diversification for growth

LIBRA GROUP LIMITED

ANNUAL REPORT 2017

contents

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

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

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vision for expansion

SEIZING OPPORTUNITIES IN NEW MARKET SEGMENTS

corporate profile

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

Founded in 1997 and listed on the Catalist Board of the Singapore Exchange in 2011, Libra is an established market leader in integrated M&E solutions and customised ACMV ducts. It provides design, manufacturing, supply and installation services for various systems; including ACMV, fire alarms and fire protection, electrical, sanitary and plumbing, as well as speciality utilities.

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

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

Leveraging on its core competencies, Libra has broadened its range of services and solutions through its building and construction arm, as well as taking on higher-value contracts and obtaining a higher BCA grading.

On 28 March 2018, Libra completed the acquisition of a 51%-stake in YC Capital Consolidated Sdn Bhd ("YC Capital"), a tourism and retail-related business in Malaysia, as part of its new asset-light diversification strategy. Apart from offering travel and tour agency services in Malaysia, YC Capital retails local manufactured goods, luxury items, latex mattresses, food – such as coffee, chocolates, bird's nest, and traditional Malaysian herbal cures – which it sells through its four subsidiaries in the Klang Valley.

Libra will selectively explore diversification into other sectors, as well as geographical expansion, to drive further growth.

corporate structure

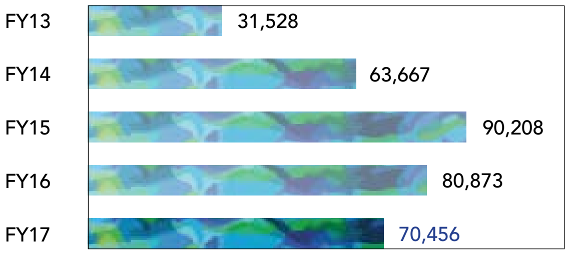
Libra Group Limited

- 100% Kin Xin Engineering Pte Ltd
- 100% Libra Engineering Pte Ltd
  - 100% Libra Engineering Sdn Bhd
    - 51% YC Capital Consolidated Sdn Bhd[1]
      - 100% YC Travel & Tours Sdn Bhd
        - 100% FAME Local Products Sdn Bhd
        - 100% KL Premium Outlet Sdn Bhd
        - 100% Tian Di Global Sdn Bhd
        - 100% Cocoffee De Peninsula Sdn Bhd
- 100% Libra Building Construction Pte Ltd
- 100% Cyber Builders Pte Ltd

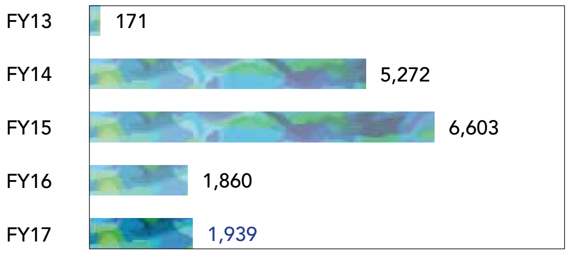
[1] YC Capital Consolidated Sdn Bhd was acquired on 28 March 2018.

five year financial highlights

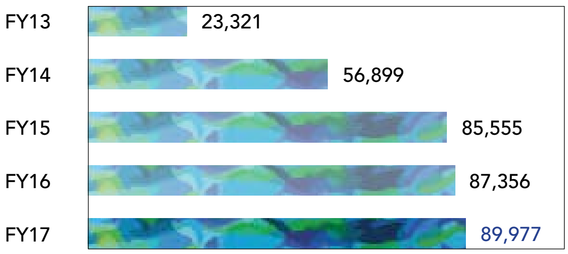
REVENUE
(S$'000)



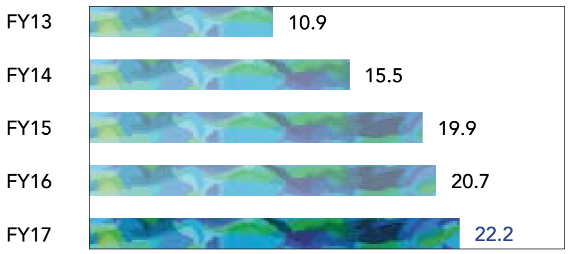
PROFIT BEFORE TAX
(S$'000)



