天·地·人·

FORGING FORWARD TOGETHER

LIBRA GROUP LIMITED

ANNUAL REPORT 2016

CONTENTS

DESIGN RATIONALE

It has become an increasingly challenging task to stay ahead in an ever-changing global economy. In times like these, success is achieved when everything is in its place – 天地人和. With the right alignment of our vision, values and people, Libra Group Limited ("Libra") has been able to grow in strength to deliver solid results this year. Guided by focused leadership and supported by a strong team, we are confident to forge ahead and emerge stronger. As the world continues to evolve, so will we, especially when we work together as one.

The word 天 refers to heaven, which is symbolic of the omnipresence of nature and extends to the never-ending limits of sky. 地 alludes to the earth and the solid foundations upon which our business is built. 人 signifies man, a reference to the dedicated people of Libra who continue to propel our way forward. 和 represents harmony, and it symbolises Libra Group as a unifying platform to harmonise the 3 components aforementioned.

A key element featured on the annual report's cover is an image of a phoenix carved into a piece of jade. The phoenix represents transformation and longevity, while jade represents wisdom and value. These are key qualities that resonate well with us.

At Libra, we are constantly seeking innovative ways to grow and evolve (transform) our business. By building on our experience and expertise (wisdom), we are able to remain resilient and deliver long-term value to our stakeholders (longevity and value).

CORPORATE STRUCTURE

LIBRA GROUP LIMITED

100%
–
KIN XIN ENGINEERING PTE LTD

100%
–
LIBRA ENGINEERING PTE LTD

100%
–
LIBRA ENGINEERING SDN BHD

100%
–
LIBRA BUILDING CONSTRUCTION PTE LTD

100%
–
CYBER BUILDERS PTE LTD

CORPORATE PROFILE

LIBRA HAS BUILT A STRONG TRACK RECORD IN THE INDUSTRY WITH A FOCUS ON HIGHEST QUALITY, SAFETY AND SUSTAINABILITY STANDARDS.

Libra Group Limited ("Libra") is a Singapore-based integrated building solutions company with its core businesses in: (i) mechanical and electrical engineering (M&E) services, (ii) manufacturing and sale of air-conditioning and mechanical ventilation ducts (ACMV) and trading of ACMV related products, and (iii) building and construction solutions.

Started in 1997, Libra is an established market leader in integrated M&E solutions and customized ACMV ducts, providing design, manufacturing, supply and installation of ACMV systems, fire alarms and fire protection systems, electrical systems, sanitary and plumbing systems and specialty utilities systems.

Libra is also one of the largest manufacturers of customised ACMV ducts in Singapore, with strong brand equity for ACMV-related products, including LibraSeal, LibraAire, Libra Flex, Libra Aluminum Foil Tape and Libra Gasket Tape brands.

Libra has built a strong track record in the industry with a focus on highest quality, safety and sustainability standards. Our past projects include iconic projects in Singapore such as Marina Bay Sands and the Sports Hub as well as various commercial, industrial and residential projects.

Leveraging on our core competencies, Libra has broadened the range of our services and solutions through the building and construction arm as well as taking on higher value contracts and obtaining higher BCA grading. We are also looking into diversifying into other sectors as well as geographical expansion to drive growth in the company.

Libra was listed in 2011 on the Catalist Board of the Singapore Exchange Securities Trading Limited.

CORPORATE PROFILE

MECHANICAL AND ELECTRICAL ENGINEERING ("M&E") SERVICES

Libra Group Limited (the "Company"), through its subsidiary, Kin Xin Engineering Pte Ltd ("Kin Xin Engineering") started from the installation of air-conditioning and mechanical ventilation (ACMV) insulation in Singapore.

Over 20 years of operation, Kin Xin Engineering has expanded its range of full M&E services including the supply and installation of ACMV systems, electrical and extra low voltage systems, fire alarms and fire protection systems as well as sanitary and plumbing systems and specialty gas systems for residential, commercial and industrial buildings in Singapore. The wide range of services allows us to provide comprehensive one-stop services to our customers.

In early 2015, Kin Xin Engineering successfully obtained an upgrade in its Building and Construction Authority ("BCA") grading to L6 category from L5 category for air-conditioning, refrigeration and ventilation works (workhead ME01) and integrated building services (workhead ME15). The upgrade allows Kin Xin Engineering to tender for unlimited amount of public government projects compared with a tendering limit of S$14 million previously.

In February 2016, Kin Xin Engineering successfully obtained an upgrade in its Building and Construction Authority ("BCA") grading to L6 category from L5 category for electrical engineering (workhead ME05) which allows Kin Xin to tender "unlimited amount" for electrical projects.

Kin Xin Engineering possess the highest "L6" BCA grading in the following workheads of the M&E engineering categories under the contractor's registry administered by the BCA.

Workhead	Description
ME01	Air-Conditioning, Refrigeration and Ventilation Works
ME05	Electrical Engineering
ME15	Integrated Building Services

Kin Xin Engineering was conferred the recognition of Asia Pacific Brands Award Singapore's Finest 2014 for satisfying the requirements by the honourable panel of Trade & Industry Association (Singapore), Asia Business Journal & Asia Pacific Brands Award Singapore.

MANUFACTURING

LIBRA Engineering Pte Ltd ("LIBRA Engineering") was set up in the year 2005 to undertake the ACMV duct manufacturing component of our business and has since grown to become one of the largest manufacturers of ACMV ducts and accessories in Singapore.

Over the years, LIBRA Engineering has built strong brand equity for ACMV-related products, including LIBRASeal, LIBRAAire, LIBRAFlex, LIBRA Aluminium Foil Tape and LIBRA Gasket Tape etc. In 2016, we had launched our very own LIBRA Kitchen Hood in line with the increasing market demands.

CORPORATE PROFILE

The Company remains focused on ensuring high product quality and on-time deliveries. The Company is ISO 9001:2008 and bizSAFE certified, underlining our unwavering commitment to quality, workplace safety and health. LIBRA Engineering aims to be the preferred one-stop ACMV Products & Service Provider to its valuable customers.

LIBRA Engineering has also received the 2013 Singapore Excellence Award for having demonstrated exceptional accomplishments in the business field.

BUILDING AND CONSTRUCTION SOLUTIONS

The Company provides total building and construction solutions through two wholly-owned subsidiaries - Libra Building Construction Pte Ltd ("LBC") and Cyber Builders Pte Ltd ("Cyber Builders").

Both Libra Building Construction Pte Ltd and Cyber Builders are holders of BCA General Builder licensed Class 1 with LBC graded under CW01 - C1 Main contractor while Cyber Builders maintaining the Grade of CW01 - B1 Main contractor category since February 2016. The upgrade enables Cyber Builders to tender for public sector projects of up to S$42 million, from S$4.2 million previously.

With the upgrade, besides the conventional tendering of Building and Construction projects, Cyber Builders has embarked on more Design and Build contracts with current and new developers as well as property owner to combine effort with our supporting professionals. Both companies are BizSafe Star certified and qualified ISO 9001-2008, ISO 14001-2004 and OHSAS 18001-2007 certified Main contractors having demonstrated our exceptional safety, quality and work place safety & health records.

Cyber Builders has also obtained certification in Green and Gracious under the BCA Green and Gracious Builder Award since March 2016.

5 YEAR FINANCIAL HIGHLIGHTS

REVENUE
(S$'000)

FY12	28,672
FY13	31,528
FY14	63,667
FY15	90,208
FY16	**80,873**

PROFIT (LOSS) BEFORE TAX
(S$'000)

FY12	-2,916
FY13	171
FY14	5,272
FY15	6,603
FY16	**1,860**

TOTAL ASSETS
(S$'000)

FY12	26,289
FY13	23,321
FY14	56,899
FY15	85,555
FY16	**87,356**

NET ASSETS PER SHARE
(CENTS)

FY12	10.4
FY13	10.9
FY14	15.5
FY15	19.9
FY16	**20.7**

GROSS PROFIT
(S$'000)

FY12	7,368
FY13	5,475
FY14	14,430
FY15	17,331
FY16	**15,344**

EARNINGS (LOSS) PER SHARE (BASIC)
(CENTS)

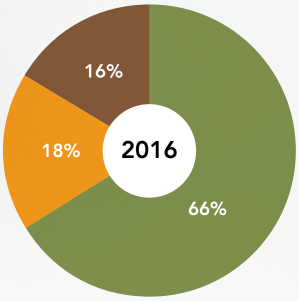
FY12	-2.93
FY13	0.52
FY14	5.16
FY15	5.32
FY16	**1.54**

DIVIDEND PER SHARE
(CENTS)

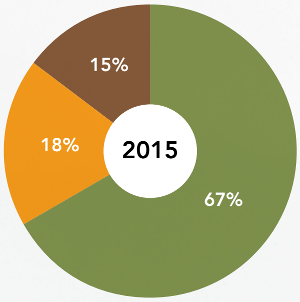
FY12	–
FY13	0.3
FY14	1.2
FY15	1.2
FY16	–

5 YEAR FINANCIAL HIGHLIGHTS

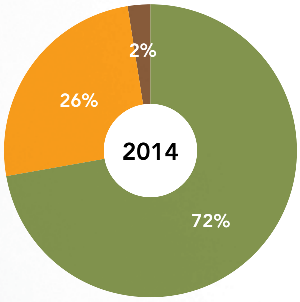
REVENUE BY SEGMENT



	(S$'000)	%
M&E	53,497	66
Manufacturing	14,262	18
Building and Construction Solutions	13,114	16
Total	80,873	100



	(S$'000)	%
M&E	60,386	67
Manufacturing	16,585	18
Building and Construction Solutions	13,237	15
Total	90,208	100



	(S$'000)	%
M&E	46,032	72
Manufacturing	16,206	26
Building and Construction Solutions	1,429	2
Total	63,667	100

	2016	2015	2014
Management Efficiency Ratios			
Return on Asset (%)	**2.06**	7.34	9.35
Return on Equity (%)	**7.43**	26.88	29.87
Dividend Ratios			
Dividend Yield (%)	-	6.186	9.160
Dividend Payout Ratio	-	0.226	0.233
Leverage Ratios			
Debt to Net Profit	**23.30**	6.05	4.37
Net Debt to Equity	**1.59**	1.34	0.72
Debt to Asset	**0.48**	0.44	0.41

CORPORATE MILESTONES

1997-98

2000-03

2005

2007

2008-09

1997

- Incorporation of Kin Xin Engineering Pte Ltd ("Kin Xin Engineering")
- Staff strength: 5

1998

- Kin Xin Engineering clinched ACMV insulation projects

2000 - 2003

- Awarded contracts to supply and install ACMV ductwork and refrigerant copper pipes

2005

- Strengthening of management team and expansion of scope of services to include supply and installation of ACMV systems
- Incorporation of Libra Engineering Pte Ltd ("Libra Engineering") to undertake ACMV duct manufacturing

2007

- Awarded first contract to supply and install electrical system and fire alarm system, using insulated ducts manufactured by Libra Engineering

2008

- Awarded more contracts to supply and install ACMV, electrical and fire alarm systems
- Staff strength of nearly 200

2009

- Libra Engineering started trading ACMV related accessories
- Secured M&E projects for facilities at a large scale integrated resort

2016
2015
2014
2011
2010

2016

- Kin Xin Engineering successfully obtained an upgrade in its BCA grading to L6 category from L5 category for electrical engineering (workhead ME05) in February 2016
- Successfully entered the luxury Good Class Bungalow segment (e.g. Sentosa Cove) for the building and construction segment
- Successfully made its first foray into stainless steel ACMV duct business which caters for the hospital and cleanroom segments

2015

- Acquired 100% stake in Cyber Builders Pte Ltd, which subsequently obtained an upgrade from Building and Construction Authority ("BCA") C1 category to B1 category to tender projects up to S$42 million
- Kin Xin Engineering successfully obtained an upgrade in its BCA grading to L6 category for ACMV and integrated building services categories
- Acquired new factory, building with workers dormitory at Sungei Kadut Loop

2014

- Libra Group expanded into building and construction solutions through a new acquisition
- Awarded a S$9.9 million M&E contract for ACMV works at Ministry of National Development
- Acquired new factory at 53 Loyang Drive
- Raised S$3 million of gross proceeds via private placement

2011

- Listed on the Catalist Board of the Singapore Exchange

2010

- Secured projects as a nominated sub-contractor
- Successfully acquired L5 grading in the ACMV works category and also in the integrated building services category

OUR VISION

FROM A FOCUSED MECHANICAL AND ENGINEERING PLAYER, WE HAVE SUCCESSFULLY METAMORPHOSED INTO AN INTEGRATED BUILDING AND CONSTRUCTION SOLUTIONS PROVIDER BY TAPPING ON CORE EXPERTISE AND PROVEN TRACK RECORDS OF THE SPECTRUM OF ENGINEERING VALUE CHAIN.

OUR TIMELY TRANSITION HAS ENABLED US TO SUSTAIN OUR CONTINUED GROWTH THROUGH A ROBUST BUSINESS MODEL WHICH IS POWERED BY A DYNAMIC TEAM OF LIBRALITES.

WE ENVISION OUR FUTURE GROWTH TO BE DRIVEN BY THE HARMONIOUS FORCES CENTRED ON OUR VISION, PEOPLE AND BUSINESS.

天

CHAIRMAN'S MESSAGE

CHAIRMAN'S MESSAGE

LIKE THE LEGENDARY FIRE PHOENIX, WE HAVE EMERGED FROM THE BAPTISM OF FIRE AND POWERED BY THE UNITY OF PURPOSE TO SUSTAIN THE SUCCESS OF THE GROUP.

Dear Shareholders,

2016 had been a very challenging year across industries in Singapore. The slow recovery and prevailing uncertainties in the world's major economies coupled with weak commodity and oil prices, volatility in financial markets, rising cost, in particular, the slowdown in property market had impacted our Group performance. Since our business turnaround from 2013, the Group has stayed resilient despite the sedate pace in the building and construction industry in Singapore.

Like the legendary fire phoenix, we have emerged from the baptism of fire and powered by the unity of purpose to sustain the success of the Group.

Anchored on our solid fundamentals for our core building and engineering business, we are braced to forge forward together by fostering organic growth through our five-pronged growth strategy.

YEAR IN REVIEW

From a focused mechanical and engineering player, we have successfully metamorphosed into an integrated building and construction solutions provider by tapping on core expertise and proven track records of the spectrum of engineering value chain.

During the financial year ended 31 December 2016 ("FY2016"), we have experienced headwinds and our revenue of S$80.9 million marked a decrease of 10.3% as compared to S$90.2 million in the financial year ended 31 December 2015 ("FY2015"). Likewise, gross profit and net profit also declined to S$15.3 million and S$1.8 million respectively.

The Group seeks to uphold its leadership position in its core business – Mechanical and Electrical Engineering (M&E) service. In FY2016, our order book from the M&E segment remained strong as we secured approximately S$78 million of new contracts.

In particular, the Mechanical and Electrical division has contributed to 66% of the overall revenue, followed by Building & Construction division at 16% and Manufacturing division at 18%.

Mechanical and Electrical division has remained our top revenue earner as we maintained our competitive edge and are constantly able to undertake new projects with greater complexity. We have obtained a centralized ACMV industrial project, of which the chilled water ("CHW") supply temperatures are 2.5 degree celsius and 8 degree celsius respectively serving different areas of the building. Such design of low and high temperature chilled water system is not a common breed in Singapore which marked a new milestone achievement for the segment. Another landmark project is the Paya Lebar Quarters which we have successfully secured the ACMV & Electrical works for the latest mix development project by the renowned developer Lendlease Corporation.

Building and Construction division re-strategised to enhance its Design and Build capabilities. As a result, we have managed to break into the segment of prestige private landed residential projects, such as the re-construction of Good Class Bungalows @ Sentosa Island and Dyson Road.

Manufacturing division has made over half a million of investment in laser technology to increase productivity and expanded production lines in our new Loyang premise. As a result, the Group was able to enter the stainless steel business which caters for the hospital and cleanroom segment. Going forward, the company is also looking to expand into the addition and alteration works in hospitals and laboratories.

To stay ahead of competition, customer satisfaction has been the cornerstone of our continued success. Libra remains dedicated in delivering and exceeding clients' expectation because we are proud of our high customer retention rate. We listen closely to their needs and partner them in achieving greater efficiency and cost optimisation.

With the strong management team and the continuous investment in technology, we are confident that the Group has now arrived at the optimal strength to forge forward together as a full-fledged building and construction player in Singapore and beyond.

CHAIRMAN'S MESSAGE

DESPITE THE CHALLENGING ENVIRONMENT, THE GROUP'S FINANCIAL POSITION CONTINUES TO BE HEALTHY. NET ASSETS STOOD AT S$24.3 MILLION AS AT 31 DECEMBER 2016.

FINANCIAL POSITION

Despite the challenging environment, the Group's financial position continues to be healthy. Net assets stood at S$24.3 million as at 31 December 2016, as compared to S$23.4 million as at 31 December 2015. Net asset value per share stood at 20.71 Singapore cents, up from 19.88 Singapore cents as at 31 December 2015.

The Group's cash and cash equivalents stood at S$3.4 million as at 31 December 2016. Our earnings per share for FY2016 was 1.54 Singapore cents, as compared to 5.32 Singapore cent for the FY2015.

Market capitalisation was approximately S$19.5 million based on the closing share price of 16.6 Singapore cent as at 31 December 2016.

EMBRACING CORPORATE SOCIAL RESPONSIBILITY

The Group is mindful of our corporate responsibility as a responsible corporate citizen and we constantly seek to contribute and share the fruits of our labour with the community.

This year, we have launched our first corporate social responsibility programme through the support of Lee Ah Mooi Old Age Home. The Libra team brought not only festive greetings to the elderly, but also the supply of medical items, food and red packets for their residents and staff.

BUSINESS OUTLOOK FOR 2017

On 17 February 2017, the Ministry of Trade and Industry announced that the Singapore economy grew by 2.9 per cent on a year-on-year basis in the fourth quarter of 2016, faster than the 1.2 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 12.3 per cent, a reversal from the 0.4 per cent contraction in the preceding quarter. For the whole of 2016, the economy grew by 2.0 per cent[(1)].

However, the construction sector contracted by 2.8 per cent on a year-on-year basis in the fourth quarter, extending the 2.2 per cent decline in the previous quarter. The contraction was largely due to the decline in private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector expanded by 0.8 per cent, a reversal from the 12.6 per cent contraction in the preceding quarter[(1)].

The business environment remains challenging amid economic uncertainties in the next 12 months. The Group remains cautious amid the prevailing economic uncertainties and will be selective in pursuing projects and investment opportunities with a focus on cost control in managing the completion of existing projects, and at the same time tapping on its new business networks and strong credentials to secure new projects.

NOTE OF APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to all stakeholders who have been instrumental in the Group's success over the past years – customers, business associates, management team, staff and shareholders. Having the right team has been the key to the success of our business.

Geared up for sustainable growth, the Group is ready for new opportunities and challenges which the future holds. We will grow from strength to strength in building our market leadership in the construction industry to meet the urbanisation needs of Singapore and beyond. We will continue to adapt and drive new initiatives that will allow the Company to grow sustainably.

MR CHU SAU BEN
Executive Chairman & Chief Executive Officer
Libra Group Limited

Source:
(1) MIT's press release dated 17 Feb 2017 titled "MTI Maintains 2017 GDP Growth forecast at 1.0 to 3.0 per cent".

天秤集团有限公司2016年年度报告：主席献辞

同舟共济，开创未来

敬致全体股东:

回顾过去十二个月，去年对于天秤集团（“本集团”）是充满挑战的一年。 我谨代表董事会向各位呈上本集团截至2016年12月31日（“2016财政年”）的年度报告以及审计财务报告。

2016年是自金融危机以来，新加坡经济增长最为缓慢的一年。而且，原料和原油价格低迷，金融市场波动剧烈，以及经营成本上升特别是房地产市场放缓都直接影响了本集团业绩。自2013年以来，本集团经历了新加坡建筑业的起伏。如今我们通过加强生产经营指挥，提升管理水平，在危机寻求机会，就如凤凰涅磐、浴火重生。如今，各业务部目标一致、齐心协力，共同推动集团的持久发展。

我们以建筑与工程业务为核心，通过多管齐下的增长战略，指引集团稳步前行，开创辉煌的未来！

全年回顾

通过我们的核心竞争力，加上我们在建筑工程业中良好的口碑和不菲的业绩，本集团已从单一机械和电力工程的公司发展成为一家总包,专业分包为一体的,能提供综合性建筑与施工方案的集团。

2016财政年，受市场阻力的影响，我们的营业额从2015财政年的9020万新元下降至8090万新元，跌幅为10.3%。毛利润和净利润也分别减少至1530万新元和180万新元。

我们致力于巩固及强化在核心业务领域——机械和电力工程（“机电工程”）的领先地位。2016财政年，机电工程领域获得了价值7800万新元的新订单，业绩保持强劲。

值得一提的是，机电工程的营业额占集团总营收的66%，其次是占比16%的建筑与施工业务和占比18%的制造业务。

机电工程依然是对集团营收贡献最大，主要得益于我们积极保持了竞争优势并且有能力承接较为复杂的新项目。2016年我们获得了一场中央空调与机械通风系统（ACMV）的工业项目，其中，为建筑物不同地点提供的冷却水供水温度分别为2.5摄氏度和8摄氏度。这类同时提供超低温和常低温冷却水系统的设计在新加坡并不常见，它标志着本集团在该领域取得了一项新的重大突破。另一个具有代表性的项目是巴耶利峇中心（Paya Lebar Quarter），我们成功赢得了为知名发展商开发的综合项目提供空调与机械通风系统和电力系统的合同。

通过重新调整战略，引进人才， 建筑与施工部门提升了设计与建筑的能力。我们也成功进军私人有地住宅领域并承揽了新的项目，例如圣淘沙岛和Dyson Road的洋房重建项目。

我们的制造部门也在激光技术方面投资了50多万新元，以提升生产力及拓展位于洛阳路（Loyang Drive）的新厂房的生产线。在产能提高之后，本集团可以承接有关医院和无尘净室的不锈钢业务。未来，我们也计划进军医院和实验室的改建与加建工程以及格栅业务。

为了在激烈的竞争中保持领先，我们一直视工程质量为取得持久成功的基石来提高客户满意度。天秤集团以维持高的客户保留率而引以为豪，并始终以满足并超越客户的期望为己任。我们倾听客户的各项需求，与客户开展精诚合作，不断地实现效率提升及成本优化。

在资深管理团队的带领下，我们在科技领域开展了持续投资，协助集团强化了自身的竞争优势与领先地位。作为一家新加坡的综合性建筑与施工企业，未来我们将齐心协力，承前启后，力争再创佳绩。

财务业绩

尽管面对严峻的市场环境，集团的财务状况依然稳健。2016财政年，本集团的净资产为2430万新元，比2015财政年的净资产为2340万新元增加了90万新元。每股资产净值从比2015财政年的19.88新分上升至20.71新分。

于2016财政年度，本集团的货币资金为340万新元。每股收益为1.54新分，同比低于上一个财政年的5.32新分。

截至2016年12月31日，按股票收盘价16.6新分计算，公司市值约为1950万新元。

履行企业社会责任

作为肩负责任的企业单位，天秤集团在经营业务时谨记社会责任，我们积极地回馈社群并与其分享企业繁荣发展的成果。

今年，通过赞助李亚妹安老院，我们推出了本集团的首个企业社会责任项目。天秤集团的团队不仅为乐龄人士送上了节日的温馨问候和红包，还为安老院的居民和员工添置了医疗用品和食物。

天秤集团有限公司2016年年度报告：主席献辞

2017年业务展望

依据2017年2月17日贸工部发布的经济增长预估报告，新加坡经济于2016年第四季度同比增长了2.9%，超越前一个季度1.2%的增幅。按季度环比因素调整后的年率计算，新加坡经济实际上取得了12.3%的增长，逆转了前一季度0.4%的跌幅。2016全年，新加坡经济增长率达到2.0%[1]。

然而，建筑业同比萎缩了2.8%，与前一季度的负2.2%相比，跌幅加大。业务下滑主要是受到私营部门建筑活动缩减的影响。按季度环比因素调整后的年率计算，建筑业增长率达到0.8%，逆转了前一季度下滑12.6%的跌势[1]。

在经济前景不明朗的情况下，未来12个月的业商环境依然严峻。本集团对当前的不确定因素保持密切关注，在注重现有项目成本管控的前提下，我们将谨慎细致地筛选业务项目和投资机会，同时会积极利用新的业务网络和卓越的业界声誉来争取新的项目。

来源:
(1) 新加坡贸工部于2017年2月17日发布题为“贸工部将2017年GDP增长率预测维持在1.0%至3.0%”的新闻稿。

致谢

在此，我谨代表董事会向多年来一直为天秤集团的发展与成功做出贡献的所有客户、业务伙伴、管理团队、员工和股东表示最深切的感谢。拥有优秀的团队是我们取得业务成功的关键。

天秤集团不断运筹帷幄，致力于实现可持续发展，并随时准备迎接未来各种新的机遇和挑战。我们将承前启后、茁壮发展，积极巩固在建筑行业的市场领先地位，以满足新加坡与周边区域的城市化发展需求。

未来，我们将继续精益求精，锐意进取，推动天秤集团实现业务的可持续发展。

朱振铭
主席兼执行总裁
天秤集团有限公司

BOARD OF DIRECTORS

CHU SAU BEN
Executive Chairman and Chief Executive Officer

XU RUIBING
Executive Director

YUEN SOU WAI
Lead Independent Director

KONG CHEE KEONG
Independent Director

SOON AI KWANG
Independent Director

BOARD OF DIRECTORS

CHU SAU BEN

Executive Chairman and Chief Executive Officer

Mr Chu was appointed to the Board on 20 October 2010.

