 at 2.00 p.m. to transact the following business:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To declare a first and final dividend (one-tier tax-exempt) of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2012. **(Resolution 2)**

3. To re-elect Mr Ding Chek Leh, a Director retiring pursuant to Article 104 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-elect Mr Desmond Chan Kwan Ling, a Director retiring pursuant to Article 108 of the Articles of Association of the Company. **(Resolution 4)**

5. To consider, and if thought fit, to pass the following resolution:

   "That pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore, Mr Lim Hock Beng be and is hereby re-appointed a Director of the Company to hold such office until the next annual general meeting of the Company." **(Resolution 5)**

   Mr Lim Hock Beng will, upon re-appointment as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Pte. Ltd. ("SGX-ST") ("Catalist Rules"). He will continue to serve as the Chairman of the Remuneration Committee and as a member of the Nominating Committee.

6. To approve the payment of Directors' fees of S$40,000 for the financial year ended 31 December 2012 (2011: S$35,000). **(Resolution 6)**

7. To re-appoint Foo Kon Tan Grant Thornton LLP, as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 7)**

As Special Business

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

8. Authority to allot and issue shares in the capital of the Company –

   "(a) That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company ("**Directors**"), to:

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

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

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

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

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) 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 (ii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the Company's total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

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

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, Chapter 50 of Singapore and otherwise, and the Articles of Association for the time being of the Company; and

(iv) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

(c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above." **(Resolution 8)**

[See Explanatory Note]

Any other business

9. To transact any other business that may be transacted at an annual general meeting.

By Order of the Board

Foo Soon Soo
Secretary
Singapore
2 April 2013

Free shuttle service will be available to transport shareholders to the annual general meeting's venue. The shuttle bus will depart at 1.15 p.m. and 1.35 p.m. from Lakeside MRT Station (at the exit point facing Boon Lay Way). If you wish to use the shuttle service, please contact Ms Jeslyn Chong at tel: +65 6268 7711 or email at wastemgt@colex.com.sg.

Explanatory Note:

The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower Directors of the Company from the date of the above Meeting until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares), of which the total number of Shares issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares).

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

Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Annual General Meeting.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.

3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.

NOTICE OF BOOK CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Annual General Meeting of the Company to be held on 17 April 2013, a first and final dividend (one-tier tax-exempt) of 0.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2012 will be paid on 17 May 2013 to shareholders whose names appear in the Register of Members on 7 May 2013 as at 5.00 p.m.

Accordingly, the Transfer Books and the Register of Members of the Company will be closed from 7 May 2013 after 5.00 p.m. to 9 May 2013, for the purpose of determining shareholders' entitlements to the proposed first and final tax exempt dividend.

Registrable transfers received by the Company's Share Registrar, KCK CorpServe Pte Ltd at 333 North Bridge Road #08-00, KH KEA Building, Singapore 188721, up to 5.00 p.m., on 7 May 2013 will be registered before entitlements to the dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 7 May 2013 will be entitled to such proposed dividend.

By Order of the Board

Foo Soon Soo
Secretary
Singapore
2 April 2013

PROXY FORM

ANNUAL GENERAL MEETING

Colex Holdings Limited

Registration No. 197101485G
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, 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 observers have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company Secretary of Colex Holdings Limited.

I/We ____ (Name)

of ____ (Address)

being a member/members of COLEX HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or [delete as appropriate]

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Second Floor Conference Room, 20 Jalan Tukang, Jurong Town, Singapore 619257,on Wednesday, 17 April 2013 at 2.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

No.	Ordinary Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 together with the reports of the Directors and the Auditors thereon.				
2.	To approve the payment of a first and final dividend (one-tier-tax exempt) of 0.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2012.				
3.	To re-elect Mr Ding Chek Leh as Director of the Company.				
4.	To re-elect Mr Desmond Chan Kwan Ling as Director of the Company.				
5.	To re-appoint Mr Lim Hock Beng as Director of the Company.				
6.	To approve the payment of Directors' fee of S$40,000 for the financial year ended 31 December 2012.				
7.	To re-appoint Foo Kon Tan Grant Thornton LLP, as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.				
8.	To authorise Directors to allot and issue shares in the capital of the Company.				

* *Please indicate your vote "For" or "Against" with a "✓" within the box provided.*

** *If you wish to exercise all your votes "For" or "Against", please tick "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of ________________________ 2013.

Total number of Shares held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this instrument appointing a proxy or proxies shall be deemed to relate to the entire number of ordinary shares in the Company registered in your name(s).
2. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding or the number of shares to be represented by each proxy. If no such proportion or number is specified, the nomination shall be deemed to be in the alternative.
4. The instrument appointing a proxy or proxies, together with the power of attorney or other authority, if any, under which it is signed or a duly certified copy thereof, shall be attached to the instrument of proxy and must be deposited at the Registered Office at 541 Orchard Road #16-00 Liat Towers, Singapore 238881, not later than 2.00 p.m. on 15 April 2013.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing; or if the appointor is a corporation, under its seal, or under the hand of its attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. Please indicate with a "✓" in the appropriate space how you wish your proxy to vote. If this proxy form is returned without any indication as to how your proxy shall vote, he will vote or abstain from voting as he thinks fit.

General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of member whose shares in the Company are deposited in The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Please
Affix
Postage
Stamp
Here

The Company Secretary
COLEX HOLDINGS LIMITED
541 Orchard Road
#16-00 Liat Towers
Singapore 238881

Second Fold Here

Company Registration Number: 197101485G
20 Jalan Tukang, Jurong Town
Singapore 619257
Tel: +65 6268 7711
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