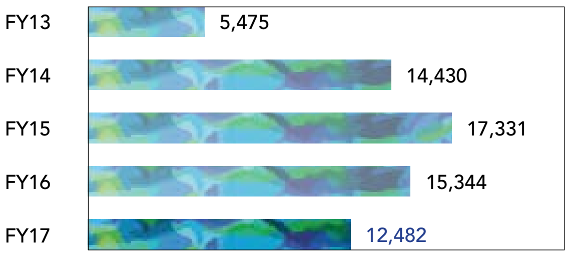
TOTAL ASSETS
(S$'000)



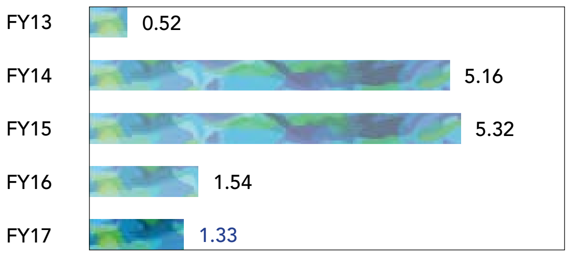
NET ASSETS PER SHARE
(CENTS)



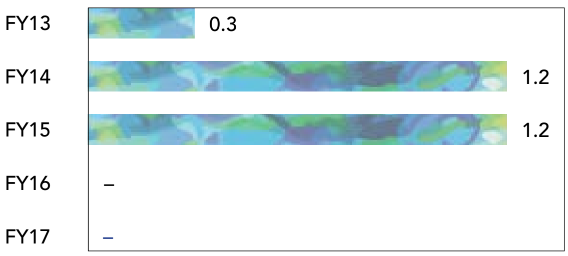
GROSS PROFIT
(S$'000)



EARNINGS PER SHARE (BASIC)
(CENTS)

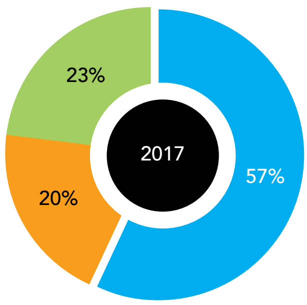


DIVIDEND PER SHARE
(CENTS)

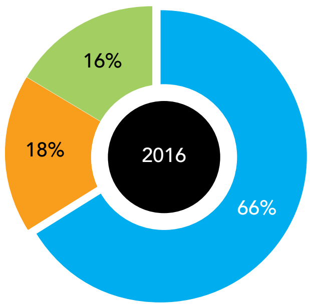


three year financial highlights

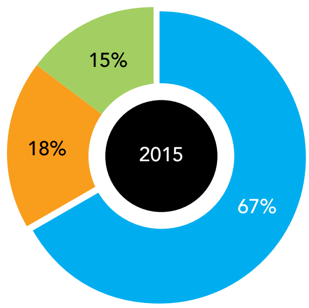
REVENUE BY SEGMENT



	(S$'000)	%
M&E	39,954	57
Manufacturing	14,029	20
Building and Construction Solutions	16,473	23
Total	70,456	100



	(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

	2017	2016	2015
Management Efficiency Ratios			
Return on Asset	**1.74**	2.06	7.34
Return on Equity	**5.96**	7.43	26.88
Dividend Ratios			
Dividend Yield (%)	**–**	–	6.186
Dividend Payout Ratio	**–**	–	0.226
Leverage Ratios			
Debt to Net Profit	**26.40**	23.30	6.05
Net Debt to Equity	**1.42**	1.59	1.34
Debt to Asset	**0.46**	0.48	0.44

corporate milestones

1997 - 1998

1997
- Incorporation of Kin Xin Engineering Pte Ltd ("Kin Xin Engineering")
- Staff strength: 5

1998
- Kin Xin Engineering clinched ACMV insulation projects

2000 - 2003

2000 – 2003
- Awarded contracts to supply and install ACMV ductwork and refrigerant copper pipes

2005

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

2007
- Awarded first contract to supply and install electrical and fire alarm systems, using insulated ducts manufactured by Libra Engineering