Mr Chu is also a director of YC Capital Consolidated Sdn. Bhd., YC Travel & Tours Sdn. Bhd. and Moto Tour (M) Sdn Bhd.

Mr Chu was one of the founding members of Libra Group Limited (the "Company" and together with its subsidiaries, the "Group") and has been responsible for the management and operations of Kin Xin Engineering Pte Ltd ("Kin Xin Engineering") since its incorporation in 1997. He brought with him his vast and extensive experience in the air-conditioning and mechanical ventilation ("ACMV") business having started out since the age of 18. Largely due to his drive and foresight, Mr Chu was able to expand the business of Kin Xin Engineering into the supply and installation of ACMV ductwork, chilled water pipes and refrigerant copper pipes. Under his leadership, the Group was able to secure more projects of increasing scale and value from both the public and private sector customers over the years.

Mr Chu was the winner of the Asia Pacific Entrepreneurship Awards 2015 (Outstanding Category) and was conferred the Top 10 Most Inspiring Entrepreneur Award, 2015.

XU RUIBING

Executive Director, Libra Group

Mr Xu was appointed to the Board as an Executive Director on 20 August 2015.

Mr Xu joined the Group on 1 August 2014 as General Manager of Kin Xin Engineering Pte Ltd. He is responsible for the day-to-day operations, process implementation, projects management, project tendering and human resource planning of the Group.

Mr Xu has over 20 years of experience in electrical engineering and project management. Prior to his current appointment, Mr Xu was a deputy managing director at Great Resources M&E Contractor Pte Ltd, a wholly-owned subsidiary of China Construction (South Pacific) Development Co. Pte Ltd, where he took on various roles, including quantity surveyor, mechanical and electrical designer, project engineer, and project manager. He also managed a wide range of projects, including Silversea condominium, Republic Polytechnic, Clementi Mall, Oasis Hotel Novena, St Andrew's Village, Enterprise One Light Industrial and OneKM Mall at Katong.

Mr Xu has a Bachelor's Degree in Automation and Control (Majoring in Electrical Technology) from Northwestern Polytechnical University, China.

YUEN SOU WAI

Lead Independent Director

Mr Yuen is our Lead Independent Director and was appointed to the Board on 4 October 2011.
Mr Yuen currently chairs the Audit Committee and is a member of our Remuneration Committee and Nominating Committee.

Mr Yuen is presently the lead independent director and audit committee chairman of both Huationg Global Limited and Chew's Group Limited, which are listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Mr Yuen is also an independent director at YHI International Limited, a company listed on the Official list of the Mainboard of the SGXST. Prior to his appointment as a non-executive director of YHI International Limited, Mr Yuen was holding the position of group chief financial officer as well as executive director responsible for the group's operations in Australia, New Zealand, Italy, United States of America and Canada.

Mr Yuen has in total more than 36 years of broad-based financial and management experiences in various large local and global multi-national companies. He had held several senior financial and management positions, including chief financial officer, regional finance director and group financial controller in the Asia Pacific region.

Mr Yuen holds a Master in Business Administration from the University of Leicester, United Kingdom. He is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

Mr Yuen is due for retirement in accordance with Regulation 89 of the Company's Constitution but will not be seeking re-election at the forthcoming AGM.

BOARD OF DIRECTORS

KONG CHEE KEONG
Independent Director

Mr Kong was appointed to the Board on 24 April 2013. He currently chairs the Remuneration Committee and is a member of the Nominating Committee and Audit Committee.

Mr Kong has over 20 years of experience in corporate strategy development, private equity investment and financial accounting, having previously worked with Ernst & Young LLP and the private equity arm of ING Barings. He provides corporate strategy development and project management services to both listed and private companies in Malaysia and Singapore.

Mr Kong holds a Master of Business Administration from Manchester Business School and a Bachelor of Accountancy (Hons) from the National University of Singapore. He is a full member of the Institute of Singapore Chartered Accountants.

SOON AI KWANG
Independent Director

Mr Soon was appointed as an Independent Non-Executive Director of Libra Group Limited on 18 September 2015. He also chairs the Nominating Committee and is a member of the Remuneration Committee and Audit Committee.

Mr Soon is formerly the Principal of T.Y.Lin International Pte Ltd, which engages in engineering design consultancy and project management services. He is a Professional Engineer with more than 35 years of experience in the building industry. Prior to this Mr Soon was a Senior Principal Engineer of JTC Corporation, and had served as Departmental Head, Infrastructure Planning& Facilities Management, at the Agency for Science Technology and Research (A*STAR). Mr Soon has over a decade's worth of management experience in China, holding senior management positions at Singapore companies with various postings to China. Prior to that, he was a senior lecturer at Nanyang Technological University for 15 years.

Mr Soon holds a Bachelor of Mechanical Engineering and a Master of Science, from the then University of Singapore (now known as the National University of Singapore) and University of Surrey, United Kingdom respectively. He has been a registered Professional Engineer since 1981.

MANAGEMENT TEAM

From left to right:Tan Ngee Tiong, Kenny Ng Tek Kooi, Deng Rong, Lei Lei, William Kong Ong Sing, Jin Changsheng, Du Yijun and Lim Boon Ping

TAN NGEE TIONG

General Manager, Manufacturing Division

Mr Tan joined LIBRA Engineering Pte Ltd in October 2015 as General Manager.

He oversees the daily operations for the Manufacturing Division and is responsible for the strategic direction, planning, development and investment of long term growth of the business, as well as general management and operations.

Prior to his current appointment, he had spent 13 years at Carrier Singapore (Pte) Limited and has since gained a wealth of experience. He is responsible in managing both the commercial and institution's sales departments. Mr Tan has demonstrated his leadership skills in successfully leading a team and maximising their potential while achieving set business' goals and targets. Mr Tan's contributions included exceeding gross margin forecasts and securing contracts for the supply of air-conditioning equipment for projects such as Resorts World Sentosa and Changi Airport Terminal 3.

Mr Tan graduated from Nanyang Technological University, Singapore with a Bachelor of Electrical and Electronic Engineering in 2002. He is also a Singapore Certified Green Mark Manager as certified by Building and Construction Authority.

KENNY NG TEK KOOI

Group Financial Controller, Libra Group Limited

Mr Ng was promoted to his current position in September 2015.

In his current position, Mr Ng manages the Group's accounting, finance, tax, legal and investor relations matters of the Group.

Mr Ng joined the Group in March 2014 as Group Finance Manager, bringing with him more than 10 years of experience in finance and accounting gained from various industries. Previously, he had served in a Singapore Exchange Mainboard-listed company overseeing the Marine Division financial operations and statutory compliance matters for its local and overseas subsidiaries in

MANAGEMENT TEAM

India, Nigeria, Thailand, Australia, and Brazil. His past experience included handling of statutory and management reporting for a group of entities in the Asia Pacific region, financial planning and analysis, group consolidation and offshore tax planning. He was also actively involved in business process re-engineering initiatives and offshore entity incorporations. He had also previously served in the Audit and Business Advisory Services Division of Ernst & Young (Malaysia) and PricewaterhouseCoopers (Singapore).

Mr Ng is a member of the Certified Public Accountant (CPA), Australia and holds a Bachelor Degree in Commerce majoring in Accountancy from Royal Melbourne Institute of Technology University (RMIT), Australia.

DENG RONG

Deputy Managing Director, Mechanical & Electrical Engineering Division

Mr Deng was promoted to his current position in August 2014.

His current responsibilities include planning, strategizing, overseeing project management and guidance for all technical solutions of M&E Engineering Division.

Mr Deng joined our subsidiary, Kin Xin Engineering Pte Ltd as General Manager on 10 May 2013. He has more than 20 years of experience in the building construction field especially in M&E services, including system design, site installation and project management.

Prior to joining the Group, Mr Deng was the deputy managing director at Great Resources M&E Contractor Pte Ltd. Mr Deng was previously based in China, where he had managed projects at the Singapore-Suzhou Industrial Park, Singapore-Wuxi Industrial Park wafer factory and a five-star hotel under the Sheraton Group at Nanning. He was also formerly a lecturer at Shanghai Mechanical Institution for 7 years.

Mr Deng holds a Bachelor's degree in Mechanical Engineering from Tong Ji University, Shanghai.

LEI LEI

General Manager, Mechanical & Electrical Engineering Division

Ms Lei was promoted to her current position in May 2016.

In her current position, Ms Lei Lei takes care of daily operation for the M&E Engineering Division. She is involved in overseeing project tendering, cost & budget control, purchasing, resources planning and management.

Ms Lei joined Kin Xin Engineering Pte Ltd on 1 September 2015 as Assistant General Manager. She has more than 10 years of experience in the building construction field, especially in M&E services, including system design, site installation and project management.

Prior to her appointment in Kin Xin Engineering Pte Ltd, Ms Lei was an Assistant Managing Director at Great Resources M&E Contractor Pte Ltd, a wholly-owned subsidiary of China Construction (South Pacific) Development Co. Pte. Ltd, where she took on various roles, including M&E Design Engineer, Technical Manager, Project Manager and Project Director. She managed a wide range of projects, including Quincy Hotel A&A, Oasia Hotel Novena, Singapore Institute of Management Phase 1 & Phase 2, ITE Headquarters @ Ang Mo Kio, Changi Prison Headquarters, Katong Hotel and some other residential projects.

Ms Lei holds a Master's Degree in Mechanical Engineering from Nanyang Technological University, Singapore and a Bachelor's Degree in Heating, Ventilation and Air Conditioning from Central South University, China. She is also a Singapore Certified Green Mark Manager as certified by Building and Construction Authority.

WILLIAM KONG

Managing Director, Building and Construction Division

Mr Kong founded Cyber Builders Pte Ltd in 2000 and was appointed as the Managing Director of Libra Building Construction Pte Ltd and Cyber Builders Pte Ltd in September 2015.

Mr Kong oversees the daily operations of the building and construction segment of Libra Group Limited.

Mr Kong has over 25 years' of experience in the building & construction industry, from foundation piling works, design & construction of commercial buildings such as the Railway Terminal CIQ at Woodlands, industrial buildings, residential properties and public projects. Mr Kong had held various positions from Project Engineer, Project Manager to Senior Manager with BCA A2 graded construction and piling firms. His experience also includes the setting up of a pre-casting yard and a ready-mixed concrete supply plant from initial layout planning, land reclamation, infrastructure planning and installation, facilities planning, procurement and installation of the facilities, warehouse and offices at Batam Island, Indonesia. He is also the company's internal assessor for all safety implementation standard work procedure and green project implementation.

Mr Kong holds a Diploma in Civil Engineering from Singapore Polytechnic, an Honours Degree from University of Glasgow in Civil Engineering and Specialist Diploma holder in Construction Productivity, Mr Kong is also a Certified External Assessor for ISO Certification and a Senior Member of the Institute of Engineers Singapore.

MANAGEMENT TEAM

JIN CHANGSHENG

Tender Manager, Mechanical and Electrical Engineering Division

Mr Jin was promoted to his current position in July 2015.

Mr Jin is responsible for identifying all potential leads for prospective business, sourcing for new contracts and tenders, as well as performing tender analysis and evaluation.

Mr Jin had joined Kin Xin Engineering Pte Ltd as Project Engineer in December 2005, where he was responsible for worksite co-ordination, liaising with suppliers, contractors and consultants, conducting inspection and testing, and preparing variation orders and progress claims. In 2010, Mr Jin was promoted to Assistant Contracts Manager, where he was responsible for sourcing of new contracts and tenders as well as performing tender analysis and evaluation.

Mr Jin started his career in 1998 with Shenyang No. 1 Tools Machine Co. (China) as an Assistant Design Engineer where he assisted in the design of tools machine. He joined Comfort Management Pte Ltd in 2000 where he worked as an assistant service engineer and was responsible for the preparation of operation and maintenance schedules, as well as the operation, maintenance, trouble-shooting and servicing of commercial and centralized air-conditioning systems, including cooling towers.

Mr Jin holds a Bachelor's Degree in Engineering from Shenyang University, China.

DU YIJUN

Assistant General Manager, Building and Construction Division

Mr Du joined Libra Building Construction Pte Ltd in November 2014 as Assistant General Manager.

Mr Du is responsible for the day-to-day operations, process implementation, projects management, purchasing cost control, project tendering and human resource planning.

Mr Du has close to 20 years of experience in civil and structural engineering. Prior to joining the Group, Mr Du was a Senior Project Manager (Chief Representative) at China Construction (South Pacific) Development Co. Pte Ltd from 2006 to 2014, where he led projects, including Floridian condominium and eCo condominium. From 2005 to 2006, Mr Du was a Technical Manager at Englim-Ho Lee Joint Venture, which was awarded the Circle Line Stage 3 contract.

Mr Du is a Chartered Engineer, UK (C.Eng) and a Corporate Member of Institution of Structural Engineer, UK (MIStructE) since 2003. He is also a Corporate Member of Institution of Engineers, Singapore (M.IES) since 2000. Mr Du holds a Bachelor of Civil Engineering from Tong Ji University, Shanghai, a Master of Civil Engineering (Major in Geotechnical) from National University of Singapore and a Master of International Construction Management from Nanyang Technological University, Singapore.

LIM BOON PING

Group Chief Financial Officer, Libra Group Limited

Mr Lim was appointed as our Group Chief Financial Officer in February 2016.

He oversees the Group's financial functions which relate to corporate finance, financial reporting, tax, corporate secretarial matters as well as liaising with external parties in respect of the Group's financial matters. His responsibilities include the review of the Group's performance, cash flow planning and funding structure.

Mr Lim has over 18 years of experience in finance and accounting. Prior to joining our Group, from 2008 to 2015, he was the Group Chief Financial Officer of GLG Corp Limited, Scintronix Corporation Ltd and Ying Li ("YingLi") International Real Estate Ltd. He was the Financial Controller of a company engaged in the manufacturing and distribution of ophthalmic lenses prior to joining Ying Li.

Mr Lim holds a professional qualification from the Chartered Association of Certified Accountants of United Kingdom and is currently a Fellow member of the Institute of Singapore Chartered Accountants, Chartered Association of Certified Accountants of United Kingdom and a member of Singapore Institute of Directors.

OUR BUSINESS

ANCHORED ON OUR SOLID FUNDAMENTALS FOR OUR CORE BUILDING AND ENGINEERING BUSINESS, WE ARE BRACED TO FORGE FORWARD TOGETHER BY FOSTERING ORGANIC GROWTH THROUGH OUR FIVE-PRONGED GROWTH STRATEGY.

WE ARE OPEN TO NEW BUSINESS OPPORTUNITIES AND WILL VENTURE BEYOND SINGAPORE TO SEEK NEW GROWTH.

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FINANCIAL REVIEW

The Group's total revenue decreased by S$9.3 million, which was 10.3% lower year-on year, from S$90.2 million in FY2015 to S$80.9 million in FY2016.

This decrease was attributable to 1) lower revenue from the mechanical and electrical engineering (M&E) segment of S$6.9 million, which was 11.4% lower from S$60.4 million in FY2015 compared to S$53.5 million in FY2016, primarily due to lower order intakes, 2) lower revenue from the manufacturing segment of S$2.3 million, which was 13.9% lower from S$16.6 million in FY2015 compared to S$14.3 million in FY2016, primarily due to decreased re-sales volume of coils, and 3) marginally lower revenue from the building and construction solutions segment of S$0.1 million, which was 0.8% lower from S$13.2 million in FY2015 to S$13.1 million in FY2016.

M&E contributed to 66.2% of revenue in FY2016, followed by manufacturing at 17.6% and building and construction solutions at 16.2%.

Cost of sales decreased by S$7.4 million, which was 10.2% lower from S$72.9 million in FY2015 to S$65.5 million in FY2016. This decrease was attributable to the decrease in sub-contractor costs in line with the decrease in revenue.

Gross profit of S$15.3 million in FY2016 was lower than S$17.3 million in FY2015, mainly due to 1) a decline of S$2.3 million in gross profit from the M&E segment arising from rising costs of materials and wages, and 2) a decline of S$1.0 million from building and construction solutions segment arising from fewer projects secured due to the economic downturn, offset by 3) an increase of S$0.6 million from the manufacturing segment due to better cost control management, which reduced cost of material for re-sales coil and improved profit margin for ducting and accessories.

Gross profit margin was 19.0% in FY2016 compared to 19.2% in FY2015.

Other income increased by S$0.7 million, which was 58.3% higher year on year, from S$1.2 million in FY2015 to S$1.9 million in FY2016 mainly attributable to S$0.6 million of rental income from the Sungei Kadut property since August 2015.

Administrative expenses increased by S$3.4 million which is 32.1% higher from S$10.6 million in FY2015 to S$14.0 million in FY2016. This was mainly due to 1) land rental expense, depreciation and property tax incurred for the Company's factory at 53 Loyang Drive as well as the property at Sungei Kadut loop and 2) higher salaries and wage expenditure due to the increase in headcount for employees and workers as part of the Group's growth and expansion plans, 3) impairment of gross amount due from customers for contract work-in-progress, 4) allowance for doubtful trade receivables of S$1.0 million, and 5) fair value loss on other receivables and asset held on sale of S$0.4 million.

Finance costs increased by S$0.2 million from S$1.3 million in FY2015 to S$1.5 million in FY2016, mainly due to 1) the increase in project financing utilized by the Group in FY2016, and 2) property loan for the property at Sungei Kadut loop.

Due to the aforementioned factors, the Group's profit before tax in FY2016 was S$1.9 million, as compared to profit before tax of S$6.6 million in FY2015.

Tax expense in FY2016 amounted to S$0.05 million as compared to tax expense of S$0.3 million in FY2015.

Profit after tax decreased by 71.4% to S$1.8 million in FY2016 from S$6.3 million in FY2015.

FINANCIAL POSITION

Non-current assets increased by S$7.1 million to S$38.0 million as at 31 December 2016 from S$30.9 million as at 31 December 2015. The increase was mainly due to 1) the capitalization of S$8.2 million cost for asset-under construction of the Company's factory at 53 Loyang Drive and 2) an additional goodwill of S$0.1 million which arose from the acquisition of Cyber, offset by 3) decrease S$0.3 million in deferred tax assets utilised in group relief.

FINANCIAL REVIEW

As at 31 December 2016, current assets stood at S$49.3 million. This was a decrease of S$5.4 million as compared to S$54.7 million as at 31 December 2015 due to the following:

- Decrease in trade and other receivables of S$2.8 million due to S$1.4 million fair value loss on trade and other receivables, and better collection
- Decrease in cash and cash equivalents of S$3.3 million mainly attributable to 1) increase in working capital requirement for asset-under-construction of the Company's factory at 53 Loyang Drive and 2) higher capital expenditure invested in machineries and equipment for expansion of production line and improved productivity for manufacturing segments; 3) repayment in loan and borrowing especially of trust receipts in order to reduce finance cost; and
- Decrease in inventories of S$0.3 million due to improved supply chain management.

This was offset by an increase in gross amount due from customers for contract work-in-progress of S$0.6 million as a result of increased project execution towards the end of FY2016.

As at 31 December 2016, current liabilities stood at S$43.4 million, which represented a decrease of S$2.5 million when compared to S$45.9 million as at 31 December 2015. This decrease was mainly due to:

- Decrease in trade and other payables of S$3.8 million due to prompt payment to vendors as part of cost management strategy.

  Offset by

- Increase in loan and borrowing S$0.9 million due to additional term loan secured for working capital purpose; and
- Increase in other liabilities of S$1.0 million due to higher accrued project costs.

As at 31 December 2016, non-current liabilities increased by S$3.4 million to S$19.6 million from S$16.2 million as at 31 December 2015, mainly due to an additional construction loan which was secured for the asset-under-construction of the Company's factory at 53 Loyang Drive.

Equity attributable to owners of the Company amounted to S$24.3 million as at 31 December 2016, which reflected an increase of S$0.9 million when compared to S$23.4 million as at 31 December 2015, mainly arising from S$1.8 million of net profits in FY2016 partially offset by S$0.8 million of dividends paid in FY2016.

The Group had a positive working capital of S$5.9 million as at 31 December 2016, compared to S$8.7 million as at 31 December 2015.