2008 - 2009

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

2010

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

2011

2011
- Listed on the Catalist Board of the Singapore Exchange

2015

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$40 million

2016

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

2014

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
- 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
- Successfully made its first foray into stainless steel ACMV duct business, which caters for the hospital and cleanroom segments

2017

2017
- Awarded S$35.9 million sub-contracts for the supply, installation, construction, completion and maintenance of architectural works for Lentor and Stevens stations

2018

2018
- Acquired 51%-stake in YC Capital Consolidated Sdn Bhd, eyes tourism industry as new growth engine

chairman's message

I am excited by our expansion into the asset-light tourism and related services sector. We are charting a major new chapter of growth, one which will transform Libra for the better in the coming years.

Dear Shareholders,

STRENGTH IN DIVERSITY

On behalf of the Board of Directors (the "Board") of Libra Group Limited ("Libra" or the "Group"), I am pleased to present our annual report for the financial year ended 31 December 2017 ("FY2017"). The significance of this letter to you, dear shareholders, is two-fold.

The first is that we have reported our fifth consecutive profitable year despite tighter market conditions in the building and construction industry. Our performance in the face of increased competition for public sector contracts and margin compression underscores our resilience.

The second is the strategic diversification that we have begun, to enhance shareholders' value. Having secured shareholder approval, we have recently completed the acquisition of a 51%-stake in YC Capital Consolidation Sdn. Bhd. ("YC Capital") of Malaysia. I am excited by our expansion into the asset-light tourism and related services sector. We are charting a major new chapter of growth, one which will transform Libra for the better in the coming years.

Allow me first to elaborate on our financial scorecard for FY2017.

FINANCIAL REVIEW

The Group recorded S$70.5 million in revenue for FY2017 compared to S$80.9 million in FY2016. Our top-line was impacted by market conditions and a lower amount of work available. In line with the lower revenue, we posted a gross profit of S$12.5 million compared to S$15.3 million over the comparative period. As has been widely reported, labour, worker levies and operating costs have risen significantly over the years in Singapore. As with many industry players, we have had to adapt quickly – all in the face of increasing competition for limited jobs. In our fifth year of profitability, our net profit attributable to shareholders amounted to S$1.6 million in FY2017, marginally lower than the S$1.8 million net profit in FY2016.

Notably, we generated S$2.5 million net cash from operating activities in FY2017 compared to S$3.2 million in FY2016. We ended the year with cash and cash equivalents of S$4.1 million compared to S$3.0 million a year ago.

Earnings per share for FY2017 amounted to 1.33 Singapore cents while net asset value per share came to 22.2 Singapore cents as at 31 December 2017.

CORE BUSINESS REVIEW

Although the construction sector in Singapore has not performed well in recent years, Libra secured several significant projects, demonstrating our ability to adapt to industry fluctuations and capitalise on opportunities the market presents.

Two notable contracts won by our Building and Construction services segment include the sub-contract work for the supply, installation, construction, completion and maintenance of architectural works at two upcoming Mass Rapid Transit ("MRT") stations along the Thomson-East Coast Line – Lentor and Steven Stations. Awarded by China Railway No.5 Engineering Group and Daewoo Engineering & Construction, respectively, these two projects have a cumulative value of approximately S$35.9 million and are expected to be completed in 2020.

As at 31 December 2017, our aggregate new contracts won amounted to S$147 million, compared to S$108 million a year ago. We are proud that Libra has over the years, established a strong reputation for quality and professionalism, and we will continue to build on its track record to secure more contracts. At the same time, we will remain mindful of costs and will focus on ensuring efficient management of on-going projects.

Next, allow me to outline reasons behind our strategic diversification.

As you may recall, on 5 February 2018, shareholders unanimously approved the acquisition of a 51%-stake in YC Capital, which is involved in the tourism and related services sector. As an interested party, I had abstained from the voting on this transaction which nonetheless received unanimous support from all of you shareholders. Thank you for your faith and trust.

YC Capital's wholly-owned subsidiaries in Malaysia retail products catering to tourists, mostly from China, Taiwan and Indonesia. Through four stores located in the Klang Valley, we retail local manufactured goods, luxury items, latex mattresses, food – such as coffee, chocolates, bird's nest, and traditional Malaysian herbal cures.

Global tourism continues to grow rapidly. All over the world, people want to travel to and see, taste and experience life in different locations. Tourism spending is a major contributor to the economies of many countries, including Malaysia. Even from a few shops, YC Capital has been able to build up a sizeable business focusing on local products.

Following the completion of the transaction, which was satisfied through the issue and allotment of 93.75 million new shares at S$0.128 each, Libra's share capital increased from 119.54 million shares to 213.29 million shares.

chairman's message

Our vision is to leverage the listed platform of Libra to expand our revenue streams through complementary avenues to the mainstay travel and tour business.

The financial results of YC Capital will also be consolidated with Libra's and will contribute to the Group's financial performance in FY2018.

Our vision is to leverage the listed platform of Libra to expand our revenue streams through complementary avenues to the mainstay travel and tour business. In addition, our local consumer product range attracts both domestic and international tourists' spending. Hence, YC Capital's business provides a base from which we can scale up in scope, size and geographical reach over the next few years.

Our diversification into the tourism scene comes amidst a concerted push by the Malaysian government to boost Malaysia's tourism industry through "Visit Malaysia Year 2020" ("VMY2020"). VMY2020 has been described as Malaysia's national mission and a major catalyst[1] to lift tourist arrivals in the country, which saw 25.9 million tourists in 2017[2].

We believe these initiatives will have a positive impact not only on Malaysia's tourism scene but also on our new tourism business – which includes the provision of travel and tour agency services. YC Capital will initially be proxy to Malaysia's tourism play amidst a proliferation of regional low-cost carriers and growth in international travel. Later, we can expand to other geographies and value-added services.

The seeds of this strategy were first sown in 2015, even before the full impact of the slowdown in the building and construction industry, when we received shareholders' approval to diversify into various industries. Libra is at the cusp of an important transformation which I am confident will help enhance shareholders' value.

BOARD OF DIRECTORS AND KEY MANAGEMENT

At this juncture, I would like to update shareholders on the several changes to our Board of Directors and key management in FY2017.

Mr Yuen Sou Wai and Mr Wong Quee Quee, Jeffrey relinquished their role as Lead Independent Director on 28 April 2017 and 12 December 2017, respectively. I would like to extend my appreciation to both of them for their strategic insights.

We record our appreciation for Mr Lim Boon Ping, who resigned as Chief Financial Officer on 30 June 2017.

Mr Kong Chee Keong, who has served on our Board as Independent Director since 2013, was re-designated as Lead Independent Director on 12 December 2017. I would like to welcome Ms Gwendolyn Gn Jong Yuh, who was appointed as Independent Director on 12 December 2017. Ms Gn brings to the Board diverse experience and will be an invaluable asset to the Group.

I would also like to welcome Mr Ang Choon Cheng who was appointed as Executive Chairman of Cyber Builders Pte Ltd on 3 July 2017. Mr Ang is responsible for new business developments and investments and brings with him many years of experience.

APPRECIATION AND OUTLOOK

Libra has remained resilient through a challenging period by staying relevant, embracing diversity and drawing strength from it. Libra has talents drawn from a mix of cultures, nationalities, gender and age. This has provided us with the necessary skills and knowledge to remain strong and deliver yet another year of profits.

On behalf of the Board, I would like to extend my deepest appreciation to our Board of Directors and Sponsor for their wise counsel and guidance. To all our customers, business associates, management team, staff and shareholders, thank you for your unwavering faith in us. We would not be where we are today without your continued support.

Our work to transform Libra has just begun. While we recognise that there are challenges ahead, we are confident that the business pillars we have built up in construction and tourism will play an important role in bringing Libra to greater heights.