CASH FLOW

In FY2016, the net cash flows generated from operating activities amounted to S$3.2 million mainly due to operating cash flows before working capital changes of S$7.9 million, adjusted for net working capital outflows of S$2.5 million, as well as interest and income tax payment of S$1.5 million and S$0.7 million respectively. The net working capital outflows were mainly due to the increase in gross amount due from customers for contract work-in-progress of S$0.7 million, decrease in trade, other payable and liabilities of S$2.9 million, offset by the decrease in trade and other receivables of S$0.9 million, and decrease in inventories of S$0.3 million.

Net cash used in investing activities of S$2.2 million in FY2016 was mainly attributable to the purchase of property, plant and equipment of S$2.2 million.

Net cash used in financing activities amounted to S$4.2 million in FY2016 due to the net repayment of bank loans and borrowings of S$3.4 million, and dividend payment of S$0.8 million.

As at 31 December 2016, the Group's cash and cash equivalents stood at S$3.0 million which net of S$0.4 million bank overdraft.

OPERATIONS REVIEW

The Group encountered headwinds in 2016, marked by slower project flow, rising cost pressure and intense competition due to the doldrums in the building and construction sector in Singapore.

Our teams pursued business opportunities relentlessly to support high utilisation rates at production facilities and maintain production efficiency. To keep our competitive edge, we invested in new technology and improved operational efficiency to ensure profit margins were maintained.

MECHANICAL AND ELECTRICAL ENGINEERING (M&E) SERVICES

Despite the cyclical downswing in the property market, the Group has not only secured new contracts in both private and public residential projects, but also in various developments and institutional projects during the financial year.

On our part, full efforts were invested in the tendering and execution of projects. We explored all possibilities to offer competitive prices and best engineering solutions at the highest attainable standards that will commensurate with the stringent project requirements and budget.

Some of the notable projects secured during 2016 included:

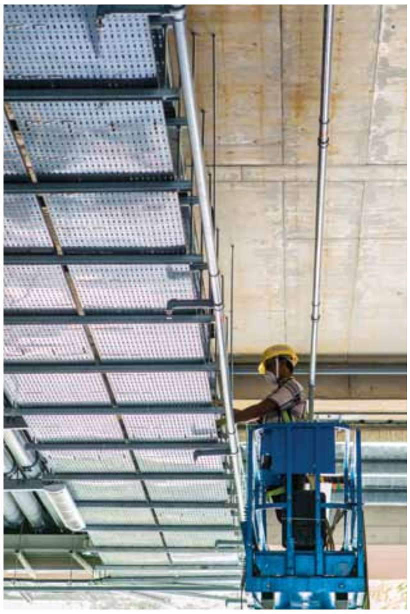
1. the S$7.8 million contract for the supply and installation of fire sprinkler system, ACMV services and electrical services for the proposed public housing development comprising 6 blocks of residential building at Margaret Drive;

2. the S$9.3 million contract for the supply and installation of electrical and extra low voltage system for the proposed erection of a 3/4 storey podium block consisting of retails and 8 blocks of 18 storey residential development at Meyappa Chettiar Road;

3. the S$8.7 million contract for the supply and installation of sanitary, plumbing, gas, fire protection services for the proposed public housing development comprising 16 blocks of residential building at Bidadari Park Drive;

4. the S$7.5 million contract for the supply and installation of ACMV and building management system for the proposed new erection of a block of 8-storey multiple user factory / warehouse building at Buroh Lane;

5. the S$18.2 million contract for the supply and install ACMV and building management system for the proposed mixed-used commercial development at Paya Lebar Road;

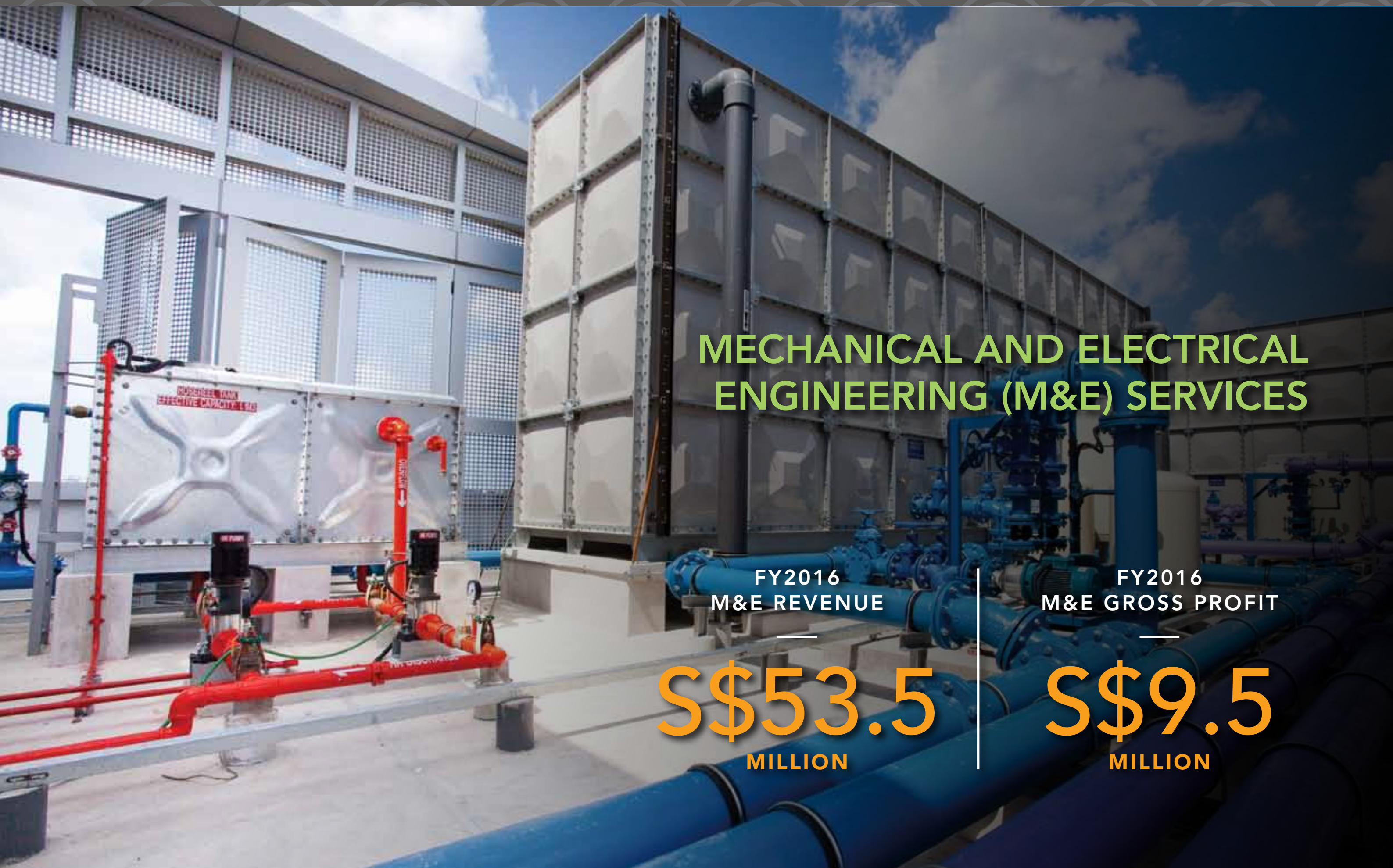


6. the S$10.4 million contract for the supply and install ACMV and building management system for the proposed new erection of 30-storey hotel development at Cross Street, Telok Ayer Street, Pekin Street & China Street.

In the financial year ended 31 December 2016 ("FY2016") under review, the team was also working expeditiously to deliver on-going projects such as Selarang, Dulwich College, Mandai, The Pines, Nordcom 1 at Gambas Crescent and Singapore's Military projects.

For FY2016, M&E revenue dipped by 11.4% to S$53.5 million primarily due to lower order volume. Gross profit decreased by S$2.3 million, from S$11.8 million in the previous year due competitive pricing contracts.

Going forward, Kin Xin Engineering will strive to maintain its market share and improve cost efficiency.



MECHANICAL AND ELECTRICAL ENGINEERING (M&E) SERVICES

FY2016
M&E REVENUE

S$53.5
MILLION

FY2016
M&E GROSS PROFIT

S$9.5
MILLION

OPERATIONS REVIEW

MANUFACTURING

In FY2016, Libra Engineering's revenue has decreased 14% to S$14.3 million. However, the counterproductive policies implementation by prioritising portfolio planning, scrutinizing high-overhead sales, emphasizing thorough up-front work to reduce repeated cost, and going for the low-bidder on bulk material purchases has led to an increase in gross profit by S$0.6 million in FY2016 as compared to FY2015.

As part of the cost-control measures, Libra Engineering has invested substantial amount of time in simplifying the Supply Chain Management which includes product line rationalisation to eliminate the high overhead/low-profit products riding on cash-cows to subsidise low-margin products, to free up valuable resources and work on cost savings in engineering and supply chain management.

Raising labour productivity and eliminating waste on scrap material by converting them into new product developments have generated additional revenues for the business, while are pledge to be a sustainable manufacturer.

Libra Engineering has also added new production lines at the Loyang production site to increase its production capacity. Investment in the Fibre Machine has reaped returns in the form of increased productivity and capacity.

As a result, Libra Engineering was able to enter the stainless-steel business, which caters for the hospital, laboratories and cleanroom segments. Other market segments of Libra Engineering include the grilles segment and commercial kitchen hood equipment business.

To support its business development, Libra Engineering has also intensified marketing and brand awareness programmes among building and engineering project consultants, emphasizing our focus on competitive pricing and quality of workmanship.

MANUFACTURING

FY2016 MANUFACTURING REVENUE

S$14.3 MILLION

FY2016 MANUFACTURING GROSS PROFIT

S$4.4 MILLION

OPERATIONS REVIEW

BUILDING AND CONSTRUCTION SOLUTIONS

Although revenue from this segment has dipped from S$13.2 million in FY2015 to S$13.1 million in FY2016 and gross profit had declined by S$1 million year on year on fewer projects secured due to the economic downturn. Cyber Builders' market presence with B1 status under CW01 work head still proves its worth in the private sector where intense competition from contractors holding A1 and A2 status and contracts being awarded largely based on price, Cyber Builders has succeeded in securing a total contract value close to S$40 million in the financial year ended 31 December 2016.

Strategically, Cyber Builders has placed themselves into good class bungalows, design and build capabilities partnering with local Building & Construction Authority ("BCA") qualified personnel and penetrating the specialist sub-contract works such as structure steel and architectural provisional sum items from Mass Rapid Transit ("MRT") and Land Transport Authority ("LTA") projects.

Some of the notable projects secured during 2016 included:

1. the S$6.8 million contract for a 2-storey detached house (with a basement and a swimming pool) at Ocean Drive, Sentosa;

2. the S$5.8 million contract for a 4 units of 2-storey semi-detached housing at Dyson Road;

3. the S$4.6 million contract for a 4-storey serviced apartment at River Valley Road;

4. the S$5.2 million additions and alteration contract to an existing single-storey conserved Chinese temple at Upper Serangoon Road;

5. the S$4.2 million design and build additions and alteration contract to an existing factory with new extension at Yishun Industrial Park 2A;

6. the S$4.1 million contract for an additions and alteration to an existing factory with new extension at Tractor Road;

7. a combined S$5.0 million worth of specialist sub-contract works under a few renowned A1 Contractors for multiple Mass Rapid Transit ("MRT") projects as well as Changi T4 projects.

For the coming year, Cyber Builders will continue to enhance its design and build capabilities and to strengthen our market share in the public sector leveraging on specialist sub-contract works under architectural provisional sum from LTA and MRT projects contracts.

LOOKING AHEAD

The Singapore economy remains resilient despite a more challenging external environment. Notwithstanding the better global growth prospects arising from stronger recovery of key advance economies, there remain downside risks of uncertainties and significant reduction in global financial liquidity which could lead to hikes in interest rates. Given these uncertainties, the near term challenges for Singapore are to further enhance the resilience of the domestic economy to achieve sustainable growth while ensuring the sustainability of public finances.

Hence, in 2017 we believe Singapore will continue to focus on pursuing private-led growth and enhancing domestic resilience through improving productivity and competitiveness of the economy. In this regard, we believe the Government will continue to focus on issues such as promoting quality investment, moving up the value chain, increasing productivity and innovation, strengthening human capital, improving public service delivery and pursuing fiscal sustainability.

The aforesaid focus identified is aimed to help boost and enhance the economic growth in the country and may create more opportunities for the Group to venture into M&E in construction and public infrastructure based projects.

The Group remains cautious amid the prevailing economic uncertainties and will be selective in pursuing projects and investment opportunities with a focus on cost control in managing the completion of existing projects, and at the same time tapping on its new business networks and strong credentials to secure new projects.

BUILDING AND CONSTRUCTION SOLUTIONS

FY2016 BUILDING AND CONSTRUCTION SOLUTIONS REVENUE

S$13.1 MILLION

FY2016 BUILDING AND CONSTRUCTION SOLUTIONS GROSS PROFIT

S$0.5 MILLION

PORTFOLIO REVIEW

Project Name	Dawson HDB C4	Nordcom I	Nordcom II
Project Description	Proposed public housing development comprising 6 blocks of 45/35/32/26 – storey residential building (total 1192 units), 1 block of multi-storey carpark with basement carpark, shops, mini-mart, community facilities, eating house. Ess and precinct pavilions at Margaret Drive	Proposed erection of a multi-user clean & light industrial development comprising a block of 10-storey part ramp-up factory 115 units), 2 blocks of 3-storey strata terrace factory (15 units), a temporary staff canteens and ancillary facilities (total: 131 units) on lot 06082n mk 13 at Gambas Crescent (Sembawang Planning Area)	Proposed erection of a multi-user clean & light industrial development comprising a block of 10-storey part ramp-up factory (323 units), 3 blocks of 3-storey strata terrace factory (20 units), 2 secondary childcare centres, 2 temporary staff canteens and ancillary facilities (total: 347 units) on lot 06137n mk 13 at Gambas Crescent (Sembawang Planning Area)
Scope of Works	Air Conditioning System, Mechanical Ventilation System/Electrical Services, Fire Protection System	Electrical Service	Air Conditioning System, Mechanical Ventilation System
Company Awarded	Kin Xin Engineering Pte Ltd	Kin Xin Engineering Pte Ltd	Kin Xin Engineering Pte Ltd
Contract Value (Amount Used In Nearest Thousand)	S$7,800	S$3,100	S$2,600
Client	Master Contract Services Pte Ltd	TPS Construction Pte Ltd	Chan Rong Fen Construction Pte Ltd
Owner	HDB	Far East Organization	Far East Organization

PORTFOLIO REVIEW

Project Name		
The Pines	JTC Factory	The Poiz
Project Description		
Proposed erection of a 1 block 10-storey hotel and 1 block 3-storey clubhouse with 1 basement carpark and communal facilities at Stevens Road	Proposed new erection of a block of 8-storey multiple user factory / warehouse building (total: 13 units of factory and 1 unit of warehouse) with ancillary workers dormitory (432 workers) and facilities on lots 04492k, 04662w mk6 at Buroh Lane	Proposed erection of a 3/4-storey podium block consisting of retail (78 units of shops & 7 units of restaurants, total: 85 units), and 8 blocks of 18-storey residential flat development above (total: 731 units) with swimming pool and communal facilities on lot 10559a mk 17 at Meyappa Chettiar Road [Toa Payoh Planning Area]
Scope of Works		
Air Conditioning System, Mechanical Ventilation System	Air Conditioning System, Mechanical Ventilation System	Supply And Install Electrical And Extra Low Voltage Services
Company Awarded		
Kin Xin Engineering Pte Ltd	Kin Xin Engineering Pte Ltd	Kin Xin Engineering Pte Ltd
Contract Value (Amount Used In Nearest Thousand)		
S$9,500	S$7,500	S$9,300
Client		
Evan Lim Pte Ltd	HPC Builders Pte Ltd	China Jingye Construction Engineering Pte Ltd
Owner		
Oxley Gem Pte Ltd	JTC	MCC Land (Singapore) Pte Ltd

PORTFOLIO REVIEW

Project Name		
The Clan	Paya Lebar Plot	Bidadari
Project Description		
Proposed new erection of 30-storey hotel development (the Clan) total 324 guestrooms with 1 basement and additions & alterations to the existing 7-storey carpark within existing Far East Square at Cross Street, Telok Ayer Street, Pekin Street & China Street	Proposed electrical services to proposed mixed-use commercial development comprising shopping/ office/residental and carparks with airspace/subterranean connecions across Sims Avenue on lots 6991m & 7373t mk23 at Paya Lebar Road / Sims Avenue (Geylang planning area)	Proposed public housing development comprising 16 blocks of 6/12/13/16/17 – storey residential building (total 1594 units) with multi-storey car park, ess, precinct pavilion & community facilities, at Bidadari Park Drive / Alkaff Crescent (Toa Payoh Bidadari c6 & c7)
Scope of Works		
Air Conditioning System, Mechanical Ventilation System, Dectless System/ Electrical Service, Extra Low Voltage System	Air Conditioning System, Mechanical Ventilation System, Electrical Service and mechanical ventilation system	Supply And Install Sanitary, Plumbing, Gas, Fire Protection Services
Company Awarded		
Kin Xin Engineering Pte Ltd	Kin Xin Engineering Pte Ltd	Kin Xin Engineering Pte Ltd
Contract Value (Amount Used In Nearest Thousand)		
S$10,400	S$18,200	S$8,800
Client		
Hexacon Construction Pte Ltd	Hexacon Construction Pte Ltd	CES Engineering & Construction Pte Ltd
Owner		
Far East Organization	Lend Lease Asia Holding Pte Ltd	HDB

PORTFOLIO REVIEW

Project Name		
T-Space	The Trustee of Kew Ong Yah Temple	Detached Industrial Building at 2 Tractor Road
Project Description		
Proposed erection of a multi-user ramp up factory building comprising a block of 9-storey ramp-up factory (total 110 units with mezzanine and 141 factory units) with a temporary industrial canteen (total 1 unit), shops (total 4 units) and other ancillary facilities on lot 2964n mk 29 at Tampines North Drive 1	Proposed additions & alteration to the existing single storey conserved chineses temple involving addition of a 4-storey building with basement carparks and an outdoor Stage for religious use on lot 07823X Mk 22 at 779 Upper Serangoon Road	Proposed additions & alterations to an existing single storey detached industrial building with a 3-storey ancillary use building involving new extension to the industrial and ancillary use building on lot 4114A Mk 6 at 2 Tractor Road
Scope of Works		
Air Conditioning System, Mechanical Ventilation System, Electrical Service and mechanical ventilation system	Additions & Alteration works	Additions & Alteration works
Company Awarded		
Kin Xin Engineering Pte Ltd	Cyber Builders Pte Ltd	Cyber Builders Pte Ltd
Contract Value (Amount Used In Nearest Thousand)		
S$3,000	S$5,200	S$4,100
Client	**Owner**	
Lian Beng Construction (1988) Pte Ltd	The Trustee of Kew Ong Yah Temple	Stonrich Pte Ltd
Owner		
Goldprime Land Pte Ltd		

PORTFOLIO REVIEW

Project Name		
Dwelling House at 229 Ocean Drive	2-Storey Semi-Detached Housing at 1 Dyson Road	4-Storey Serviced apartment at 298 River valley
Project Description		
Proposed new erection of a 2-storey detached dwelling house with a basement and a swimming pool on Lot 01357C Mk 34 at 229 Ocean Drive	Proposed new erection of a 4 units of 2-storey semi-detached housing with basement, attic & swimming pool at 1 Dyson Road	Proposed new erection Of a 4-storey serviced apartment (total 3 units) with roof terrace and restaurant in basement on lot 99776A ts 20 at 298 River Valley Road
Scope of Works		
Residential Construction	Residential Construction	Residential Construction
Company Awarded		
Cyber Builders Pte Ltd	Cyber Builders Pte Ltd	Cyber Builders Pte Ltd
Contract Value (Amount Used In Nearest Thousand)		
S$6,800	S$5,800	S$4,600
Owner		
Private owner	Link (THM) Luxury Homes Pte Ltd	RB Hospitality Pte Ltd

PORTFOLIO REVIEW

Project Name	
16 Greendale Avenue	51 Yishun Industrial
Project Description	
Proposed new erection of 4 units of 2-storey semi-detached house with basement, attic and swimming pool on lot 99771N Mk15 at No. 16 Greendale	Proposed additions & alterations to an existing part single part 2-storey factory on lot 01676V Mk 19 at 51 Yishun Industrial Park A
Scope of Works	
Residential Construction	Industrial Construction
Company Awarded	
Cyber Builders Pte Ltd	Cyber Builders Pte Ltd
Contract Value (Amount Used In Nearest Thousand)	
S$5,700	S$4,100
Owner	
Link (THM) Luxury Homes Pte Ltd	Pacific C.A.M. Trading Enterprise

INVESTOR RELATIONS

INVESTOR RELATIONS POLICY

Libra Group Limited is committed to provide timely and consistent disclosures of financial results and significant corporate activities to its shareholders, investors, the financial community and the investing public. Communication with shareholders is managed by the Board of Directors and the finance team.

Our IR policy ensures fair and open communications with all our stakeholders. We ensure that relevant and material information are disclosed in a clear, concise and consistent manner in accordance with the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), and the Securities and Futures Act.

All announcements are released via SGXNet and it includes the half-year and full-year financial results, distribution of notices, press releases, analyst briefings, presentations, announcements on acquisitions and other major developments.

Price sensitive information to shareholders is publicly released on an immediate basis where required under the Catalist Rules. All shareholders will receive the annual report, which would also be made available on the SGXNet.

LIBRA GROUP LIMITED RECOGNISES THE IMPORTANCE OF INVESTOR RELATIONS ("IR") AS A STRATEGIC MANAGEMENT RESPONSIBILITY AS WE SEEK TO COMMUNICATE AND ENGAGE EFFECTIVELY WITH OUR SHAREHOLDERS.

We maintain our corporate website vigilantly and update regularly to ensure investors are kept abreast with the latest developments of our Company.

We have continuously improved on the presentation and contents of the annual reports so as to provide readers a better understanding of the Group.

DIVIDEND POLICY

We do not have a formal dividend policy. The form, frequency and amount of any proposed dividend will take into consideration of the Group's operating results, financial position, committed capital requirements and any other relevant consideration the Board of Directors may deem appropriate in the best interest of the Company.

STAKEHOLDERS ENGAGEMENT

In keeping with the proactive investor and media relations approach, Libra Group Limited engages financial analysts, existing and potential investors, and shareholders through multiple channels. Key executives are present at such engagements to keep the stakeholders informed of Libra Group Limited's financial performance and to discuss its business strategies and outlook.

In FY2016, the Company held 2 analyst briefings, where management was present to share the latest developments of the Company and to address analysts' queries.

The Annual General Meeting ("AGM") is another platform for the management to communicate with shareholders.

The management has also been profiled with the media and the Company has been featured by various print and online media.