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

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1 https://www.nst.com.my/news/nation/2018/02/337264/zahid-visit-malaysia-year-2020-national-mission

2 http://www.themalaymailonline.com/malaysia/article/dpm-fewer-asean-visitors-caused-slight-drop-in-tourists-here-last-year

主席献辞

尊敬的各位股东:

抓住机遇，多元化发展

我谨代表董事会欣然向各位呈报截至2017年12月31日的财政年度（“2017财年”）天秤集团及其子公司（“本集团”）的年度报告。股东们，这封信具有双重含义。

首先，尽管建筑行业的市场条件更加恶劣，但我们连续第五个年度获得盈利。面对竞争加剧和利润空间的压缩，我们的表现凸显了我们的韧性。

其次是我们加快多元化的步伐。在获得股东批准后，我们成功收购马来西亚毓诚控股有限公司（“毓诚”）51%股权。这将成为我们下一个成长引擎，会给天秤集团带来更均衡的发展，同时也会给股东带来更好的回报。

首先请允许我回顾我们2017财年基本情况。

财年回顾

由于受市场阻力的影响，本集团2017财年营收从8090万新元下降13%至7050万新元，营收下降的主要原因在于受市场条件及工程进度的影响，部分机械和电力工程暂延至2018年。毛利也从1530万新元下降到1250万新元。据广泛报道，新加坡由于劳动力成本的增加造成营运成本大幅上涨，同许多行业一样，我们不得不迅速做出调整，提高效率，保持竞争力。在盈利的第五年，股东可分配仅利为160万新元，略低于2016财年的180万新元。

我们的财务状况依然稳健，我们在2017财年的经营活动中产生了250万新元净现金，在年末现金和现金等价物为410万新元。每普通股资产净值从2016财年的20.71分新元增至2017财年的22.23分新元，同比 提高7.3%。

核心业务回顾

尽管近年来新加坡的建筑行业表现不佳，但本集团仍获得了几项重要工程，证明了我们有能力适应行业的波动并利用市场带来的机会。

我们的建筑和建筑服务部门在2017财年赢得两个里程碑的分包合同，供应，安装，建造和维修地铁汤申 – 东海岸线两个即将到来的伦多和史蒂芬捷运站。这两个分包项目分别来自于中国铁路第五工程集团和大宇工程建设公司，合同累计价值约3590万新元，预计将于2020年完工。

2017财年，我们累计新合约总值达1.47亿新元，远多于2016财年的1.08亿新元。我们为本集团多年来的成就感到自豪，在质量和专业性方面树立了良好的声誉，我们将继续巩固及加强以获取更多合同。同时，我们将继续关注成本，确保正在进行的项目的有效管理。

接下来，请允许我概述我们战略多元化的原因。

您可能还记得，2018年2月5日，股东一致同意收购毓诚51%股权。作为一个利益相关方，我放弃了对这项交易的投票，但这一交易得到了所有股东的一致支持,在此我由衷地感谢您们的信任。

毓诚是马来西亚一站式的旅游集团，有专业车队和导游，业务范围涵盖出入境旅行社、精品零售业。通过毓诚在巴生谷全资子公司的四家商店，售卖当地制造的商品，奢侈品，乳胶床垫，食品（如咖啡，巧克力，燕窝和传统的马来西亚草药治疗），购买方是主要来自中国，台湾和印度尼西亚游客。

全球旅游业继续迅速增长。在世界各地，人们都想去不同的地方去看，品尝和体验生活。旅游收入成为许多国家的主要经济组成部分，包括马来西亚在内。随着这股热潮，毓诚在短短几年就从一个单一的旅游代理公司发展成一个及旅游及零售为一体的大型企业。

本集团通过以每股0.128新元发行和配售9375万股新股来完成交易，公司的股本从11954万股增加至21329万股。毓诚的财务业绩亦将与天秤合并，并将为本集团于2018财政年度的综合报表作出贡献。

主席献辞

我们的愿景是利用天秤的上市平台，扩大影响力，通过互补增加收入来源，提震旅游及相关业务。此外，随着中国和东南亚人均收入的增加，大大提升的国内及海外游客的购买力.因此，毓诚的业务为我们在未来几年扩张奠定了基础。

马来西亚政府一致推动马来西亚旅游业通过“马来西亚2020年旅游”（“VMY2020”）推动马来西亚旅游业的发展。VMY2020被形容为马来西亚的国家使命[1]，也是提升该国游客人数的主要催化剂，2017年游客达到2590万人次。[2]