INVESTOR RELATIONS

INVESTOR RELATIONS AND FINANCIAL CALENDAR

FEBRUARY

–

Announcement of the financial year ended
31 December 2015 Full Year Results

Analysts Briefing

APRIL

–

Annual General Meeting
Extraordinary General Meeting

AUGUST

–

Announcement of the financial year ending
31 December 2016 Half Year Results

Analysts Briefing

FEBRUARY

–

Announcement of the financial year ended
31 December 2016 Full Year Results

Analysts Briefing

APRIL

–

Annual General Meeting
Extraordinary General Meeting

AUGUST

–

Announcement of the financial year ending
31 December 2017 Half Year Results

Analysts Briefing

INVESTOR RELATIONS CONTACT

WATERBROOKS CONSULTANTS PTE LTD

MR WAYNE KOO KIM HENG
wayne.koo@waterbrooks.com.sg

MS JEAN YANG SOOK CHIN
jean@waterbrooks.com.sg

TEL: +65 6100 2228

OUR PEOPLE

NAVIGATING SUCCESS IN THE FUTURE ECONOMY REQUIRES OUR PEOPLE TO DELIVER THEIR BEST TOWARDS SUSTAINING OUR LONG TERM SUCCESS.

LIBRA HAS AMASSED A TEAM OF STRONG MANAGEMENT AND STAFF FROM MORE THAN 6 NATIONALITIES TO LEAD AND DRIVE THE BUSINESS GROWTH IN OUR THREE BUSINESS SEGMENTS.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SUSTAINABILITY REPORT
WORKPLACE, SAFETY AND HEALTH

WE ARE GUIDED BY THE STEADFAST COMMITMENT TO OUR EMPLOYEES FOR A SAFE WORKING ENVIRONMENT WHICH THEY CAN WORK AND EXCEL IN SAFELY WITH FULL CONFIDENCE.

WORKPLACE, SAFETY AND HEALTH

Hours invested in safety training and annual safety system review

BUILDING WORKPLACE HEALTH, SAFETY AND ENVIRONMENTAL AWARENESS

Libra Group Limited ("Libra") is committed in embracing best practices in Workplace, Health and Safety ("WSH") and environmental systems within the Libra Group, together with its subsidiaries (the "Group"). We are guided by the steadfast commitment to our employees for a safe working environment which they can work and excel in safely with full confidence.

The Group has adhered fully to the WSH requirements as set by Workplace Health and Safety Council of Singapore ("WSHC") and Ministry of Manpower. We have rigorously put in place not only the safety measures, but also the risk management guidelines for Workplace Safety and Health Hazards in Construction and Landscape Industries.

Moreover, we have adopted local as well as international WSH system and practices for our Group. We have attained bizSafe certifications for our divisions. At the same time, Libra has adopted ISO 9001 and OHSAS 18001 system across our Group.

We have implemented regular safety training and annual safety system review for all our operation sites. In 2016 alone, we have invested 2,560 training hours for our staff throughout the year.

Environmental, health and safety issues are key priorities in the Group's overall business management. The management team sets a strong foundation by providing clear direction within the organisation of the value of an effective occupational health and safety management approach to foster risk-free and environmentally-friendly premises.

We have also incorporated the WSH safety standards within our business practices. Beyond Libra's own business operations, we have also implemented specifications on safety requirements and standards in the vendor selection process for all our projects. In our development and enhancement activities, we ensure to work with qualified contractors and hold them responsible for the management of the required health and safety standards. Our sub-contractors are required to submit risk assessments and safety work procedures prior to the commencement of the project works.

SUSTAINABILITY REPORT
WORKPLACE, SAFETY AND HEALTH

PROMOTING A SAFETY CULTURE

The Group remains committed to inculcate and thereafter achieve a strong and sound safety culture by instilling a positive mindset among our employees that encourages responsibility towards oneself and one's co-workers. Safety management starts from the project planning stage and will be practised throughout the various stages of design, construction and management until the completion of the projects. Our management staff have instilled and championed for a strong safety culture within the Group.

Over the past years, our comprehensive construction safety programme has evolved and the principles and processes behind this programme have also been fine-tuned in keeping with the standards set by Building and Construction Authority of Singapore.

Some of the improvements include:

- Field regular safety audits at construction worksites.

- Risk assessment procedures to identify among other things, situations and processes that may potentially cause injury to staff. After identification, we will evaluate the likelihood of the risk and the severity of its impact, and then determine the preventive measures to put in place.

PROMOTING ENVIRONMENTAL CONSCIOUSNESS

To reduce environmental hazards and be environmentally friendly, Libra seeks to carry out its daily business operation in a socially responsible way and contribute positively to the communities in which it operates.

At the operational level, there are key initiatives on energy conservation and efficiency implemented company-wide, such as switching-off lights and air-conditioners when the premises are not in use. Water conservation as well as reduce, reuse, recycle of waste, are also practised in worksites and office premises.

TO REDUCE ENVIRONMENTAL HAZARDS AND BE ENVIRONMENTALLY FRIENDLY, LIBRA SEEKS TO CARRY OUT ITS DAILY BUSINESS OPERATION IN A SOCIALLY RESPONSIBLE WAY AND CONTRIBUTE POSITIVELY TO THE COMMUNITIES IN WHICH IT OPERATES.

SUSTAINABILITY REPORT
HUMAN CAPITAL

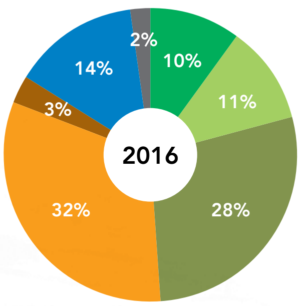
NAVIGATING SUCCESS IN THE FUTURE ECONOMY REQUIRES OUR PEOPLE TO DELIVER THEIR BEST TOWARDS SUSTAINING LIBRA GROUP LIMITED'S ("LIBRA") LONG TERM SUCCESS.

We implement human resources policies and staff engagement programmes that aim to help employees build long-term, fulfilling careers with Libra.

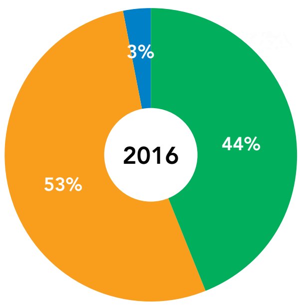
Libra advocates the policy of harnessing diversity in human resource. We tapped on the talent pool from more than 6 nationalities to support our businesses in Singapore.

We also maintain a policy of employee diversity through providing equal employment opportunities to young and older workers alike. Over 44% of our workforce are around 30 year old while 53% are between the age 31 to 50 year old.

NATIONALITIES



AGE GROUP

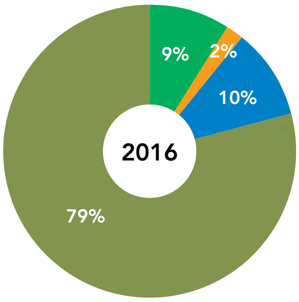


	Staff Strength	
	2016	2015
Singaporean	**65**	43
Malaysian	**73**	71
Bangladeshi	**191**	167
Indian	**222**	228
Myanmarese	**24**	26
PRC	**97**	86
Others	**12**	12
TOTAL	**684**	633

	2016	2015
Below 30 Years	**44%**	53%
31 to 50 Years	**53%**	45%
51 to 65 Years	**3%**	2%

SUSTAINABILITY REPORT HUMAN CAPITAL

HUMAN TALENT SKILLS PROFILE

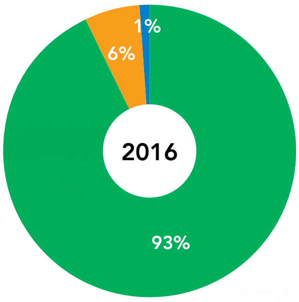


	2016	2015
Professional	**9%**	4%
Management	**2%**	2%
Executive	**10%**	11%
Technical	**79%**	83%

In terms of employee skills profile, we have maintained a fair proportion of professional and management team to lead and drive the business growth in our three business segments.

Libra employs a merit-based approach in our annual performance appraisal process, rewarding our staff on the basis of contribution, skills and experience, regardless of age, gender, race, or nationality.

YEARS OF SERVICE RECORD



	2016	2015
Below 5 Years	**93%**	95%
6 - 10 Years	**6%**	4%
10-20 Years	**1%**	1%
More than 20 Years	**–**	–

Our staff also enjoy competitive remuneration packages with benefits and a bonus scheme designed to enhance overall job satisfaction, morale and motivation.

We are committed to recruit and groom staff to meet our business expansion. We have recruited aggressively over the past few years as reflected in the dynamic workforce we have nurtured.

DEVELOPING HUMAN CAPITAL

The training roadmap for our employees comprises induction, on-the-job training and strategic skills development roadmap.

In line with the organisation's strategic objectives as well as the individual's areas of responsibility and growth track, staff are identified to undergo personal, professional as well as technical training courses.

Training and development not only ensure staff are adequately equipped to perform their functional roles, but also raise their overall competencies and productivity levels, and prepare them to serve in larger capacities in the future. We are committed to invest in the training and further education of our staff as seen in the high average training hours of 18 hours per employee per year.

EMPLOYEE TRAINING RECORDS

	2016	2015
Number of employees trained		
	267	286
Total training expenses		
	$86,882	$138,356
Total training hours		
	4,914	4, 881
Average training hours per employee		
	18 hours	17 hours

SUSTAINABILITY REPORT HUMAN CAPITAL

WORK-LIFE HARMONY & WELLNESS

Healthy and happy employees make a productive and effective workforce. As such, promoting employee wellness and work-life harmony is another important aspect of our human resource strategy.

To promote staff engagement and team spirit, the Company organises events such as Dinner & Dance, staff incentive trips as well as festive get-together celebrations around Hari Raya, Chinese New Year and Christmas season.

In addition to a comprehensive group medical insurance programme implemented since 2014, the Company also sponsors dental care of up to S$150 per employee per annum.

BUILDING OUR WORKFORCE

At Libra, we strive to develop a strong talent pipeline and a resilient workforce, united by values of teamwork and geared towards bringing the organisation into its next phase of growth.

Looking ahead, we will continue to invest in human capital development to bolster the Company's core competencies and drive for sustainable growth. In particular, the key focus revolves around continuous skills enhancement to raise the competitiveness, employability and job satisfaction of our workforce, in order to achieve the best business outcomes for our employees and customers.

LAUNCH OF CORPORATE SOCIAL RESPONSIBILITY PROGRAMME

Libra is conscientious of our corporate responsibility as a responsible corporate citizen and we constantly seek to contribute and share the fruits of our labour with the community.

This year, we have launched our corporate social responsibility programme through the support of Lee Ah Mooi Old Age Home. The Libra team brought not only festive greetings to the elderly, but also the supply of medical items, food and red packets for their residents and staff.

Our staff volunteers were joined by senior management for this first heartwarming pioneering community project. They included our Managing Director, Mr William Kong (B&C division); Project Director, Mr Zulkefle (B&C division); General Manager, Ms Lei Lei (M&E division); and staff from the Libra Group of companies.

	2016
Community Services	40 hours

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of Libra Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2016 ("**FY2016**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2016.
BOARD MATTERS		
The Board's Conduct of Affairs		
1.1	What is the role of the Board?	As at the date of this annual report, the Board has five (5) members and comprises the following: ***Table 1.1 – Composition of the Board*** **Name of Director** – **Designation** **Current Directors** Chu Sau Ben – Executive Chairman and Chief Executive Officer ("**CEO**") Xu Ruibing – Executive Director Yuen Sou Wai – Lead Independent Director Kong Chee Keong – Independent Director Soon Ai Kwang – Independent Director The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its fiduciary and statutory duties, the Board's principle functions are to: • provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives; • establish a framework of prudent and effective controls which enables the identification, assessment and management of risks; • review key management personnel's performance; • set the Group's values and standards and ensure that the obligations to shareholders and other stakeholders are met;

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>

approve major investment funding and major increase/ decrease in a subsidiary company's capital;
approve the nomination of Directors to the Board; and
oversee the business conduct of the Company and assume responsibility for the adoption of good corporate governance practices

</td></tr>
<tr><td>1.3
4.1
11.4</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>
The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") (collectively, the "Board Committees") and the Risk Committee. The compositions of the Board Committees are as follows:

Table 1.3 – Composition of the Board Committees
<table>
<tr><th></th><th>AC[(1)]</th><th>NC[(2)]</th><th>RC[(3)]</th></tr>
<tr><td>Chairman</td><td>Yuen Sou Wai</td><td>Soon Ai Kwang</td><td>Kong Chee Keong</td></tr>
<tr><td>Member</td><td>Soon Ai Kwang</td><td>Yuen Sou Wai</td><td>Soon Ai Kwang</td></tr>
<tr><td>Member</td><td>Kong Chee Keong</td><td>Kong Chee Keong</td><td>Yuen Sou Wai</td></tr>
</table>
(1) The AC comprises three (3) members, all of whom, including the Chairman, are Independent and Non-Executive Directors.
(2) The NC comprises three (3) members, all of whom, including the Chairman, are Independent and Non-Executive Directors. The Lead Independent Director is a member of the NC.
(3) The RC comprises three (3) members, all of whom, including the Chairman, are Independent and Non-Executive Directors.

The Company had formed the Risk Committee in November 2012. The Chief Financial Officer (the "CFO") of the Company (the position of which has been held by Mr Lim Boon Ping with effect from 15 February 2016) serves as the Chief Risk Officer ("CRO"). Mr Chu Sau Ben, Mr Yuen Sou Wai, Mr Kong Chee Keong, and Mr Soon Ai Kwang serve as members of the Risk Committee. All members of the AC are members of the Risk Committee to foster sharing of information and knowledge. At each Risk Committee meeting, the CRO presents matters in relation to enterprise risk management ("ERM") for discussion following internal ERM meetings which the CRO had held with the sub-committee comprising key management personnel at the operational level.
</td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets regularly, with at least two (2) scheduled meetings within each financial year, to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Directors are provided with complete, adequate information in a timely manner, including half-yearly management reports and all relevant information on material events and transactions, to enable them to be fully cognisant of the decisions and actions of the Group's management. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues and are normally circulated in advance of each meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be adequately briefed before each meeting. Ad-hoc meetings are convened as and when deemed necessary.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="1">1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>In FY2016, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.

Table 1.4 – Board and Board Committee Meetings in FY2016
<table>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of Meetings Held</td><td>4</td><td>4</td><td>1</td><td>2</td></tr>
<tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr>
<tr><td>Chu Sau Ben</td><td>4</td><td>4[1]</td><td>1[1]</td><td>2[1]</td></tr>
<tr><td>Xu Ruibing</td><td>4</td><td>4[1]</td><td>1[1]</td><td>2[1]</td></tr>
<tr><td>Yuen Sou Wai</td><td>4</td><td>4</td><td>1</td><td>2</td></tr>
<tr><td>Kong Chee Keong</td><td>4</td><td>4</td><td>1</td><td>2</td></tr>
<tr><td>Soon Ai Kwang</td><td>4</td><td>4</td><td>1</td><td>2</td></tr>
</table>
Notes:
[1] By invitation.

The Company's Constitution (the "Constitution") allows for meetings to be held through tele-conferences, video-conferencing, audio visual or other electronic means of communication.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters that require the Board's approval include, amongst others, the following:
• corporate strategy and business plans;
• material acquisitions and disposals of assets;
• corporate or financial restructuring;
• share issuance and dividends;
• appointment, termination and compensation of Executive Directors;
• annual purchasing budgets, financial results announcements, annual report and audited financial statements; and
• interested person transactions.</td></tr>
<tr><td rowspan="2">1.6</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>All newly appointed Directors will undergo an informal orientation programme where the Director would be briefed on the Group's business operations, strategic directions and policies, corporate functions and governance practices, as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel.

The Directors also have access to further relevant training, particularly on relevant new laws, regulations and changing commercial risks, from time to time, at the expense of the Company.</td></tr>
<tr><td>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</td><td>The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman and the Chief Executive Officer if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such trainings costs are borne by the Company. Briefings, updates and trainings for the Directors in FY2016 included: • The external auditors ("**EA**") had briefed the AC on changes or amendments to accounting standards; and • The Company Secretary had briefed the Board on the continuing obligations under the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") as well as periodic updates on the Catalist Rules where necessary;
1.7	Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	Formal letters of appointment will be furnished to any newly-appointed directors, explaining among other matters, the roles, obligations, duties and responsibilities as a member of the Board. There was no director appointed to the Board in FY2016.
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	In view that the Chairman of the Board (the "**Chairman**") and the CEO is the same person, and the Chairman is part of the management team and is not an independent director, Guideline 2.2 of the Code is met as the Independent Directors make up more than half the Board. Mr Yuen Sou Wai has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings and through the Company by way of an appointment which can be made at the registered office of the Company at 21 Ubi Road 1 #02-02, Singapore 408724.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The Board takes into account the existence of relationships or circumstances (if any), including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual Directors' declaration in their assessment of independence. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</td><td>Not applicable.</td></tr>
<tr><td>2.4</td><td>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</td><td>There are no Independent Directors who has served beyond nine years since the date of his first appointment.</td></tr>
<tr><td>2.5</td><td>The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making.

What are the steps taken by the Board to progressively renew the Board composition?</td><td>The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses and the requirements of the business, the Board, in concurrence with the NC, considers that its current size and the existing composition of the Board and Board Committees effectively serve the Group.

The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the changing challenges in the industry which the Group operates, such reviews, which include considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board dynamics remain optimal.</td></tr>
<tr><td rowspan="3">2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?</td><td rowspan="2">The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The current Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:

Table 2.6 – Balance and Diversity of the Board
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>2</td><td>2/5</td></tr>
<tr><td>– Business management</td><td>5</td><td>5/5</td></tr>
<tr><td>– Legal or corporate governance</td><td>2</td><td>2/5</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>3</td><td>3/5</td></tr>
<tr><td>– Strategic planning experience</td><td>5</td><td>5/5</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>3</td><td>3/5</td></tr>
</table></td></tr>
<tr><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td></tr>
<tr><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:
• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.
2.7	Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance	All of the Company's Non-Executive Directors are also Independent Directors. The Management provides the Independent Directors with accurate, complete and timely information. Further, the Independent Directors have unrestricted access to the Management and the auditors and the Company Secretary. The Independent Directors also have access to the Management to query and request for further information on proposed significant transactions and the development of business strategies. The Board (including the Independent Directors) review the business performance of the Company on semi-annual basis prior to the release of the financial results. The Independent Directors also review the performance of the Management in meeting agreed goals and objectives and monitor reporting of performance. Such review of the Management's performance is done annually and the Independent Directors provide their feedback to the Board in relation to the Management's performance.
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors have met once in the absence of key management personnel in FY2016.
<u>Chairman and Chief Executive Officer</u>		
3.1 3.2	Are the duties between Chairman and CEO segregated?	Mr Chu Sau Ben assumes the roles of the Executive Chairman and CEO. The Company believes that a single leadership structure will facilitate the decision-making process in relation to business opportunities and operational matters. The Board is of the opinion that there would be no need to separate the two roles after taking into consideration the following: • Size and capabilities of the Board; • Size and operations of the Group; and • Sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence. The duties of the Executive Chairman and CEO include: • leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda; • ensuring accurate, timely and clear information flow to Directors; • ensuring effective shareholder communication; • encouraging constructive relations between the Board and key management personnel; • facilitating effective contribution of Non-Executive Directors; • encouraging constructive relations between the Executive Directors and Non-Executive Directors; • promoting high standards of corporate governance; • overseeing all key aspects of the Group's operations; and • is responsible for identifying and securing new projects for the Group.
3.4	Have the Independent Directors met in the absence of the other Directors?	The Independent Directors had met once in the absence of the other directors in FY2016.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	The NC is guided by key terms of reference as follows: (a) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of a Director; (b) recommending to the Board in respect of its review of Board succession plans for Directors (in particular, the Chairman and the CEO), training and professional development programs for the Board and the process for evaluation of the performance of the Board, its Board Committees and Directors; (c) establishing and reviewing the terms of reference for the NC; (d) re-nominating Directors for re-election in accordance with the Company's Constitution at each annual general meeting of the Company ("**AGM**"); (e) determining annually and as and when required, the independence of Directors; (f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the number of his listed company board representations and other principal commitments; (g) deciding the assessment process and implementing a set of objective performance criteria for evaluation of the Board's performance; and (h) evaluating the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments, not guided by a numerical limit. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: • Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity; • Size and composition of the Board; • Nature and scope of the Group's operations and size; • Relevant industry knowledge and experience; • Relevant corporate, professional and management experience; and • Capacity, complexity and expectations of the other listed directorships and principal commitments held.
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2016.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company does not have any alternate directors currently. Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans.</td></tr>
<tr><td>4.6</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td>Table 4.6(a) – Process for the Selection and Appointment of New Directors
<table>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of Director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
Table 4.6(b) – Process for the Re-electing Incumbent Directors
<table>
<tr><td>1.</td><td>Assessment of Director</td><td>• The NC would assess the performance of the Director in accordance with the performance criteria set by the Board; and
• The NC would also consider the current needs, expertise and composition of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of Director</td><td>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.</td></tr>
</table>
Under the Company's Constitution, at each AGM, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) are required to retire from office by rotation. All Directors are required to retire at least once in three (3) years.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

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<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has recommended to the Board that Mr Chu Sau Ben be nominated for re-election at the forthcoming AGM, in accordance with Regulations 89 and 90 of the Constitution.

Mr Chu Sau Ben, will upon re-election, remain as the Executive Chairman and CEO of the Company.

The NC noted the retirement of Mr Yuen Sou Wai in accordance with Regulation 89 of the Company's Constitution. Mr Yuen will not be seeking re-election at the forthcoming AGM. The Company is currently searching for a new Independent Director to fill up the vacancy left in the Board because of the retirement of Mr Yuen Sou Wai. The Board will deliberate on the composition of the board committees upon the appointment of the new Independent Director in due course.</td></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>Key information of the Directors, including their appointment dates and present and past three years' directorships in other listed companies, are set out in the following table and in the "Board of Directors" section of this annual report.