我们相信这些举措不仅会对马来西亚的旅游业产生积极影响，而且还会对我们的新旅游业务产生积极影响 - 其中包括提供旅行和旅行社服务。

这一战略的种子在2015年种下，甚至在建筑和建筑业放缓的全面影响之前，当时我们获得了股东批准进入的多元化的发展。本集团处于一个重要转型的风口浪尖，我相信这将有助于提升股东价值。

董事会和重要管理层

在此时刻，我想向股东介绍2017财年对董事会和主要管理层所做的若干更改。

阮修伟先生及黄贵贵先生分别于2017年4月28日及2017年12月12日放弃其担任独立董事的职位。我想对他们两人曾提出的战略意见表示感谢。

我们对于2017年6月30日辞任首席财务官的林文斌先生表示赞赏。

我希望欢迎能够为董事会带来多元化经验的新董事，并将成为本集团的宝贵资产。他们是独立董事主席江治强先生和独立董事鄞锺毓女士，两人于2017年12月12日获得委任。

我还要欢迎2017年7月3日被任命为Cyber Builders私人有限公司执行主席的洪俊清先生。洪先生将通过他多年的经验，负责该公司的的业务发展和投资。

感恩和展望

通过保持相关性，本集团在充满挑战性时保持弹性，拥抱多样性并从中吸取力量。本集团拥有不同文化，国籍，性别和年龄的人才组合。这为我们提供了必要的技能和知识，以保持强劲并提供一年又一年的盈利 。

我谨代表董事会向全体股东、客户、业务伙伴、银行和供应商一如继往的支持表示衷心感谢， 同时也要感谢管理团队和全体员工的的辛劳与奉献，如果没有你们的持续支持，我们也没有今天的成就。

我们的转型工作才刚刚起步。虽然我们认识到未来面临挑战，但我们相信，我们在建筑和旅游业方面建立的业务支柱将把天秤集团带到更高。

朱振铭
主席兼执行总裁
天秤集团有限公司

[1] https://www.nst.com.my/news/nation/2018/02/337264/zahid-visit-malaysia-year-2020-national-mission
[2] http://www.themalaymailonline.com/malaysia/article/dpm-fewer-asean-visitors-caused-slight-drop-in-tourists-here-last-year

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 the founder of Libra Group Limited (the "Company" and together with its subsidiaries, the "Group") and is responsible for the management and operations of the Group.

Mr Chu has vast and extensive experience in the air-conditioning and mechanical ventilation ("ACMV") business, having started out at 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 grew in scale and size to first become a substantial integrated building solutions business and, more recently become a diversified Group with businesses in the Tourism and the Food & Beverage sector.

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, project management, project tendering and human resource planning of the subsidiary.

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 has managed a wide range of projects, including the 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.

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

KONG CHEE KEONG
Lead Independent Director

Mr Kong was appointed to the Board as an Independent Director on 24 April 2013 and re-designated as Lead Independent Director on 12 December 2017. Mr Kong currently chairs the Audit Committee and is a member of the Remuneration Committee and of the Nominating 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.

GN JONG YUH GWENDOLYN
Independent Director

Ms Gn Jong Yuh Gwendolyn was appointed to the Board as an Independent Director of the Company on 12 December 2017. Ms Gn chairs the Remuneration Committee and is a member of the Nomination Committee and Audit Committee.

Ms Gn has more than 20 years' experience as a Corporate Lawyer, specialising in corporate finance and capital markets in Singapore and the Asian region. Ms Gn is currently an Equity Partner in Shook Lin & Bok LLP where she actively advises both Main Board and Catalist listed companies, SMEs, MNCs and financial institutions on areas of fund raising, IPOs, RTOs, dual listings, mergers and acquisitions, corporate structuring and corporate governance. Ms Gn graduated with LLB Hons (Second Upper) from the National University of Singapore in 1994 and was called to the Singapore bar as an Advocate and Solicitor in 1995. Ms Gn was a winner of the International Law Office and Lexology Client Choice Award in Singapore for Capital Markets and has been recognised as a leading capital markets and corporate finance lawyer in Asialaw Leading Lawyers. Ms Gn is also an independent director of SGX-ST Main Board-listed UMS Holdings Limited.