Table 4.7 – Key Information of the Directors
<table>
<tr><th rowspan="2">Name of Director</th><th rowspan="2">Appointment</th><th rowspan="2">Date of initial appointment</th><th rowspan="2">Date of last re-election</th><th colspan="2">Directorships in other listed companies</th></tr>
<tr><th>Current</th><th>Past 3 Years</th></tr>
<tr><td>Chu Sau Ben</td><td>Executive Chairman and Chief Executive Officer</td><td>20 October 2010</td><td>23 April 2014</td><td>–</td><td>–</td></tr>
<tr><td>Xu Ruibing</td><td>Executive Director</td><td>20 August 2015</td><td>29 April 2016</td><td>–</td><td>–</td></tr>
<tr><td>Yuen Sou Wai</td><td>Lead Independent Director</td><td>4 October 2011</td><td>24 April 2015</td><td>(1) Chew's Group Limited
(2) YHI International Limited
(3) Huationg Global Limited</td><td>–</td></tr>
<tr><td>Soon Ai Kwang</td><td>Independent Director</td><td>18 September 2015</td><td>29 April 2016</td><td>–</td><td>–</td></tr>
<tr><td>Kong Chee Keong</td><td>Independent Director</td><td>24 April 2013</td><td>29 April 2016</td><td>–</td><td>–</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>5.1
5.2
5.3</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>Table 5 sets out the performance criteria which is comparable to industry peers and same as FY2015, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and the Board to identify the areas of improvement or enhancement which can be made to the Board:

Table 5
<table>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Board accountability
5. Risk management
6. Succession planning
7. Overall effectiveness</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Independence (if applicable)
5. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Performance of the Company's share price over one year period vis-à-vis the FTSE Straits Time Index and a benchmark of the Company's industry peers
2. Return on equity
3. Earnings per share
4. Net tangible assets per share
5. Operating cash flow</td><td>1. Attendance at Board and Board Committee meetings</td></tr>
</table>

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

In FY2016, the review process was as follows:
1. All Directors collectively as a whole completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual Directors based on criteria disclosed in Table 5 above;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and
3. The NC discussed the report and concluded the performance results during the NC meeting.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

No external facilitator was used in the evaluation process.</td></tr>
<tr><td></td><td>(b) Has the Board met its performance objectives?</td><td>Yes, the Board has met its performance objectives.</td></tr>
<tr><td colspan="3"><u>Access to Information</u></td></tr>
<tr><td>6.1
6.2
10.3</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).

The Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by the Management to the Independent Directors are set out in the table below:

Table 6 – Types of information provided by key management personnel to the Independent Directors
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Every meeting</td></tr>
<tr><td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Every meeting</td></tr>
<tr><td>3.</td><td>Budgets and/or forecasts (with variance analysis), and management accounts (with financial ratios analysis)</td><td>Half-Yearly</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>Regularly and/or when neccessary</td></tr>
<tr><td>5.</td><td>Enterprise risk framework and internal auditors' ("IA") report(s)</td><td>Half yearly</td></tr>
<tr><td>6.</td><td>Research report(s)</td><td>Regularly and/or when neccessary</td></tr>
<tr><td>7.</td><td>Shareholding statistics</td><td>Yearly</td></tr>
<tr><td>8.</td><td>External Auditors' ("EA") report</td><td>Yearly</td></tr>
</table></td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. The Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically. Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
6.3 6.4	What is the role of the Company Secretary?	All Directors have separate and independent access to the Company Secretary. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows: • Ensuring that Board procedures are observed and that the Company' Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with; • Assists the Chairman to ensure good information flows within the Board and its committees and key management personnel; • Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attends and prepares minutes for all Board meetings; • As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and • Assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings.
6.5	The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	The Management will, upon direction by the Board or any Director, assist the Directors, either individually or as a group, to obtain independent professional advice in furtherance of their duties at the Company's expense.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) Review and recommend to the Board a general framework of remuneration for Directors and key management personnel, and review the specific remuneration packages for each Executive Director and key management personnel; (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts will be able to attract, retain and motivate Executive Directors and key management personnel without being excessively long or with onerous renewal/ termination clauses; and (c) Perform an annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2016.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy, which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market without being excessive to the extent that their independence might be compromised.
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>Because of the competitive pressures in the industry and the talent market, the Board has on review decided to disclose the remuneration of the Directors, in bands with a breakdown of the components in percentage. Information on the remuneration of Directors of the Company for FY2016 is as follows:

Table 9.2 – Remuneration of the Directors
<table>
<tr><th></th><th>Salary %</th><th>Variable Bonus %</th><th>Director's Fees %</th><th>Benefits[(1)] %</th><th>Total %</th></tr>
<tr><td colspan="6">Between S$1,500,000 to S$1,750,000</td></tr>
<tr><td>Chu Sau Ben[(2)]</td><td>42</td><td>57</td><td>–</td><td>1</td><td>100</td></tr>
<tr><td colspan="6">Between S$500,000 to S$750,000</td></tr>
<tr><td>Xu Ruibing</td><td>34</td><td>63</td><td>–</td><td>3</td><td>100</td></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Yuen Sou Wai</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Kong Chee Keong</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Soon Ai Kwang</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
</table>
Notes:
(1) Benefits comprises CPF and annual leave encashment.
(2) Mr Chu Sau Ben is also the CEO of the Company.

Mr Chu Sau Ben, the Executive Chairman and CEO, is entitled to Company-maintained cars for business use as stipulated in the Company's Car Policy and approved by the RC and the Board.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and all top key management personnel.</td></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The band and breakdown for the remuneration of the Company's top five (5) key management personnel (who are not Directors or the CEO) in FY2016 was as follows:

Table 9.3 – Remuneration of Key Management Personnel
<table>
<tr><th></th><th>Salary %</th><th>Variable Bonus %</th><th>Benefits[(1)] %</th><th>Total %</th></tr>
<tr><td colspan="5">Between S$250,000 to S$500,000</td></tr>
<tr><td>Deng Rong</td><td>60</td><td>35</td><td>5</td><td>100</td></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>William Kong Ong Sing</td><td>93</td><td>–</td><td>7</td><td>100</td></tr>
<tr><td>Lei Lei</td><td>70</td><td>22</td><td>8</td><td>100</td></tr>
<tr><td>Tan Ngee Tiong</td><td>93</td><td>–</td><td>7</td><td>100</td></tr>
<tr><td>Du Yijun</td><td>91</td><td>–</td><td>9</td><td>100</td></tr>
</table>
Notes:
(1) Benefits comprises CPF and annual leave encashment.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five (5) key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top 5 key management personnel in FY2016 was S$1,102,886.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeded S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>The employees who are family members of a Director or the CEO and who received remuneration in excess of S$50,000 in FY2016 were as follows:

Table 9.4 – Remuneration of Employees who are family members of the Executive Chairman and CEO
<table>
<tr><th>Name of Employee</th><th>Salary %</th><th>Variable Bonus %</th><th>Benefits[(1)] %</th><th>Total %</th></tr>
<tr><td colspan="5">Between S$150,000 to S$200,000</td></tr>
<tr><td>Chu Fai Fong</td><td>78</td><td>12</td><td>10</td><td>100</td></tr>
<tr><td colspan="5">Between S$100,000 and S$150,000</td></tr>
<tr><td>Chu Kee Yong</td><td>73</td><td>15</td><td>12</td><td>100</td></tr>
<tr><td colspan="5">Between S$50,000 to S$100,000</td></tr>
<tr><td>Chu Siow Leong</td><td>86</td><td>14</td><td>0</td><td>100</td></tr>
<tr><td colspan="5">Below S$50,000</td></tr>
<tr><td>Chu Sew Ting</td><td>87</td><td>13</td><td>0</td><td>100</td></tr>
</table>
Notes:
(1) Benefits comprises CPF and annual leave encashment.

Mr Chu Sew Ting is a supervisor in Kin Xin Engineering Pte Ltd. Mr Chu Siow Leong is a production manager in Libra Engineering Pte Ltd and a Director of Libra Engineering Sdn Bhd (which is currently a dormant subsidiary of the Company). Both are the brothers of the Executive Chairman and CEO, Mr Chu Sau Ben. Ms Chu Kee Yong, who is the Assistant General Manager of Libra Engineering Pte Ltd, and Ms Chu Fai Fong, who is the Group Credit Controller, are sisters of the Executive Chairman and CEO, Mr Chu Sau Ben.

Save as disclosed above, the Company does not have any other employee who is an immediate family member of any Director or the CEO whose remuneration exceeded S$50,000 during FY2016.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>The Company has in place the Libra Performance Share Plan (the "Performance Share Plan"), which is administered by the RC. The RC reviews whether Directors and employees of the Group should be eligible for benefits under such long-term incentive schemes, based on factors such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) determined for a particular performance period, and considers the costs and benefits of such long-term incentive schemes. Details of the Performance Share Plan were set out in the Company's Offer Document dated 2 November 2011.

There were no share awards granted to any person pursuant to the Libra Performance Share Plan during FY2016.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The Group’s remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Executive Directors and key management personnel with the required experience and expertise.

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed and variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus which is linked to the individual’s performance which is assessed based on their respective key performance indicators allocated to them. Staff appraisals are conducted once a year.

The Executive Directors do not receive Directors’ fees. The corporate and individual performance-related elements of remuneration are designed to align the interests of the Executive Directors with those of shareholders in order to promote the long-term success of the Company. Under the service agreements entered into between each Executive Director and the Company, each of the Executive Directors shall be entitled to a discretionary bonus depending on his performance in each financial year.

Considering the economic climate and the industry performance, the RC is of the view that the performance of the Executive Directors and the key management personnel in FY2016 had been satisfactory.</td></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

<table>
<tr><th>Performance Conditions</th><th>Performance Criteria</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Profit before tax
2. Relative financial performance of the Group to its industry peers
3. Order book and sales growth</td></tr>
</table>
</td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>The Executive Directors and key management personnel have substantially met their qualitative performance conditions in FY2016. However, not all quantitative performance conditions were met because of the economic climate and the industry performance. The NC is of the view that the performance of the Executive Directors and key management personnel in FY2016 had been satisfactory.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Accountability		
10.1 10.2	Has the Board presented a balanced and understandable assessment of the Company's performance, position and prospects?	The Board reviews and approves the results as well as any announcements before its release, with a view to ensuring that the Company's announcements are understandable by shareholders. Strong emphasis is placed on removing technical jargon and using simple language for clarity.
Risk Management and Internal Controls		
11.1 11.2 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2016. The bases for the Board's view are as follows: 1. assurance has been received from the CEO and CFO (refer to Section 11.3(b) below); 2. an internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. the Risk Committee regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business and financial risks such as credit risks, foreign exchange risks, liquidity risks, interest rate risks, as well as, appropriate measures to control and mitigate these risks, and report to the AC and the Board on material findings; 4. discussions were held between the AC and auditors in the absence of key management personnel to review and address any potential concerns; and 5. an enterprise risk management framework is in place to identify, manage and mitigate significant risks. The Board notes that the system of internal controls and risk management controls established by the Company are designed to manage, rather than to eliminate, the risk of failure in achieving business objectives. It can only provide reasonable but not absolute assurance against any material misstatement or loss. There were no significant deficiencies highlighted by the internal auditors during the course of their audit performed in FY2016. The Group has in place a structured and systematic approach to risk management, and aims to mitigate the exposures through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure strategic, business, operational, financial, reporting, compliance and information technology risk exposures are identified and appropriately managed. The Company is gradually placing emphasis on sustainability and is continuously seeking a cost effective approach to roll-out the sustainability program group-wide to all its subsidiaries with the target to complete such program before 2018.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the CEO and CFO in respect of FY2016. The Board has relied on the EA's report as set out in this annual report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances. The Board has additionally relied on the IA's reports issued to the Company in FY2016 as assurances that the Company's risk management and internal control systems are effective.
Audit Committee		
12.1 12.4	What is the composition and role of the AC?	All members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm. The AC is guided by the following key terms of reference: (a) establishing and reviewing the terms of reference for the AC; (b) recommending to the Board, the appointment or re-appointment of the EA; (c) reviewing the Group's half-year and full-year financial statements and related notes and announcements relating thereto, accounting principles adopted, and the EA's reports prior to recommending to the Board for approval; (d) monitor and review the scope and results of external audit and its cost-effectiveness, and the independent and objectivity of the EA; (e) reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the EA and ensuring that these do not affect the independence and objectivity of the EA; (f) reviewing and evaluating, having regard to input from the EA and the IA, the adequacy of the system of internal controls and compliance functions, including financial, operational, compliance and information technology controls, for recommendation to the Board; (g) reviewing any significant financial reporting issues and judgements and estimates made by key management personnel, so as to ensure the integrity of the financial statements of the Group; (h) review and discuss with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations (if any), which has or is likely to have a material impact on the Group's operating results or financial position, and key management personnel's response; (i) review the adequacy of the whistle-blowing policy; (j) monitoring and reviewing the effectiveness of the Company's internal audit functions and its adequacy and effectiveness; and (k) reviewing the interested person transactions falling within the scope of Chapter 9 of the Catalist Rules reported by key management personnel to ensure that they were carried out on normal commercial terms and are not prejudicial to the interests of shareholders.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>12.2</td><td>Whether the AC is appropriately qualified to discharge their duties?</td><td>The Board is of the view that the members of the AC have expertise or experience in accounting and related financial management and are qualified to discharge the AC's responsibilities.</td></tr>
<tr><td>12.3</td><td>Does the AC has explicit authority to investigate any matter within its terms of reference?</td><td>The AC has the explicit authority to investigate any matter within its terms of reference, gain full access to and co-operation by the Management, exercise full discretion to invite any Director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its functions properly.</td></tr>
<tr><td>12.5</td><td>Has the AC met with the auditors in the absence of key management personnel?</td><td>Yes, the AC had met with the IA and the EA once in the absence of key management personnel in FY2016.</td></tr>
<tr><td>12.6</td><td>Has the AC reviewed the independence of the EA?</td><td>The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.</td></tr>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>Table 12.6(a) – Fees Paid/Payable to the EA in FY2016
<table>
<tr><th></th><th>S$'000</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>200</td><td>87</td></tr>
<tr><td>– Tax returns compliance services</td><td>30</td><td>13</td></tr>
<tr><td>Total</td><td>230</td><td>100</td></tr>
</table></td></tr>
<tr><td></td><td>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</td><td>The non-audit services rendered during FY2016 were not substantial.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>Yes. The Company's staff as well as external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report to <u>whistleblowing@libragroup.com.sg</u>. There was no whistle-blowing report received by the AC in FY2016.</td></tr>
<tr><td>12.8</td><td>What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td><td>The members of the AC have taken measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements as and when it or the Board deems necessary and appropriate. The external auditors had provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any, in FY2016.</td></tr>
<tr><td colspan="3"><u>Internal Audit</u></td></tr>
<tr><td>13.1
13.2
13.3
13.4
13.5</td><td>Please provide details of the Company's internal audit function, if any.</td><td>The Company's internal audit function is outsourced to BDO LLP ("BDO") that reports directly to the AC Chairman. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit, with the outcome of the internal audit presented to and reviewed by key management personnel, the AC and the Board.

The AC is responsible for the hiring, removal, evaluation and compensation of the accounting/ auditing firm which the internal audit function of the Company is outsourced to.

The internal audit plan complements that of the external auditors and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The AC is satisfied that internal auditor is able to discharge its duties effectively as the internal auditor:

• The internal audit function is carried out based on the BDO Global Internal Audit methodology which is consistent with the standards set by nationally or internationally recognised professional bodies including the standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors;

• The internal auditor is adequately resourced as there is a team of at least four (4) members assigned to the Company's internal audit, led by the Engagement Partner who has more than fifteen (15) years of relevant experience; and

• The internal auditor has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.</td></tr>
<tr><td colspan="3">SHAREHOLDER RIGHTS AND RESPONSIBILITIES</td></tr>
<tr><td colspan="3"><u>Shareholders Rights</u></td></tr>
<tr><td>14.2</td><td>Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?</td><td>Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.</td></tr>
<tr><td>14.3</td><td>Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?</td><td>The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.</td></tr>
<tr><td colspan="3"><u>Communication with Shareholders</u></td></tr>
<tr><td rowspan="2">14.1
15.1
15.2
15.3
15.4</td><td>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</td><td>Communication with shareholders is managed by the Board. All announcements are released via SGXNET including the half-year and full-year financial results, distribution of notices, press releases, analyst briefings, presentations, announcement on acquisitions and other major developments. Price sensitive information to shareholders is publicly released on an immediate basis where required under the Catalist Rules. All shareholders will receive the annual report which will also be made available on the SGXNET.</td></tr>
<tr><td>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</td><td>In FY2016, the Company held 2 analyst briefings and 2 meetings with institutional and retail investors. The Company also has a dedicated external investor relations team by Waterbrooks Consultants Pte Ltd to facilitate communication with shareholders whose contact details are as follows:

Mr Wayne Koo Kim Heng and/or Ms Jean Yang Sook Chin

Tel: +65 6100 2228

Email: <u>wayne.koo@waterbrooks.com.sg</u> and/or
<u>jean@waterbrooks.com.sg</u></td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its external investor relations team by Waterbrooks Consultants Pte Ltd.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, the Board will review, *inter alia*, the Group's performance in the relevant financial periods, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.
	Is the Company paying dividends for the financial year? If not, please explain why.	There were no dividends proposed in respect of the FY2016 because of lower profit as compared to the corresponding financial year and such profit shall be retained for future investment as part of the Company's efforts to achieve long-term growth for the benefit of the shareholders.
CONDUCT OF SHAREHOLDER MEETINGS		
14.2 14.3 16.1 16.2 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Directors, including the chairman of each of the Board Committees, and the Management as well as the EA will be present at the AGM to address shareholders' queries. The Board will also engage in investor relations activities to allow the Company to engage shareholders as and when it deems necessary and appropriate. Shareholders can vote in person or appoint, unless they are relevant intermediaries, not more than two (2) proxies to attend and vote on their behalf. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies. Pursuant to Regulation 73 of the constitution of the Company, shareholders who are unable to vote in person at any general meeting may, at the discretion of the Directors, have the option of voting in absentia, including but not limited to voting by mail, electronic mail, or facsimile. The Company has practised having separate resolutions at a general meeting on each distinct issue. "Bundling" of resolutions will be kept to a minimum and will be done only where the resolutions are interdependent so as to form one significant proposal. Questions are always sought from the shareholders before the voting on any resolution. At the general meetings of the Company, shareholders are informed of the rules, including voting procedure before all resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. The Company will record minutes of all general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or the Management, and will make available the minutes of general meetings to shareholders upon request.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the Executive Chairman and CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational, compliance and information technology controls risks based on the following: • internal controls and the risk management system established and maintained by the Company; • works performed by the IA and EA; • assurance from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel.
1204(17)	Interested Persons Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Company has not obtained a general mandate from shareholders for IPTs. Ethoz Capital Ltd had provided a S$1 million term loan facility to Kin Xin Engineering Pte Ltd (a wholly owned subsidiary of the Company), which is secured jointly by corporate guarantee issued by the Company and a personal guarantee provided by Mr Chu Sau Ben, the Executive Chairman and CEO of the Company. The outstanding amount as at 31 December 2016 was S$386,364. No consideration was/will be paid to Mr Chu Sau Ben for the provision of the aforesaid personal guarantee.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, the Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor fees	In FY2016, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$2,500.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Libra Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

Opinion of the directors

In the opinion of the directors,

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

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

Directors

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

Chu Sau Ben
Yuen Sou Wai
Kong Chee Keong
Xu Ruibing
Soon Ai Kwang

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Chu Sau Ben	13,111,636	2,748,000	46,136,364	56,500,000
Xu Ruibing	574,800	574,800	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

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

Performance Share Plan

The Company has in place the Libra Performance Share Plan (the "Performance Share Plan") to eligible Directors and management of the Company. The committee administering the Performance Share Plan comprises three directors, Kong Chee Keong, Soon Ai Kwang and Yuen Sou Wai.

Since the commencement of the Performance Share Plan till the end of the financial year, no awards have been granted.

Internal controls

The Board of Directors and the Audit Committee have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the review conducted, the Board of Directors and the Audit Committee are of the opinion that the system of internal controls in place are adequate in meeting the current scope of the Group's business operations.

Audit committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

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

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

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

DIRECTORS' STATEMENT

Auditor

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

On behalf of the Board of Directors:

Chu Sau Ben
Director

Xu Ruibing
Director

Singapore
11 April 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIBRA GROUP LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Libra Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for projects – Revenue recognition and recoverability of contracts work-in-progress

The Group recognised revenue of $64,333,554 from construction contracts using the percentage of completion method for financial year ended 31 December 2016 and has gross amounts due from customers of $24,760,427 and gross amounts due to customers of $54,651 for contract work-in-progress at that date. The percentage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. The determination of total contract costs and recognition of variation orders require significant management judgement, which may have a material impact on the amounts of contract work-in-progress, contract revenues, costs and profits recognised during the year. Accordingly, we have identified this as a key audit matter.

We obtained an understanding and tested, on a sample basis, the key controls surrounding management's internal costing and budgeting processes in estimating contract revenues, costs and profit margins. For significant contracts, we checked the contract terms and conditions, the contractual sums and substantiation of project revenues and costs incurred against underlying documents. We reviewed the project files and discussed with management the progress of significant contracts to determine if there are any changes such as delays, penalties, overruns and disputes that could impact the estimated contractual costs such that it is probable that total contract costs will exceed total contract revenue and requires the recognition of foreseeable losses. We evaluated management's assumptions used in the estimation of costs to complete. Where there has been a significant change in management's estimates of such revenues, costs and profit margins, we enquired with management the rationale of such changes and compared against supporting documentation. We tested the mathematical accuracy of contract revenues, costs and profits based on the percentage of completion calculations.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIBRA GROUP LIMITED

Key audit matters (cont'd)

Accounting for projects – Revenue recognition and recoverability of contracts work-in-progress (cont'd)

We also reviewed management's assessment of the recoverability of related work-in-progress amounts and receivables by reviewing post year end cash receipts.

Information regarding the Group's revenue from construction contracts and contract work-in-progress is disclosed in Notes 4 and 14 to the financial statements.

Impairment assessment of trade receivables, outstanding loans and refundable deposits

The Group's trade receivables, third party loans and refundable advance amounted to $10,710,890, $1,111,375 and $1,128,114 respectively as of 31 December 2016 and were significant to the Group as they collectively represented 14.8% of the Group's total assets.

The collectability of receivables and loans is a key element of the Group's working capital management and is managed on an ongoing basis by management. For trade receivables, management sets credit limits for customers and approves such limits above certain thresholds where applicable. Given the nature of the Group's businesses, various terms in each contract are complex and can lead to disputes and therefore the Group's process to review its outstanding receivables, loans and refundable advance for impairment involves the use of significant management judgements and assumptions. Accordingly, we have identified this as a key audit matter.

We obtained an understanding of the Group's processes and related controls on the monitoring of trade receivables. We considered the ageing profile of outstanding receivables to identify collection risks. We performed procedures that include, amongst others, requesting confirmation from debtors and seeking evidence of post year end receipts for key debtors. We assessed management's assumptions used to evaluate the Group's trade receivables, loans and advances for impairment and to estimate the amount of impairment loss, where applicable, notably through discussions with management, analyses of ageing of outstanding receivables, assessment of significant overdue individual receivables and specific customer profile and risks.

Information regarding the Group's receivables, outstanding loans and refundable advance, and credit risk management process are disclosed in Notes 17 and 28(a) to the financial statements respectively.

Impairment assessment of investments in subsidiaries and goodwill

The Company has significant investments in subsidiaries, which amounted to $17,733,646 as at 31 December 2016. These investments form about 33.8% of the Company's total assets. The carrying amounts of these investments are disclosed in Note 12 to the financial statements respectively. The Group's goodwill arising from an acquisition of a subsidiary in financial year ended 31 December 2015 amounted to $979,799 as at 31 December 2016.

The performance of the subsidiaries are subject to the local market environment in which they operate in. Management monitors the performance of these entities and, where their performance drops below their expectation, an assessment for impairment is carried out. Goodwill is tested for impairment annually. The impairment assessments of the Company's investments in subsidiaries and the Group's goodwill involves significant judgment and estimation over their future business performance. As such, we have determined that this to be a key audit matter. The Group's accounting policy of investments is disclosed in Note 2.9 and 2.10 to the financial statements and the critical accounting estimates and judgements on investments applied by management are stated on Note 3 to the financial statements.

The impairment assessment required the management to make various assumptions about the expected future performance of the subsidiaries in estimating the cash flow forecasts used to determine the recoverable value of the investments and goodwill. We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking that the forecast were consistent with the previous management's forecasts, and compared previous forecasts to actual results. We assessed management's underlying assumptions used in the future cash flow forecasts, such as discount rates and growth rates, against historical data and recent trends. We also tested the mathematical accuracy of the underlying calculations. We engaged the help of our internal valuation specialist to assess the reasonableness of certain key assumptions used in the future cash flow forecasts such as growth rate, terminal growth rate and discount rate. We also performed sensitivity analysis on the key assumptions used.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIBRA GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Adrian Koh Hian Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
11 April 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(Amounts in Singapore dollars)

	Note	2016 $	2015 $
Revenue	4	80,872,637	90,208,190
Cost of sales		(65,528,237)	(72,876,785)
Gross profit		15,344,400	17,331,405
Other income	5	1,947,258	1,205,875
Other items of expenses			
Administrative expenses		(13,980,641)	(10,632,169)
Finance costs	6	(1,451,508)	(1,301,867)
Profit before tax	7	1,859,509	6,603,244
Income tax expense	8	(51,297)	(324,689)
Profit for the year		1,808,212	6,278,555
Attributable to:			
Owners of the Company		1,808,212	6,278,555
		1,808,212	6,278,555
Earnings per share (cents per share)			
Basic and diluted	9	1.54	5.32
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(9,305)	(40,677)
Total comprehensive income for the year		1,798,907	6,237,878
Attributable to:			
Owners of the Company		1,798,907	6,237,878
Total comprehensive income for the year		1,798,907	6,237,878

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

BALANCE SHEETS
AS AT 31 DECEMBER 2016

(Amounts in Singapore dollars)

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Assets					
Non-current assets					
Property, plant and equipment	10	37,011,968	29,622,856	18,576,232	9,566,213
Investment property	11	–	–	8,594,081	8,833,914
Investment in subsidiaries	12	–	–	17,733,646	16,633,646
Goodwill	12	979,799	882,781	–	–
Deferred tax assets	13	38,628	359,274	–	–
		38,030,395	30,864,911	44,903,959	35,033,773
Current assets					
Gross amount due from customers for contract work-in-progress	14	24,760,427	24,231,298	–	–
Asset held for sale	15	938,000	1,000,000	–	–
Inventories	16	3,134,955	3,417,704	–	–
Prepaid operating expenses		399,455	329,197	70,010	87,738
Trade and other receivables	17	16,150,434	18,976,715	6,850,030	7,280,131
Income tax recoverable		545,898	–	–	–
Cash and bank balances	18	3,396,439	6,698,918	578,066	788,419
		49,325,608	54,653,832	7,498,106	8,156,288
Total assets		87,356,003	85,518,743	52,402,065	43,190,061
Equity and liabilities					
Current liabilities					
Gross amount due to customers for contract work-in-progress	14	54,651	75,491	–	–
Loans and borrowings	19	22,649,059	21,723,288	2,244,687	1,297,128
Trade and other payables	20	14,131,469	17,943,068	12,437,574	9,934,977
Other liabilities	21	6,404,448	5,435,452	268,768	250,445
Income tax payable		163,284	746,206	–	–
		43,402,911	45,923,505	14,951,029	11,482,550
Net current assets/(liabilities)		5,922,697	8,730,327	(7,452,923)	(3,326,262)
Non-current liabilities					
Deferred tax liabilities	13	138,455	–	–	–
Loans and borrowings	19	19,484,171	16,241,185	17,882,949	11,751,457
		19,622,626	16,241,185	17,882,949	11,751,457
Total liabilities		63,025,537	62,164,690	32,833,978	23,234,007
Net assets		24,330,466	23,354,053	19,568,087	19,956,054
Equity attributable to owners of the Company					
Share capital	22(a)	18,393,204	18,393,204	18,393,204	18,393,204
Treasury shares	22(b)	(256,159)	(256,159)	(256,159)	(256,159)
Merger reserve	22(c)	(7,441,589)	(7,441,589)	–	–
Foreign currency translation reserve	23	(85,654)	(76,349)	–	–
Premium on acquisition of non-controlling interests	24	(355,109)	(355,109)	–	–
Retained earnings		14,075,773	13,090,055	1,431,042	1,819,009
Total equity		24,330,466	23,354,053	19,568,087	19,956,054
Total equity and liabilities		87,356,003	85,518,743	52,402,065	43,190,061

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(Amounts in Singapore dollars)

	Attributable to owners of the Company						
	Share capital $	Treasury shares $	Foreign currency translation reserve $	Merger reserve $	Premium on acquisition of non-controlling interests $	Retained earnings $	Total equity $
Group							
2016							
Opening balance at 1 January 2016	18,393,204	(256,159)	(76,349)	(7,441,589)	(355,109)	13,090,055	23,354,053
Profit for the year	–	–	–	–	–	1,808,212	1,808,212
Other comprehensive income							
Foreign currency translation	–	–	(9,305)	–	–	–	(9,305)
Total comprehensive income for the year	–	–	(9,305)	–	–	1,808,212	1,798,907
Contributions by and distributions to owners							
Dividend on ordinary shares (Note 31)	–	–	–	–	–	(822,494)	(822,494)
Total transactions with owners in their capacity as owners	–	–	–	–	–	(822,494)	(822,494)
Closing balance at 31 December 2016	18,393,204	(256,159)	(85,654)	(7,441,589)	(355,109)	14,075,773	24,330,466

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(Amounts in Singapore dollars)

	Attributable to owners of the Company						
	Share capital $	**Treasury shares** $	**Foreign currency translation reserve** $	**Merger reserve** $	**Premium on acquisition of non-controlling interests** $	**Retained earnings** $	**Total equity** $
Group							
2015							
Opening balance at 1 January 2015	17,393,304	–	(35,672)	(7,441,589)	(355,109)	8,242,727	17,803,661
Profit for the year	–	–	–	–	–	6,278,555	6,278,555
Other comprehensive income							
Foreign currency translation	–	–	(40,677)	–	–	–	(40,677)
Total comprehensive income for the year	–	–	(40,677)	–	–	6,278,555	6,237,878
Contributions by and distributions to owners							
Issuance of new ordinary shares pursuant to acquisition of a subsidiary	999,900	–	–	–	–	–	999,900
Purchase of treasury shares	–	(256,159)	–	–	–	–	(256,159)
Dividend on ordinary shares (Note 31)	–	–	–	–	–	(1,431,227)	(1,431,227)
Total transactions with owners in their capacity as owners	999,900	(256,159)	–	–	–	(1,431,227)	(687,486)
Closing balance at 31 December 2015	18,393,204	(256,159)	(76,349)	(7,441,589)	(355,109)	13,090,055	23,354,053

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

(Amounts in Singapore dollars)

	Share capital (Note 22(a)) $	Treasury shares (Note 22(b)) $	Retained earnings $	Total equity $
Company				
2016				
Opening balance at 1 January 2016	18,393,204	(256,159)	1,819,009	19,956,054
Profit for the year, representing total comprehensive income for the year	–	–	434,527	434,527
Contributions by and distributions to owners				
Dividend on ordinary shares (Note 31)	–	–	(822,494)	(822,494)
Total transactions with owners in their capacity as owners	–	–	(822,494)	(822,494)
Closing balance at 31 December 2016	18,393,204	(256,159)	1,431,042	19,568,087
2015				
Opening balance at 1 January 2015	17,393,304	–	1,473,226	18,866,530
Profit for the year, representing total comprehensive income for the year	–	–	1,777,010	1,777,010
Contributions by and distributions to owners				
Issuance of new ordinary shares pursuant to acquisition of a subsidiary	999,900	–	–	999,900
Purchase of treasury shares	–	(256,159)	–	(256,159)
Dividend on ordinary shares (Note 31)	–	–	(1,431,227)	(1,431,227)
Total transactions with owners in their capacity as owners	999,900	(256,159)	(1,431,227)	(687,486)
Closing balance at 31 December 2015	18,393,204	(256,159)	1,819,009	19,956,054

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

CONSOLIDATED CASH FLOWS STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

(Amounts in Singapore dollars)

	2016 $	2015 $
Operating activities		
Profit before tax	1,859,509	6,603,244
Adjustments for:		
Depreciation of property, plant and equipment	2,314,843	1,149,638
Allowance/(written-back) for doubtful trade receivables, net	1,463,025	(40,393)
Bad debt written off	23,100	32,064
Impairment of gross amount due from customers for contract work-in-progress	200,000	4,228
Loss/(gain) on disposal of property, plant and equipment, net	108,474	(38,626)
Inventories written off	4,253	17,646
Impairment of other receivables	400,000	–
Finance costs	1,451,508	1,301,867
Impairment of property, plant and equipment	4,148	–
Fair value loss on asset held for sale	62,000	20,129
Translation difference	(9,305)	(40,677)
	6,022,046	2,405,876
Operating cash flows before changes in working capital	7,881,555	9,009,120
Changes in working capital:		
Increase in gross amount due from customers for contract work-in-progress	(729,129)	(8,987,228)
Decrease in gross amount due to customers for contract work-in-progress	(20,840)	(91,382)
Decrease/(increase) in inventories	278,496	(1,729,414)
Increase in prepaid operating expenses	(70,258)	(101,897)
Decrease/(increase) in trade and other receivables	940,156	(5,394,151)
(Decrease)/increase in trade and other payables	(3,908,617)	4,846,859
Increase/(decrease) in other liabilities	968,996	(110,979)
Total changes in working capital	(2,541,196)	(11,568,192)
Cash flows generated from/(used in) operations	5,340,359	(2,559,072)
Interest paid	(1,451,508)	(1,301,867)
Income tax paid	(721,016)	(8,369)
Net cash flows generated from/(used in) operating activities	3,167,835	(3,869,308)
Investing activities		
Purchase of property, plant and equipment (Note 10)	(2,249,566)	(10,770,144)
Net cash outflow on acquisition of subsidiary (Note 12)	–	(299,790)
Proceeds from disposal of property, plant and equipment	54,035	89,114
Net cash flows used in investing activities	(2,195,531)	(10,980,820)
Financing activities		
Purchase of treasury shares	–	(256,159)
Proceeds from loans and borrowings	6,630,451	16,782,116
Repayments of loans and borrowings	(10,021,914)	(4,425,048)
Dividend paid on ordinary shares	(822,494)	(1,431,227)
Net cash flows (used in)/generated from financing activities	(4,213,957)	10,669,682
Net decrease in cash and cash equivalents	(3,241,653)	(4,180,446)
Cash and cash equivalents at 1 January	6,207,925	10,388,371
Cash and cash equivalents at 31 December (Note 18)	2,966,272	6,207,925

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

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

1. Corporation information

Libra Group Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 21 Ubi Road 1, #02-02, Singapore 408724.

The principal activity of the Company is an investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollars (SGD or $) except when otherwise indicated.

The financial statements of the Company have been prepared on the going concern basis notwithstanding that the Company's current liabilities exceeded its current assets by $7,452,923 (2015: $3,326,262) as the subsidiaries have agreed not to recall the amounts owed by the Company for at least twelve months from the date of this report.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvement to FRSs *(December 2016)*	
FRS 112 *Disclosure of Interests in Other Entities: Clarification of the scope of the Standard*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to* FRS *115 Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 28 *Measuring an Associate or Joint Venture at fair value*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
Amendments to FRS 102 *Classification and Measurement of Share-Based Payment Transactions*	1 January 2018
Amendments to FRS 104 *Applying* FRS *109 Financial Instruments with* FRS *104 Insurance Contracts*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale of Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis.

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

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

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

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

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

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

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

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

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) *Business combinations and goodwill (cont'd)*

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Foreign currency

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statement*

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

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment

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

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Building	10 to 37
Computers	3
Furniture and fittings	5
Motor vehicles	10
Office equipment	5
Renovation	5
Factory equipment	10
Plant and machinery	5 to 10

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

Fully depreciated assets are retained in the accounts until they are no longer in use.

2.7 Investment properties

Investment property is a property that is either owned by the Company or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment property is initially measured at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment property held by the Company is a leasehold property with remaining lease term of 36 years (2015: 37 years). Depreciation on leasehold property is computed using the straight-line method to allocate their depreciable amount over the remaining lease term.

The carrying value of investment property is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.7 Investment properties (cont'd)

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. When cost model is adopted, transfers of property do not change the carrying amount of the property transferred and the cost of the property remain unchanged for measurement or disclosure purposes.

2.8 Assets held for sale

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of acquisition.

Property, plant and equipment once classified as held for sale are not depreciated.

2.9 Impairment of non-financial assets

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

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

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

2.10 Subsidiaries

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

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

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

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

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

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

2.13 Cash and cash equivalents

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

2.14 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively in accordance to surveyor's certification or by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

2. Summary of significant accounting policies (cont'd)

2.14 Construction contracts (cont'd)

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on average cost basis.
- Finished goods and works-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.16 Provisions

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

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

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.20 Leases

(a) *As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d). Contingent rents, if any, are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Construction revenue*

Revenue from construction contracts is recognised using the percentage of completion method when the outcome of the construction contracts can be reliably estimated. Please refer to Note 2.14 to the financial statements for more details.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue (cont'd)

(b) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) *Sale of scrap materials*

Revenue from sales of scrap materials is recognised upon the transfer of significant risk and rewards of ownership of the scrap materials to the customer, usually on delivery of scrap materials.

(d) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recogised as a reduction of rental income over the lease term on a straight-line basis.

(e) *Service income*

Service income is recognised when the services are rendered to customers.

(f) *Interest income*

Interest income is recognised using the effective interest method.

2.22 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

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

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

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

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

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

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

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

(c) *Sales tax*

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

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

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

2.23 Share capital and share issuance expenses

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

2.24 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. Summary of significant accounting policies (cont'd)

2.25 Segment reporting

For management purposes, the Group is organised into operating segments 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 report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. Significant accounting estimates and judgements

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes

Significant judgment is involved in determining the Group-wide provision for income taxes. There are 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. Where 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.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

3. Significant accounting estimates and judgements (cont'd)

3.1 Judgements made in applying accounting policies (cont'd)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

3.2 Key sources of estimation uncertainty

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

(a) *Construction contracts and revenue recognition*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date to the estimated total contract costs.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experience of similar projects and the knowledge of the project engineers.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 14 to the financial statements.

If the estimated total contract cost of major projects had been 5% higher/lower than management's estimate, the carrying amount of the net assets arising from major construction contracts would have been lower/higher by $1,109,891 (2015: $396,793). If the total contract sum of major projects as at balance sheet date had been 5% higher/lower than management's estimate, the Group's revenue would have been higher/lower by $1,079,975 (2015: $1,584,357).

(b) *Useful lives of plant and equipment*

All items of property, plant and equipment are depreciated on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 37 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual value of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's and the Company's property, plant and equipment at the end of the reporting period is disclosed in Note 10 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 6% (2015: 0.7%) variance in the Group's profit for the year.

(c) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) *Impairment of loans and receivables (cont'd)*

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 17 to the financial statements. If the present value of estimated future cash flows decrease/increase by 20% from management's estimates, the Group's allowance for impairment will increase/decrease by approximately $1,079,975 (2015: $1,584,357).

(d) *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The determination of indicators of impairment requires judgement.

4. Revenue

	Group	
	2016	**2015**
	$	$
Construction revenue	66,611,331	73,622,657
Sale of goods	14,261,306	16,585,533
	80,872,637	90,208,190

5. Other income

	Group	
	2016	**2015**
	$	$
Recovery of bad debts	–	174,627
Write-back of allowance for doubtful debts	23,998	77,728
Sale of scrap materials	228,593	180,493
Gain on disposal of property, plant and equipment	–	38,626
Compensation of legal claims	–	350,000
Rental income	952,956	270,678
Service income	332,874	–
Interest income from loans to external parties	47,297	40,243
Interest income from cash at bank	5,014	36,154
Government grant income	302,294	33,262
Compensation for liquidated damages	53,050	–
Others	1,182	4,064
	1,947,258	1,205,875

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

6. Finance costs

	Group	
	2016	**2015**
	$	$
Interest expense on:		
– Trust receipts	354,197	333,046
– Obligations under finance leases	14,331	16,303
– Term loans	513,973	461,518
– Factoring charges	195,760	129,845
– Mortgage loans	373,247	355,034
Bank charges	–	6,121
	1,451,508	1,301,867

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2016	**2015**
	$	$
Audit fees:		
– Auditors of the Group	200,000	200,000
Non-audit fees:		
– Auditors of the Group	45,000	45,000
Depreciation of property, plant and equipment (Note 10)	2,314,843	1,149,638
Impairment of other receivables	400,000	–
Impairment of gross amount due from customers for contract work-in-progress	200,000	4,228
Allowance/(Write-back of) for doubtful trade receivables, net	1,463,025	(40,393)
Bad debt written off	23,100	32,064
Inventories written off	4,253	17,646
Fair value loss on asset held for sale (Note 15)	62,000	20,129
Loss on disposal of property, plant and equipment	108,474	–
Property, plant and equipment written off	–	24,302
Operating lease expense (Note 26(b))	2,400,560	2,545,604
Legal expenses	236,928	206,702
Foreign exchange (gain)/loss, net	(107,169)	321,168
Employee benefits expenses (including directors' remuneration):		
– Salaries, wages and bonuses	17,308,602	13,592,372
– Central provident fund contributions	756,423	581,623
– Foreign worker levy	3,850,540	3,132,511
– Other short-term employee benefits	2,288,907	2,139,465

8. Income tax expense

Major components of income tax expense

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

	Group	
	2016	**2015**
	$	$
Current income tax		
– Current year income tax expense	177,886	701,084
– Over provision of income tax in respect of previous years	(585,690)	(17,121)
	(407,804)	683,963
Deferred income tax (Note 13)		
– Origination and reversal of temporary differences	459,101	259,942
– Under recognition of deferred tax asset in respect of previous years	–	(619,216)
	459,101	(359,274)
Income tax expense recognised in profit or loss	51,297	324,689

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	Group	
	2016	**2015**
	$	$
Profit before tax	1,859,509	6,603,244
Tax at the domestic rates applicable to profit in the countries where the Group operates	319,180	1,122,552
Adjustments:		
Non-deductible expenses	410,025	181,123
Income not subject to tax	(19,122)	(11,196)
Effect of partial tax exemption and tax deduction	(66,824)	(81,787)
Deferred tax asset not recognised	–	–
Benefits from previously unrecognised tax losses	–	(243,927)
Over provision in respect of previous years	(585,690)	(636,337)
Others	(6,272)	(5,739)
Income tax expense recognised in profit or loss	51,297	324,689

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2016

9. Earnings per share

Basic earnings per share are calculated by dividing the Group's profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2016	**2015**
	$	$
Profit for the year attributable to owners of the Company	1,808,212	6,278,555
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	117,499,100	117,973,986

Since the end of the financial year, there has been no transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

10. Property, plant and equipment

Group	Assets under construction $	Building $	Computers $	Furniture and fittings $	Motor vehicles $	Office equipment $	Renovation $	Factory equipment $	Plant and machinery $	Total $
Cost:										
At 1 January 2015	16,474,600	–	307,913	33,256	1,477,999	105,086	35,592	248,432	2,983,225	21,666,103
Acquisition of a subsidiary (Note 12)	–	918,629	10,349	1,990	52,917	1,237	4,078	–	2,300	991,500
Additions	1,296,350	7,124,068	337,358	68,789	336,892	133,651	427,578	59,600	1,227,947	11,012,233
Disposals	–	–	–	–	(57,905)	–	–	–	(2,680)	(60,585)
Write-off	–	–	(5,425)	(4,737)	(16,090)	(7,412)	(20,880)	(3,425)	–	(57,969)
Reclassified to asset held for sale (Note 15)	–	(1,020,129)	–	–	–	–	–	–	–	(1,020,129)
At 31 December 2015 and 1 January 2016	17,770,950	7,022,568	650,195	99,298	1,793,813	232,562	446,368	304,607	4,210,792	32,531,153
Additions	8,472,293	125,000	47,476	35,185	223,765	22,035	148,216	59,626	737,016	9,870,612
Disposals	–	–	–	–	(253,248)	(50,495)	–	(21,968)	(84,543)	(410,254)
Write-off	–	–	(23,242)	–	–	–	(9,190)	–	–	(32,432)
Impairment	–	–	–	–	–	–	–	–	(4,148)	(4,148)
At 31 December 2016	26,243,243	7,147,568	674,429	134,483	1,764,330	204,102	585,394	342,265	4,859,117	41,954,931
Accumulated depreciation:										
At 1 January 2015	–	–	142,790	15,158	530,621	49,186	16,385	68,022	980,261	1,802,423
Depreciation charge for the year	39,084	536,446	132,171	10,731	148,057	25,494	32,998	25,046	199,611	1,149,638
Disposals	–	–	–	–	(8,013)	–	–	–	(2,084)	(10,097)
Write-off	–	–	(5,041)	(2,761)	(8,715)	(6,045)	(10,134)	(971)	–	(33,667)
At 31 December 2015 and 1 January 2016	39,084	536,446	269,920	23,128	661,950	68,635	39,249	92,097	1,177,788	2,908,297
Depreciation charge for the year	238,945	1,082,871	187,282	21,416	164,381	42,948	114,732	31,696	430,572	2,314,843
Disposals	–	–	–	–	(145,082)	(36,210)	–	(9,178)	(57,275)	(247,745)
Write-off	–	–	(23,242)	–	–	–	(9,190)	–	–	(32,432)
At 31 December 2016	278,029	1,619,317	433,960	44,544	681,249	75,373	144,791	114,615	1,551,085	4,942,963
Net carrying amount:										
At 31 December 2015	17,731,866	6,486,122	380,275	76,170	1,131,863	163,927	407,119	212,510	3,033,004	29,622,856
At 31 December 2016	25,965,214	5,528,251	240,469	89,939	1,083,081	128,729	440,603	227,650	3,308,032	37,011,968

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

10. Property, plant and equipment (cont'd)

Company	Assets under construction $	Computers $	Furniture and fittings $	Office equipment $	Renovation $	Total $
Cost:						
At 1 January 2015	16,474,600	8,988	–	–	–	16,483,588
Additions	1,700,021	17,500	14,380	2,707	246,525	1,981,133
Transfer to investment property (Note 11)	(8,873,886)	–	–	–	–	(8,873,886)
At 31 December 2015 and 1 January 2016	9,300,735	26,488	14,380	2,707	246,525	9,590,835
Additions	9,067,936	3,770	–	–	–	9,071,706
At 31 December 2016	18,368,671	30,258	14,380	2,707	246,525	18,662,541
Accumulated depreciation:						
At 1 January 2015	–	250	–	–	–	250
Depreciation charge for the year	–	2,996	1,198	226	19,952	24,372
At 31 December 2015 and 1 January 2016	–	3,246	1,198	226	19,952	24,622
Depreciation charge for the year	–	9,534	2,397	451	49,305	61,687
At 31 December 2016	–	12,780	3,595	677	69,257	86,309
Net carrying amount:						
At 31 December 2015	9,300,735	23,242	13,182	2,481	226,573	9,566,213
At 31 December 2016	18,368,671	17,478	10,785	2,030	177,268	18,576,232

Assets under construction

Assets under construction relate to leasehold land and building located at 53 Loyang Drive Singapore 508957.