SOON AI KWANG
Independent Director

Mr Soon was appointed to the Board as an Independent Director on 18 September 2015. Mr Soon chairs the Nominating Committee and is a member of the Remuneration Committee and Audit Committee.

Mr Soon has over 36 years of experience in the building industry and was formerly the Principal of T.Y.Lin International Pte Ltd, an engineering design and project management consultancy company. Mr Soon was also Senior Principal Engineer of JTC Corporation, serving as Departmental Head, Infrastructure Planning & Facilities Management, at the Agency for Science Technology and Research (A*STAR). Mr Soon has also held various 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 current National University of Singapore and University of Surrey, United Kingdom respectively. He has been a registered Professional Engineer since 1981.

management team

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, strategising, 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 Lei was promoted to her current position in May 2016.

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

Ms Lei 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 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 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. Ms Lei Lei is also a Singapore Certified Green Mark Manager (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 Libra's building and construction solutions segment.

Mr Kong has over 25 years' experience in the building and construction industry, from foundation piling works, design and construction of commercial buildings such as the Railway Terminal CIQ at Woodlands, industrial buildings, residential properties and public projects. Mr Kong held various positions from Project Engineer, Project Manager to Senior Manager with BCA A2 graded construction and piling firms. His experience includes 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, Indonesia. He is also the company's internal assessor for all safety standard work procedures and green projects.

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

DU YIJUN

General Manager,
Building and Construction Division

Mr Du was promoted to his current position in July 2017.

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's of Civil Engineering (Major in Geotechnical) from National University of Singapore and a Master's of International Construction Management from Nanyang Technological University, Singapore.

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 new contracts and tenders, as well as performing tender analysis and evaluation.

Mr Jin joined Kin Xin Engineering Pte Ltd as Project Engineer in 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 centralised air-conditioning systems, including cooling towers.

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

passion for progress

BUILDING ON STRONG FOUNDATIONS AND WORKING TOGETHER TO UNLOCK GREATER POTENTIAL

financial review

INCOME STATEMENT

The Group posted a revenue of S$70.5 million in FY2017, a 12.9% decrease from S$80.9 million in FY2016.

The decrease was attributable to: i) 25.3% lower revenue from the mechanical and electrical engineering ("M&E") segment due to a decrease in work done; and ii) 1.6% lower revenue from the manufacturing segment due to less ducting sales. This was partially offset by a 25.6% increase in revenue

from the building and construction solutions segment due to more projects being secured, which led to higher revenue recognition.

In tandem with the lower revenue, the Group's cost of sales decreased by 11.5% to S$58.0 million in FY2017 from S$65.5 million in FY2016.

Gross profit declined by 18.3% to S$12.5 million in FY2017 from S$15.3 million in FY2016 mainly due to: i) a decline of S$1.8 million in profits from the M&E segment arising from lower volume of on-going engineering projects; ii) a decline of S$1.5 million in profits from the manufacturing segment due to lower sales; and iii) a decline of S$0.5 million in profits from the building and construction solutions segment due to write-offs from work-in-progress.

Gross profit margin declined to 17.7% in FY2017 from 19.0% in FY2016.

Other income increased by S$0.5 million to S$2.4 million in FY2017, representing a 26.3% increase from S$1.9 million in FY2016 mainly due to write-back of doubtful trade receivables and write-back of impairment of gross amount due from customers for contract work-in-progress of S$0.3 million and S$0.2 million respectively.

Administrative expenses decreased by S$2.2 million to S$11.8 million in FY2017, representing a 15.7% decrease from S$14.0 million in FY2016 due to lesser provisions for trade and other receivables in FY2017.

Finance costs decreased by S$0.3 million to S$1.2 million in FY2017, representing a 20% decrease from S$1.5 million in FY2016 as the Group utilised less trade financing in FY2017, in line with the lower volume of project activities.

The Group's profit before tax in FY2017 remained unchanged at S$1.9 million.

Tax expense in FY2017 amounted to S$0.4 million compared to S$0.1 million in FY2016 due to overprovision of tax recognised in prior year, representing an increase of 300%. As such, the Group reported a net profit attributable to owners of the Company of S$1.6 million compared to S$1.8 million, over the comparative period.