Assets held under finance lease

During the financial year, the Group acquired plant and equipment with an aggregate cost of $247,665 (2015: $242,089) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $2,249,566 (2015: $10,770,144).

The carrying amount of plant and equipment held under finance leases at the end of the reporting period were as follows:

	Group 2016 $	Group 2015 $
Motor vehicles	809,581	743,605
Plant and machinery	40,675	310,514
	850,256	1,054,119

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and building under construction with a carrying amount of $25,965,213 (2015: $17,731,866) are mortgaged to secure the Group's loans and borrowings (Note 19).

11. Investment property

	Company 2016 $	Company 2015 $
Cost		
At 1 January	8,873,886	–
Transfer from property, plant and equipment (Note 10)	–	8,873,886
At 31 December	8,873,886	8,873,886
Accumulated depreciation		
At 1 January	39,972	–
Depreciation charge for the year	239,833	39,972
At 31 December	279,805	39,972
Net carrying amount	8,594,081	8,833,914

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Transfer from property, plant and equipment

In the previous year, the Company transferred a leasehold industrial building that was held as owner-occupied property to investment property. On that date, the Company has commenced using the leasehold industrial building for subsidiary occupancy purposes.

The investment property held by the Company as at 31 December 2016 is as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
4-storey single-user industrial building at 53 Loyang Drive	Factory	Leasehold	36 years

Assets pledged as security

The Company's investment property with net carrying amount of $8,594,081 (2015: $8,833,914) is mortgaged to secure the Group's loans and borrowings (Note 19).

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

12. Investment in subsidiaries

	Company 2016 $	Company 2015 $
Shares, at cost		
At 1 January	16,633,646	12,633,746
Issuance of shares for acquisition of subsidiary	–	999,900
Addition	1,100,000	3,000,000
At 31 December	17,733,646	16,633,646

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2016 %	Proportion of ownership interest 2015 %
Kin Xin Engineering Pte. Ltd. ("Kin Xin") (1)	Singapore	Contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems	100	100
Libra Engineering Pte. Ltd. ("Libra Engineering") (1)	Singapore	Manufacturing and sale of ACMV ducts and trading of ACMV related products	100	100
Libra Building Construction Pte. Ltd. ("Libra Building") *(formerly known as "Ai-Build Pte. Ltd.")* (1)	Singapore	General contractors for building construction including major upgrading works	100	100
Cyber Builders Pte. Ltd. ("Cyber") (1)	Singapore	General contractors for building construction including major upgrading works	100	100
Libra Engineering Sdn. Bhd. ("Libra Malaysia") (2)	Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products	100	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

Acquisition of Cyber

On 16 March 2015 (the "acquisition date"), the Company has entered into a sale and purchase agreement with an independent party, Mr Kong Ong Sing (the "vendor"), to acquire 100% of the share capital of Cyber. Upon the acquisition, Cyber became a subsidiary of the Group.

The Group has acquired Cyber in order to strengthen its position as a leading construction firm in Singapore and to increase the construction contract value which the Group will be able to tender with Cyber's B1-grade classification.

12. Investment in subsidiaries (cont'd)

The fair value of the identifiable assets and liabilities of Cyber as at the acquisition date were:

	Fair value recognised on acquisition $
Property, plant and equipment	991,500
Trade and other receivables	3,014,852
	4,006,352
Trade and other payables	(2,847,328)
Loan and borrowings	(2,217,796)
Bank overdraft	(299,790)
	(5,364,914)
Total identifiable net liabilities acquired	(1,358,562)
Goodwill arising from acquisition	979,799
	(378,763)
Consideration transferred for the acquisition of Cyber	
Equity instruments issued (4,545,000 new ordinary shares of Libra Group Limited)	999,900
Cash settlement	223,189
Consideration transferred	1,223,089
Less: Purchase consideration adjustment	(1,601,852)
Net consideration	(378,763)
Effect of the acquisition of Cyber on cash flows	
Consideration settled in cash	–
Less: Bank overdraft of subsidiary acquired	(299,790)
Net cash outflow on acquisition	(299,790)

Equity instruments issued as part of consideration transferred

In connection with the acquisition of 100% equity interest in Cyber, Libra Group Limited issued 4,545,000 ordinary shares with a fair value of $0.22 each. The fair value of these shares is the published price of the shares at the acquisition date.

Trade and other receivables acquired

Trade and other receivables acquired comprise of trade receivables, progress billings receivables from the completion of projects and tender deposits refundable for projects. Their amounts are $655,468, $2,099,091 and $260,293 respectively.

Purchase consideration adjustment

At the acquisition date, $1,601,852 of the contractual cash flows pertaining to progress billings receivables are not expected to be collected and it has been adjusted against the purchase consideration for the acquisition of Cyber. In accordance to the supplementary agreement, the amount is claimable from the vendor and to be settled in cash.

Accounting of the acquisition of Cyber

The Group has engaged an independent professional valuer to perform a Purchase Price Allocation ("PPA"). As at 31 December 2015, the goodwill arising from the acquisition of Cyber has been determined on a provisional basis as the identification of the intangible assets by the independent valuer has not been received by the date the financial statements was authorised for issue. As at 31 December 2016, the goodwill arising from the acquisition of Cyber has been determined to be $979,799.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

13. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2016	2015	2016	2015
	$	$	$	$
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(138,455)	–	138,455	–
Deferred tax assets:				
Unutilised capital allowances	38,628	359,274	320,646	(359,274)
	(99,827)	359,274	459,101	(359,274)

14. Gross amount due from/(to) customers for contract work-in-progress

	Group	
	2016	2015
	$	$
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	193,074,476	141,456,343
Less: Progress billings	(168,368,700)	(117,300,536)
	24,705,776	24,155,807
Presented as:		
Gross amount due from customers for contract work-in-progress	24,760,427	24,231,298
Gross amount due to customers for contract work-in-progress	(54,651)	(75,491)
	24,705,776	24,155,807
Retention sums on construction contracts included in gross amount due from customers for contract work-in-progress	5,760,896	4,584,643
Retention sums on construction contracts included in trade receivables	–	13,875

15. Asset held for sale

	Group 2016 $	Group 2015 $
Balance sheet:		
At 1 January	1,000,000	–
Transfer from property, plant and equipment (Note 10)	–	1,020,129
Fair value loss adjustment recognised in profit or loss	(62,000)	(20,129)
At 31 December	938,000	1,000,000

The property classified as asset held for sale comprises a ramp-up factory unit located at Ang Mo Kio Street 62. There is an option to purchase which is accepted and signed by the purchaser on 16 December 2016. The option was exercised and the sale was completed on 9 March 2017.

Valuation of asset held for sale

Asset held for sale is stated at fair value, which has been determined based on the purchase option price stated in the option to purchase.

16. Inventories

	Group 2016 $	Group 2015 $
Balance sheet:		
Raw materials (at cost)	2,201,399	2,568,076
Work-in-progress (at cost)	168,039	231,354
Finished goods (at cost)	765,517	618,274
	3,134,955	3,417,704
Income statement		
Inventories recognised as an expense in cost of sales	9,337,469	33,535,261
Inclusive of the following charge:		
– Inventories written-down	4,253	17,646

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

17. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables	10,710,890	12,898,699	–	–
GST receivable	452,236	114,965	350,239	114,965
Refundable deposits	469,202	1,231,692	59,658	141,363
Refundable advance	1,128,114	1,108,770	1,128,114	1,108,770
Staff loans	615,000	715,000	–	–
Loans to external parties	1,111,375	1,131,618	–	–
Other receivables	1,663,617	1,775,971	79,800	80
Amounts due from subsidiaries	–	–	5,232,219	5,914,953
	16,150,434	18,976,715	6,850,030	7,280,131
Add:				
Cash and bank balances (Note 18)	3,396,439	6,698,918	578,066	788,419
Less:				
GST receivables	(452,236)	(114,965)	(350,239)	(114,965)
Total loans and receivables	19,094,637	25,560,668	7,077,857	7,953,585

Refundable advance

On 20 November 2015, the Company entered into an option agreement with Neptune Aviation Ltd ("Neptune Aviation") to acquire an option for a consideration of US$1 to purchase 20% shareholdings in Neptune Aviation for a consideration of $1,128,114 (2015: $1,108,770) (US$780,000)("Option Exercise Price"). The option may be exercised by the Company at any time from the date of the option agreement to the date falling one year from the date of the option agreement or six months from the date of the extraordinary general meeting of the shareholders of the company in relation to the exercise of the option, whichever is the later.

The Company has transferred the Option Exercise Price to Neptune Aviation as an advance on a fully refundable basis. The advance was utilised by Neptune Aviation for the financing of its plane acquisition. Upon termination of the option agreement, Neptune Aviation shall refund the advance in full and in cash to the Company.

The option agreement was terminated on 19 November 2016. The advance is secured by a plane and the fair value of the collateral ranges from US$2,200,000 to US$4,200,000 based on publicly available information. An interest rate of 10% will be charged on the outstanding balances from the repayment date.

Staff loans

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Loan to external parties

The Group extended unsecured loans with outstanding balances of $220,000 and $891,375 (2015: $212,500 and $919,118) to two external parties at an interest rate of 15% and 8% (2015: 15% and 8%) respectively and these amounts are repayable in cash within 12 months.

17. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are denominated in SGD and MYR.

Trade receivables denominated in foreign currency at 31 December is as follows:

	Group	
	2016	**2015**
	$	$
Malaysian Ringgit	2,335,745	–

Receivables that are past due but not impaired

The Group has receivables amounting to $6,298,683 (2015: $4,125,670) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016	**2015**
	$	$
Receivables past due but not impaired:		
Lesser than 30 days	3,034,711	2,192,677
30 to 90 days	1,680,780	599,439
More than 90 days	1,583,192	1,333,554
	6,298,683	4,125,670

Receivables that are impaired

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

	Group	
	2016	**2015**
	$	$
Trade receivables – nominal amounts	1,510,592	175,951
Less: Allowance for impairment	(1,510,592)	(175,951)
	–	–
Movement in allowance accounts:		
At 1 January	175,951	301,192
Charge for the year	1,463,025	37,335
Written back during the year	(23,998)	(77,728)
Effect of GST relief on bad debts written-off	2,716	5,823
Written-off	(107,102)	(90,671)
At 31 December	1,510,592	175,951

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

17. Trade and other receivables (cont'd)

Other receivables

Other receivables are non-trade in nature, unsecured, non-interest bearing and payable upon demand.

Amounts due from subsidiaries

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

18. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cash at banks and on hand	2,591,669	5,896,918	74,052	286,419
Fixed deposits	804,770	802,000	504,014	502,000
	3,396,439	6,698,918	578,066	788,419

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Fixed deposits are made for varying periods depending on the immediate cash requirements of the Group and Company. The weighted average effective interest rates as at 31 December 2016 for the Group and the Company were 0.34% (2015: 0.34%) and 0.4% (2015: 0.4%) respectively.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group	
	2016	2015
	$	$
United States Dollar	14,803	341
Malaysian Ringgit	79,458	11,257

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

	Group	
	2016	2015
	$	$
Cash and bank balances	3,396,439	6,698,918
Bank overdraft (Note 19)	(430,167)	(490,993)
Cash and cash equivalents	2,966,272	6,207,925

19. Loans and borrowings

	Maturity	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Current:					
Trust receipts	90-150 days	10,444,080	12,613,287	–	–
Factoring loans	30-90 days	244,484	692,374	–	–
Obligations under finance lease (Note 26(c))	2017	253,861	272,390	–	–
Term loans	2017	10,397,268	6,948,248	1,365,488	591,132
Mortgage loan	2017	707,274	705,996	707,274	705,996
Construction loan	2017	171,925	–	171,925	–
Bank overdraft		430,167	490,993	–	–
		22,649,059	21,723,288	2,244,687	1,297,128
Non-current:					
Obligations under finance lease (Note 26(c))	2020	326,111	380,907	–	–
Term loan	2018-2020	1,275,111	4,474,309	–	365,488
Mortgage loan	2029	10,677,293	11,385,969	10,677,293	11,385,969
Construction loan	2032	7,205,656	–	7,205,656	–
		19,484,171	16,241,185	17,882,949	11,751,457
Total loans and borrowings		42,133,230	37,964,473	20,127,636	13,048,585

Trust receipts

Trust receipts are denominated in SGD and bear interest of 2.50 % to 7.25% per annum (2015: 3.66% to 7.25% per annum). Trust receipts are secured by corporate guarantees issued by the Company.

Factoring loans

Factoring loans are denominated in SGD, bear interest of 2.87% to 3.25% per annum (2015: 1.42% to 7.38% per annum) and secured by corporate guarantee issued by the Company and certain entities in the Group.

Obligations under finance leases

The obligations are secured by a charge over the leased assets (Note 10). The discount rates implicit in the leases range from 3.17% to 7.49% per annum (2015: 1.58% to 5.50% per annum).

Term loans

Term loans are repayable by monthly instalments over one to twelve years and bear interest of 1.68% to 6.30% per annum (2015: 1.35% to 7.30% per annum). Certain term loans are secured by corporate guarantee issued by the Company and certain entities in the Group, as well as joint and personal guarantees from a director.

In addition to the basic loan terms and specific clauses defining default events, these term loans also include an overriding clause which gives the lenders the right to review the loans from time to time at their sole discretion. Upon review of these term loans, the lenders have the right to review, vary, reduce or terminate the facilities. Callable term loans should be classified as current in their entirety in the balance sheet as the borrowers do not have the unconditional right as at the reporting date to defer settlement for at least twelve months after the reporting date. As such, these term loans were classified as current liabilities, even though they are not scheduled for repayment within twelve months after the reporting date based on the scheduled repayment dates in the loan facility agreements.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

19. Loans and borrowings (cont'd)

Mortgage loan & Construction loan

Mortgage loan is repayable by monthly instalments over fifteen years from the date of first drawdown. The interest of first year of the loan is 2.00% per annum over the prevailing 3-month bank's Cost of Fund ("COF") and from second year onwards, the interest of the loan is set at 1.88% per annum over the prevailing 3-month bank's COF.

The construction loan is available for drawdown up to fifteen months from the date of acceptance of the facility letter. The construction loan shall be fully repaid within 195 months from the date of first drawdown. The interest is 1.875% per annum over the Bank's Cost of Fund ("COF") or 1.875% per annum over the applicable SWAP offer Rate as determined by the Bank on the day of transaction, whichever is higher.

The loans are secured by:

(i) a corporate guarantees issued by certain entities in the Group;

(ii) a first legal mortgage over the leasehold land and building at 53 Loyang Drive, Singapore 508957 (the "Property"); and

(iii) a legal assignment of rental proceeds or charge over rental account to be executed of all current and future rental income of the Property in favor of the financial institution.

20. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade payables	9,923,213	14,762,921	–	–
Interest payable	–	47,120	–	–
GST payables	619,752	398,721	–	–
Retention payables	2,229,377	1,590,714	–	–
Other payables	1,359,127	1,143,592	228,989	184,158
Amounts due to subsidiaries	–	–	12,208,585	9,750,819
	14,131,469	17,943,068	12,437,574	9,934,977
Add:				
Loans and borrowings (Note 19)	42,133,230	37,964,473	20,127,636	13,048,585
Other liabilities (Note 21)	6,404,448	5,435,452	268,768	250,445
Less:				
GST payables	(619,752)	(398,721)	–	–
Total financial liabilities carried at amortised costs	62,049,395	60,944,272	32,833,978	23,234,007

Trade and other payables

These amounts are non-interest bearing and are normally settled on 30 to 60 days' terms.

Trade payables denominated in foreign currencies as at 31 December are as follows:

	Group	
	2016	2015
	$	$
United States Dollar	1,521,506	1,446,603
Malaysian Ringgit	38,352	50,698

19. Loans and borrowings (cont'd)

Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash. Amounts due to subsidiaries are denominated in SGD.

Purchases from subsidiaries are made at terms equivalent to those prevailing in arm's length transactions with third parties.

21. Other liabilities

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Accrued salaries and bonuses	1,819,954	1,323,852	162,909	80,866
Accrued operating expenses	4,584,494	4,111,600	105,859	169,579
	6,404,448	5,435,452	268,768	250,445

22. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2016		**2015**	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January	119,269,000	18,393,204	114,724,000	17,393,304
Issuance of new ordinary shares pursuant to acquisition of a subsidiary (Note 12)	–	–	4,545,000	999,900
At 31 December	119,269,000	18,393,204	119,269,000	18,393,204

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) *Treasury shares*

	Group and Company			
	2016		**2015**	
	No. of shares	$	No. of shares	$
At 1 January	(1,769,900)	(256,159)	–	–
Acquired during the financial year	–	–	(1,769,900)	(256,159)
At 31 December	(1,769,900)	(256,159)	(1,769,900)	(256,159)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

In the previous year, the Company acquired 1,769,900 shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $256,159 and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2016

22. Share capital and treasury shares (cont'd)

(c) *Merger reserve*

In prior years, the Company had acquired Kin Xin Engineering Pte Ltd and Libra Engineering Pte Ltd. On applying the pooling of interest method in accounting for this business combination, the difference between the consideration and the share capital of the subsidiaries acquired is recorded as merger reserve.

23. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

24. Premium paid on acquisition of non-controlling interests

This represents the difference between consideration paid and the carrying value of additional non-controlling interests acquired.

25. Related party transactions

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

(a) *Sales and purchase of goods and services*

	Company	
	2016	**2015**
	$	$
Dividend income from subsidiaries	2,500,000	4,103,024
Management fee from subsidiaries	2,290,063	2,457,167
Rental income from subsidiaries	925,853	64,449
Interest income from subsidiaries	2,014	104,553

25. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group 2016 $	Group 2015 $
Short-term employee benefits	3,978,801	2,502,275
Central provident fund contributions	196,653	139,123
	4,175,454	2,641,398
Comprises amounts paid to:		
Directors of the Company	1,013,156	1,555,408
Other key management personnel	3,162,298	1,085,990
	4,175,454	2,641,398

(c) *Personal guarantees by directors*

The Company and one of its directors have provided a joint guarantee to a financial institution to secure loans and borrowings amounting to $1,000,000 taken by a subsidiary. As at 31 December 2016, the outstanding balance is $386,364 (2015: $717,670).

26. Commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group 2016 $	Group 2015 $
Capital commitments in respect of property, plant and equipment	–	921,121

(b) *Operating lease commitments – as lessee*

The Group has entered into commercial leases for the rental of office equipment, factory equipment, office premises, motor vehicles and staff accommodation for foreign workers. These leases have an average life of between one to five years. There are no restrictions placed upon the Group by entering into these leases.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2016 amounted to $2,400,560 (2015: $2,545,604).

Future minimum lease payments payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	Group 2016 $	Group 2015 $
Not later than one year	1,147,885	869,135
Later than one year but not later than five years	1,552,628	815,872
	2,700,513	1,685,007

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

26. Commitments (cont'd)

(c) *Operating lease commitments – as lessor*

The Group has entered into commercial leases for the rental of dormitory for foreign workers. These non-cancellable leases have an average life of between one to five years.

Future minimum lease payments payable under non-cancellable operating leases as at the end of the reporting period are as follows:

	Group	
	2016	2015
	$	$
Not later than one year	437,034	686,106
Later than one year but not later than five years	4,800	400,229
	441,834	1,086,335

(d) *Finance lease commitments*

The Group has finance leases for certain items of plant and equipment. These leases have terms of purchase options.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2016		2015	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	$	$	$	$
Not later than one year	271,596	253,860	283,400	272,390
Later than one year but not later than five years	344,033	326,112	411,564	380,907
Total minimum lease payments	615,629	579,972	694,964	653,297
Less: Amounts representing finance charges	(35,657)	–	(41,667)	–
Present value of minimum lease payments	579,972	579,972	653,297	653,297

27. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date.

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

27. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value*

	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Total $
2016				
Non-financial asset				
Asset held for sale	938,000	–	–	938,000
2015				
Non-financial asset				
Asset held for sale	–	–	1,000,000	1,000,000

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

The Group transferred an asset held for sale from Level 3 to Level 1 of the fair value hierarchy. The carrying amount of the non-financial assets transferred was $938,000 (2015: $1,000,000). During the financial year, the Group recognised loss from fair value adjustments of asset held for sale which amounted to $62,000 (2015: $20,129).

The asset held for sale was transferred from Level 3 into Level 1 as there was a purchase agreement signed on 16 December 2016 and the sale was completed on 9 March 2017. In prior year, the fair value of the asset held for sale was determined using valuation model incorporating significant non market-observable inputs. As the asset held for sale was disposed subsequently, the fair value is determined based on market price.

The following is a description of the valuation techniques and inputs used in 2015 for the fair value measurement for the asset held for safe which is categorised within Level 3 of the fair value hierarchy:

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurement of asset held for sale using significant unobservable inputs (Level 3).

Description	Fair value as at 31 December 2015 $	Valuation techniques	Unobservable Inputs *	Range
Non-financial asset:				
Asset held for sale (Note 15)	1,000,000	Market comparable approach	Yield adjustments based on management's assumptions*	10% to 20%

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

27. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

For asset held for sale, a significant increase/(decrease) in yield adjustments based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions
	Carrying amount	**Profit or loss**
	$	$
Non-recurring fair value measurements		
Asset held for sale	1,000,000	50,000

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

The Group adjusted the yield adjustments based on management's assumption by increasing and decreasing the adjustments by 5% depending on nature, location or condition of the specific property.

(ii) Movements in Level 3 assets measured at fair value

During the previous financial year, the Group recognised loss from fair value adjustments of asset held for sale which amounted to $20,129.

(iii) Valuation policies and procedures

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, Management reports to the Group's Audit Committee.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

27. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

(iii) Valuation policies and procedures (cont'd)

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

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

	Group 2016				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Carrying amount**
Assets:					
Staff loans	–	–	525,089	525,089	615,000
Loans to external parties	–	–	1,100,882	1,100,882	1,111,375
Liabilities:					
Loans and borrowings – Obligations under finance leases (Note 26 (c))	–	–	580,316	580,316	579,972

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

27. Fair value of assets and liabilities (cont'd)

(c) *Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)*

	Group 2015				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
Assets:					
Staff loans	–	–	702,988	702,988	715,000
Loans to external parties	–	–	1,154,347	1,154,347	1,131,618
Liabilities:					
Loans and borrowings					
– Obligations under finance leases (Note 26 (c))	–	–	643,466	643,466	653,297

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

Current trade and other receivables and payables (Note 17 and 20), Cash and bank balances (Note 18) and Other liabilities (Note 21).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature.

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

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2016		2015	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial assets:				
Trade and other receivables				
Staff loans (Note 17)	615,000	525,089	715,000	702,988
Loans to external parties (Note 17)	1,111,375	1,100,882	1,131,618	1,154,347
Financial liabilities:				
Loan and borrowings				
– Obligations under finance leases (Note 26(c))	579,972	580,316	653,297	655,447

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of borrowing arrangements at the end of the reporting period.

28. Financial risk management policies and objectives

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the years under review, the Group's policy that no derivatives shall be undertaken. The Group does not apply hedge accounting.

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

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's maximum exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, which is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

<u>Credit risk concentration profile</u>

At the end of the reporting period, approximately 59% (2015: 36%) of the Group's trade receivables were due from 5 major debtors located in Singapore and Malaysia (2015: Singapore).

<u>Financial assets that are neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

28. Financial risk management policies and objectives (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. In addition, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturities

The following tables summarise the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less $	One to five years $	Over five years $	Total $
Group				
2016				
Financial assets:				
Trade and other receivables	15,811,988	–	–	15,811,988
Cash and bank balances	3,399,207	–	–	3,399,207
Total undiscounted financial assets	19,211,195	–	–	19,211,195
Financial liabilities:				
Trade and other payables	13,511,717	–	–	13,511,717
Other liabilities	6,404,448	–	–	6,404,448
Loans and borrowings	23,596,168	8,915,435	14,531,476	47,043,079
Total undiscounted financial liabilities	43,512,333	8,915,435	14,531,476	66,959,244
Total net undiscounted financial liabilities	(24,301,138)	(8,915,435)	(14,531,476)	(47,748,049)
2015				
Financial assets:				
Trade and other receivables	18,907,817	–	–	18,907,817
Cash and bank balances	6,699,475	–	–	6,699,475
Total undiscounted financial assets	25,607,292	–	–	25,607,292
Financial liabilities:				
Trade and other payables	17,544,347	–	–	17,544,347
Other liabilities	5,435,452	–	–	5,435,452
Loans and borrowings	22,481,631	8,705,611	10,353,387	41,540,629
Total undiscounted financial liabilities	45,461,430	8,705,611	10,353,387	64,520,428
Total net undiscounted financial liabilities	(19,854,138)	(8,705,611)	(10,353,387)	(38,913,136)

28. Financial risk management policies and objectives (cont'd)

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

	One year or less $	One to five years $	Over five years $	Total $
Company				
2016				
Financial assets:				
Trade and other receivables	6,543,014	–	–	6,543,014
Cash and bank balances	580,082	–	–	580,082
Total undiscounted financial assets	7,123,096	–	–	7,123,096
Financial liabilities:				
Trade and other payables	12,437,574	–	–	12,437,574
Other liabilities	268,768	–	–	268,768
Loans and borrowings	2,849,469	7,274,661	14,531,476	24,655,606
Total undiscounted financial liabilities	15,555,811	7,274,661	14,531,476	37,361,948
Total net undiscounted financial liabilities	(8,432,715)	(7,274,661)	(14,531,476)	(30,238,852)
2015				
Financial assets:				
Trade and other receivables	7,165,166	–	–	7,165,166
Cash and bank balances	788,810	–	–	788,810
Total undiscounted financial assets	7,953,976	–	–	7,953,976
Financial liabilities:				
Trade and other payables	9,934,977	–	–	9,934,977
Other liabilities	250,445	–	–	250,445
Loans and borrowings	1,684,131	4,604,176	9,524,621	15,812,928
Total undiscounted financial liabilities	11,869,553	4,604,176	9,524,621	25,998,350
Total net undiscounted financial liabilities	(3,915,577)	(4,604,176)	(9,524,621)	(18,044,374)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2016

28. Financial risk management policies and objectives (cont'd)

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

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	One year or less	**One to five years**	**Total**
	$	$	$
Company			
2016			
Issued guarantees for bank facilities utilised by subsidiaries	18,926,073	–	18,926,073
2015			
Issued guarantees for bank facilities utilised by subsidiaries	6,948,249	365,488	7,313,737

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from floating rate term loan for the financial years ended 31 December 2016 and 2015.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been $347,444 (2015: $100,363) higher/lower, arising mainly as a result of higher/lower interest expense on floating rate term loan.

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, Singapore Dollar (SGD) and Malaysian Ringgit (MYR). The foreign currencies in which most of these transactions are denominated are mainly MYR and United States Dollars (USD). Approximately 12% (2015: 12%) of costs are denominated in foreign currencies. The Group's trade payable balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balance is mainly in MYR and USD.

The Group also has a refundable advance denominated in USD.

28. Financial risk management policies and objectives (cont'd)

(d) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risks

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the MYR and USD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group Profit before tax	
		2016	**2015**
		$	$
MYR/SGD	– strengthened 5% (2015: 5%)	(1,918)	(2,034)
	– weakened 5% (2015: 5%)	1,918	2,034
USD/SGD	– strengthened 5% (2015: 5%)	(18,929)	(72,313)
	– weakened 5% (2015: 5%)	18,929	72,313

29. Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

		Group	
	Note	**2016**	**2015**
		$	$
Loans and borrowings	19	42,133,230	37,964,473
Trade and other payables	20	14,131,469	17,943,068
Other liabilities	21	6,404,448	5,435,452
Less: Cash and bank balances	18	(3,396,439)	(6,698,918)
Net debt		59,272,708	54,644,075
Equity attributable to the owners of the Company		24,330,466	23,354,053
Capital and net debt		83,603,174	77,998,128
Gearing ratio		71%	70%

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

30. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(1) ***Investment holding***

The investment holding segment includes investment in property and investment in subsidiaries deriving income such as dividend, interest, rental as well as provision of management advisory services to its subsidiaries.

(2) ***Mechanical and electrical***

The mechanical and electrical segment includes the contracting and installation of air-conditioning and mechanical ventilation ("ACMV"), fire alarms and fire protection systems, electrical systems as well as sanitary and plumbing systems for residential, commercial and industrial building.

(3) ***Manufacturing***

The manufacturing segment includes the manufacturing and sale of ACMV ducts and trading of ACMV related products.

(4) ***Building and constructions solutions***

The building and constructions solutions segment includes those of general contractors, building construction and major upgrading works.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

30. Segment reporting (cont'd)

	Investment holding $	Mechanical and electrical $	Manu-facturing $	Building and constructions solution $	Adjustments and eliminations $	Note	Total $
31 December 2016							
Revenue:							
External customers	–	53,497,169	14,261,306	13,114,162	–		80,872,637
Inter-segment	–	3,495,060	5,300,990	12,653,019	(21,449,069)	A	–
Total revenue	–	56,992,229	19,562,296	25,767,181	(21,449,069)		80,872,637
Results:							
Segment results	–	9,535,432	4,447,864	510,189	850,915	B	15,344,400
Depreciation	(301,520)	(365,194)	(449,130)	(117,016)	(1,081,983)		(2,314,843)
Impairment of contract in progress	–	(200,000)	–	–	–		(200,000)
Allowance for doubtful trade receivables	–	–	(463,025)	(1,000,000)	–		(1,463,025)
Write-back of allowance for doubtful debts	–	–	23,998	–	–		23,998
Bad debt written off	–	–	–	(23,100)	–		(23,100)
Other income	5,719,679	389,942	641,638	4,440,773	(9,268,772)	C	1,923,260
Finance costs	(774,033)	(484,520)	(309,881)	(225,832)	342,758	C	(1,451,508)
Other expenses	(4,194,514)	(4,714,203)	(2,182,528)	(677,853)	1,789,425	C	(9,979,673)
Profit before tax	449,612	4,161,457	1,708,936	2,907,161	(7,367,657)		1,859,509
Income tax expense	(15,085)	458,180	(320,646)	(173,746)	–		(51,297)
Profit for the financial year	434,527	4,619,637	1,388,290	2,733,415	(7,367,657)		1,808,212
Assets:							
Additions to property, plant and equipment	9,071,706	106,061	1,056,645	106,844	(470,644)		9,870,612
Segment assets	52,402,065	35,566,238	17,624,759	26,024,752	(44,261,811)	D	87,356,003
Liabilities:							
Segment liabilities	32,833,978	21,317,449	11,432,202	19,978,832	(22,536,924)	D	63,025,537

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

30. Segment reporting (cont'd)

	Investment holding $	Mechanical and electrical $	Manu-facturing $	Building and constructions solution $	Adjustments and eliminations $	Note	Total $
31 December 2015							
Revenue:							
External customers	–	60,385,837	16,585,532	13,236,821	–		90,208,190
Inter-segment	–	129,845	4,072,814	2,276,490	(6,479,149)	A	–
Total revenue	–	60,515,682	20,658,346	15,513,311	(6,479,149)		90,208,190
Results:							
Segment results	–	11,813,118	3,804,071	1,536,918	177,298	B	17,331,405
Depreciation	(64,344)	(232,750)	(284,854)	(32,131)	(535,559)		(1,149,638)
Impairment of contract in progress	–	(4,228)	–	–	–		(4,228)
Write back of trade receivables	–	33,625	6,768	–	–		40,393
Bad debt recovered	–	170,394	–	4,233	–		174,627
Bad debt written off	–	(2,271)	–	(29,793)	–		(32,064)
Other income	2,626,717	778,353	561,147	1,795,644	(4,771,006)	C	990,855
Finance costs	(676,510)	(582,178)	(277,246)	(177,193)	411,260		(1,301,867)
Other expenses	(4,209,123)	(4,467,073)	(2,277,871)	(2,169,486)	3,677,314	C	(9,446,239)
Profit before tax	(2,323,260)	7,506,990	1,532,015	928,192	(1,040,693)	C	6,603,244
Income tax expense	(2,754)	(675,594)	353,659	–	–		(324,689)
Profit for the financial year	(2,326,014)	6,831,396	1,885,674	928,192	(1,040,693)	C	6,278,555
Assets:							
Additions to property, plant and equipment	1,981,133	829,291	1,085,278	497,630	6,618,901		11,012,233
Segment assets	43,190,061	36,142,397	17,762,714	15,672,565	(27,248,994)	D	85,518,743
Liabilities:							
Segment liabilities	23,234,007	25,505,746	11,797,583	13,388,285	(11,760,931)	D	62,164,690

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A Inter-segment revenues are eliminated on consolidation.
B Inter-segment revenues and cost of sales are eliminated on consolidation.
C Inter-segment expenses and income are eliminated on consolidation.
D Intercompany balances are eliminated on consolidation.

30. Segment reporting (cont'd)

Geographical information

No geographical information is presented as the Group operates mainly in Singapore.

Information about major customers

Revenue from three (2015: three) of the Group's major customers amounted to $23,709,782 (2015: $30,641,701), arising from the Mechanical and Electrical segment.

31. Dividends

	Group and Company	
	2016	2015
	$	$
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2015: 0.70 cents (2014: 0.70 cents)	822,494	834,882
– Interim tax-exempt (one-tier) dividend for 2016: Nil (2015: 0.50 cents)	–	596,345
	822,494	1,431,227
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2015: 0.70 cents	–	822,494

Proposed dividends are on ordinary shares, subject to shareholders' approval at annual general meeting.

32. Events occurring after the reporting period

On 6 March 2017, the Company announced that a sub-contractor had commenced arbitration proceedings against the Company's wholly-owned subsidiary, Kin Xin with a notice of arbitration pursuant to the arbitration rules of the Singapore International Arbitration Centre. The Company was informed by Kin Xin's legal advisors on 2 March 2017 that Kin Xin has been formally served with the Claimant's statement of case. At this juncture, it is premature to make an assessment of the financial impact, if any, arising from the claimant's allegations.

33. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 11 April 2017.

SHAREHOLDERS' INFORMATION
AS AT 29 MARCH 2017

Issued and fully paid-up capital	:	S$18,871,769
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share
Total no. of Issued Ordinary Shares (excluding Treasury Shares)	:	117,499,100

Treasury Shares and Subsidiary Holdings

The Company has 1,769,900 (1.5%) treasury shares and no subsidiary holdings as at 29 March 2017.

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	–	–	–	–
100 – 1,000	13	2.61	9,600	0.01
1,001 – 10,000	136	27.25	1,052,300	0.90
10,001 – 1,000,000	337	67.53	30,637,500	26.07
1,000,001 AND ABOVE	13	2.61	85,799,700	73.02
TOTAL	**499**	**100.00**	**117,499,100**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholders	Number of Shares	%
1	CHU SAU BEN	41,248,000[(1)]	35.10
2	THONG SOON SENG	8,670,000	7.38
3	HONG LEONG FINANCE NOMINEES PTE LTD	8,100,000	6.89
4	SBS NOMINEES PTE LTD	8,000,000	6.81
5	WILLIAM KONG ONG SING	4,545,000	3.87
6	CHONG YEAN FONG	3,700,000	3.15
7	OCBC SECURITIES PRIVATE LTD	3,121,500[(2)]	2.66
8	WANG LINYU	1,811,900	1.54
9	MAYBANK KIM ENG SECURITIES PTE LTD	1,809,200	1.54
10	SIM POH PING	1,400,000	1.19
11	ANG CHOON BENG	1,180,000	1.00
12	CITIBANK NOMINEES SINGAPORE PTE LTD	1,147,000	0.98
13	DBS NOMINEES PTE LTD	1,067,100	0.91
14	PHILLIP SECURITIES PTE LTD	989,200	0.84
15	NG SIANG NGEE JOANNE	971,000	0.83
16	KHOO TENG HUAT	700,000	0.60
17	KOH THONG HUAT	700,000	0.60
18	YEE LAT SHING	600,000	0.51
19	XU RUIBING	574,800	0.49
20	ONG BEE KWAN	514,900	0.44
TOTAL		**90,849,600**	**77.33**

Notes:

(1) This also includes 10,500,000 issued ordinary shares charged to Mr Toh Soon Huat and 30,000,000 issued ordinary shares charged to Mr Low Chin Yew.

(2) Chu Sau Ben's shareholding interest of 2,000,000 issued ordinary shares is held through the nominees.

Percentage of shareholding held in the hands of public

As at 29 March 2017, approximately 41.29% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Chu Sau Ben[(1)]	2,748,000	2.34	56,500,000	48.08
Thong Soon Seng	8,670,000	7.38	–	–
Toh Soon Huat[(2)]	486,600	0.41	10,500,000	8.94
Low Chin Yew[(3)]	–	–	30,000,000	25.53

Notes:

(1) Mr Chu Sau Ben is deemed interested in: (i) the 8,000,000 issued ordinary shares pledged to and registered in the name of Hong Leong Finance Nominees Pte Ltd; (ii) the 8,000,000 issued ordinary shares pledged to and registered in the name of SBS Nominees Private Limited; (iii) the 10,500,000 issued ordinary shares charged to Mr Toh Soon Huat; and (iv) the 30,000,000 issued ordinary shares charged to Mr Low Chin Yew.

(2) The deemed interest arose from charge by Mr Chu Sau Ben of an aggregate of 10,500,000 ordinary shares in the capital of Libra Group Limited in favour of Mr Toh Soon Huat to secure personal loans granted to Mr Chu Sau Ben.

(3) Mr Low Chin Yew is deemed interested in 30,000,000 ordinary shares charged in his favour by Mr Chu Sau Ben.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Libra Group Limited (the "**Company**") will be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Friday, 28 April 2017 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

(1) To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

(2) To re-elect the following Directors retiring pursuant to Regulation 89 of the Company's Constitution:

Mr Chu Sau Ben (Retiring under Regulation 89) **(Resolution 2)**

Mr Chu Sau Ben will, upon re-election as a Director of the Company, remain as Executive Chairman and Chief Executive Officer of the Company.

To note the retirement of Mr Yuen Sou Wai who will not be seeking re-election after his retirement in accordance with Regulation 89 of the Company's Constitution.

(3) To approve the payment of Directors' fees of S$160,000 for the financial year ending 31 December 2017, payable half yearly in arrears (2016: S$160,000). **(Resolution 3)**

(4) To re-appoint Ernst & Young LLP, Public Accountants and Chartered Accountants, as the Company's Auditors and to authorise Directors of the Company to fix their remuneration. **(Resolution 4)**

(5) To transact any other ordinary business which may properly be transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

(6) **Authority to allot and issue shares**

"That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (**the "Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 of the Company may in their absolute discretion deem fit; and

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

provided that:

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

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of new Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time this resolution is passed after adjusting for:

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

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

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

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] **(Resolution 5)**

(7) **Authority to grant awards ("Awards") and issue Shares under the Libra Performance Share Plan ("Plan")**

"That the Directors of the Company be and are hereby authorized to grant Awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the Plan, provided that the aggregate number of new Shares which may be issued pursuant to Awards granted under the Plan on any date, when added to the number of new Shares issued and issuable in respect of all Awards granted under the Plan, shall not exceed 15.0% of the total number of issued share capital (excluding treasury shares) of the Company on the day preceding that date. The aggregate number of Shares issued and issuable under the Plan shall not exceed 15.0% of the total issued Share capital of our Company from time to time."
[See Explanatory Note (ii)] **(Resolution 6)**

(8) **Authority to issue Shares under the Libra Group Limited Scrip Dividend Scheme**

"That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to Libra Group Limited Scrip Dividend Scheme.
[See Explanatory Note (iii)] **(Resolution 7)**

By Order of the Board

Gn Jong Yuh Gwendolyn
Company Secretary
Singapore, 13 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the above AGM until the date 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 earlier, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors of the Company may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing this resolution. For allotment and issue of Shares and convertible securities other than on a *pro rata* basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares). This authority will continue until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked or varied at a general meeting).

(ii) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company to offer and grant Awards and to issue such Shares pursuant to the Plan, provided that the aggregate number of Shares under the Plan and such other awards or share options granted under any share scheme of the Company in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) from time to time. This authority will continue until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked or varied at a general meeting).

(iii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will authorize the Directors of the Company to issue shares in the Company pursuant to the Libra Group Limited Scrip Dividend Scheme (as approved by shareholders in 2015 and as modified from time to time pursuant to such Scheme) to shareholders who, in respect of a qualifying dividend, elect to receive shares in lieu of part or all of the cash amount of that qualifying dividend. This authority will continue until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier (unless such authority is revoked or varied at a general meeting). Authority sought under Ordinary Resolution 7 is in addition to the general authority to issue shares sought under Ordinary Resolution 5.

Notes:

(1) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "Act"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("AGM"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

(2) Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

(3) If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy must be deposited at the registered office of the Company at 21 Ubi Road 1 #02-02, Singapore 408724 not less than seventy-two (72) hours before the time appointed for holding the AGM.

LIBRA GROUP LIMITED

(Company Registration Number: 201022364R)
(Incorporated in the Republic of Singapore on 20 October 2010)

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

*I/We, ____ (Name)

of ____ (Address)

being *a member/members of **LIBRA GROUP LIMITED** (the "**Company**"), hereby appoint:

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

and/or*

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

Or failing him/her, the Chairman of the Meeting as as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Orchid Country Club, 1 Orchid Club Road, Singapore 769162 on Friday, 28 April 2017 at 2.00 p.m. and at any adjournment thereof. The proxy is to vote on the business before the AGM as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

If you wish to exercise all your votes "For" or "Against", please indicate with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

No.	Ordinary Resolutions	For	Against
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with Auditors' Report thereon		
2.	Re-election of Mr Chu Sau Ben as Director of the Company		
3.	Approval of Directors' fees amounting to S$160,000 for the financial year ending 31 December 2017, payable half yearly in arrears		
4.	Re-appointment of Ernst & Young LLP, Public Accountants and Chartered Accountants, as auditors of the Company and to authorise Directors of the Company to fix their remuneration		
5.	General authority to allot and issue shares		
6.	Authority to grant Awards and issue new Shares under the Libra Performance Share Plan		
7.	Authority to issue Shares under the Libra Group Limited Scrip Dividend Scheme		

Dated this ____________ day of ____________ 2017

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the "**Act**"), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting ("**AGM**"). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. A proxy need not be a member of the Company.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **21 Ubi Road 1 #02-02, Singapore 408724**, not less than **72 hours** before the time set for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

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

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

PERSONAL DATA PRIVACY:

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

CORPORATE INFORMATION

BOARD OF DIRECTORS
Chu Sau Ben
Executive Chairman and Chief Executive Officer

Xu Ruibing
Executive Director

Yuen Sou Wai
Lead Independent Director

Kong Chee Keong
Independent Director

Soon Ai Kwang
Independent Director

AUDIT COMMITTEE
Yuen Sou Wai
Chairman

Kong Chee Keong

Soon Ai Kwang

NOMINATING COMMITTEE
Soon Ai Kwang
Chairman

Yuen Sou Wai

Kong Chee Keong

REMUNERATION COMMITTEE
Kong Chee Keong
Chairman

Yuen Sou Wai

Soon Ai Kwang

COMPANY SECRETARY
Gwendolyn Gn Jong Yuh (LLB Hons)
Registered Office
#02-02, 21 Ubi Road 1
Singapore 408724
Tel: 6844 2683
Fax: 6844 4378
Website: www.libragroup.com.sg

COMPANY REGISTRATION NUMBER
201022364R

AUDITORS
Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Adrian Koh Hian Yan
(Date of appointment: since financial year ended 31 December 2016)

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
80 Robinson Road, #02-00
Singapore 068898

BANKERS
United Overseas Bank Limited
The Hongkong and Shanghai Banking Corporation
Standard Chartered Bank
Malayan Banking Berhad
DBS Bank Limited
RHB Bank
Oversea-Chinese Banking Corporation
Hong Leong Finance Limited
CIMB Bank

LIBRA GROUP LIMITED
HQ Corporate Office
#02-02, 21 Ubi Road 1
Singapore 408724
Tel: 6844 2683
Fax: 6844 4378
Website: www.libragroup.com.sg

KIN XIN ENGINEERING PTE LTD
#02-02, 21 Ubi Road 1
Singapore 408724
Tel: 6844 2683
Fax: 6844 4378

CYBER BUILDERS PTE LTD
LIBRA BUILDING CONSTRUCTION PTE LTD
#04-03, 21 Ubi Road 1
Singapore 408724
Tel: 6299 5859
Fax: 6299 4347
Email: project@cyberbuilders.com.sg

LIBRA ENGINEERING PTE LTD
Manufacturing Plant – Defu Lane 10
101 Defu Lane 10
Singapore 539222
Tel: 62813543
Fax: 62813573
Email: enquiry@libraengg.com.sg

Manufacturing Plant – Loyang Drive
53 Loyang Drive
Singapore 508957
Tel: 6214 0289
Fax: 6214 0269
Email: enquiry@libraengg.com.sg

LIBRA GROUP LIMITED

21 Ubi Road 1
#02-02 & #04-03
Cambridge Building
Singapore 408724

Tel : +65 6844 2683
Fax: +65 6844 4378

www.libragroup.com.sg