FINANCIAL POSITION

Non-current assets increased by S$1.0 million to S$39.0 million as at 31 December 2017 from S$38.0 million as at 31 December 2016 mainly due to additional cost capitalisation of S$2.4 million for asset under construction of the Company's factory at 53 Loyang Drive, partially offset by S$1.9 million depreciation charged in FY2017 and an increase in other receivables of S$0.3 million (reclassified from current assets).

As at 31 December 2017, current assets rose by 3.4% to S$51.0 million compared to S$49.3 million as at 31 December 2016 due to: i) increase in gross amount due from customers for contract work-in-progress of S$5.5 million as a result of increased project execution towards the end of FY2017; and ii) increase in cash and cash equivalents of S$0.7 million mainly attributable to sales proceeds of disposal of non-current asset held-for-sale.

This was partially offset by: i) decrease in trade and other receivables of S$2.9 million in line with the lower revenue in FY2017 and stringent credit monitoring from debtors; ii) decrease in inventories of S$0.4 million due to improved inventory management; iii) decrease in asset held-for-sale of $0.9 million as a result of disposal of property located at Ang Mo Kio Street 62; and iv) decrease in prepaid operating expenses of S$0.3 million in line with the lower project volume.

As at 31 December 2017, current liabilities increased by S$9.5 million to S$52.9 million, compared to S$43.4 million as at 31 December 2016. The increase was mainly due to: i) increase in trade and other payables of S$1.9 million due to slowdown of payment to vendors; ii) increase in amount due to customers for contract work-in-progress of S$0.3 million due to more advance collection from customers; iii) increase in tax payable of S$0.3 million due to less tax incentives; and iv) increase in loans and borrowings of S$9.5 million due to reclassification of construction loan from non-current liabilities less S$1.1 million in reduction of trust receipt utilisation and repayment of bank borrowings and bill payables at year-end;

This was partially offset by a decrease in other liabilities of S$1.4 million due to lower accrued project costs.

As at 31 December 2017, non-current liabilities decreased by S$8.9 million to S$10.7 million from S$19.6 million as at 31 December 2016, mainly due to reclassification of construction loan of S$9.5 million (which was secured for the asset under construction at 53 Loyang Drive) to current liabilities, less S$0.1 million additional loan and S$0.5 million of loans being reclassified from non-current to current due to passage of time during the year.

Equity attributable to owners of the Company increased by S$2.1 million to S$26.4 million as at 31 December 2017 compared to S$24.3 million as at 31 December 2016, mainly arising from the S$1.6 million net profit for FY2017 and S$0.5 million due to share awards issued under the Performance Share Plan.

CASH FLOW

In FY2017, the Group generated net cash flows from operating activities amounting to S$2.5 million mainly due to: i) operating cash flows before working capital changes of S$4.8 million and income tax refund of S$0.5 million, adjusted for net working capital outflows of S$1.6 million, and ii) interest paid of S$1.2 million.

The net working capital outflows were mainly due to: i) the increase in gross amount due from customers for contract work-in-progress of S$5.3 million; ii) increase in prepaid operating expenses of S$0.3 million; and iii) decrease in other liabilities of S$1.4 million. This was partially offset by the increase in gross amount due to customers for contract work-in-progress of S$0.3 million; ii) decrease in trade and other receivables of S$2.8 million; iii) decrease in trade and other payables of S$1.9 million; and iv) decrease in inventories of S$0.4 million.

Net cash used in investing activities of S$1.1 million in FY2017 was mainly attributable to purchase of property, plant and equipment of S$2.1 million which was partially offset by sales proceeds of disposal of non-current asset held for sales of S$1.0 million.

Net cash used in financing activities amounted to S$0.2 million in FY2017 due to the repayment of obligations under finance leases, and bank loans and borrowings of S$0.3 million and S$5.6 million respectively, partially offset by proceeds from loans and borrowings of S$5.2 million which was mainly attributable to term loan drawdown and trust receipt for project financing, and proceeds of S$0.5 million due to share awards issued under the Performance Share Plan.

The Group ended the year with cash and cash equivalents of S$4.1 million.

operations review

MECHANICAL AND ELECTRICAL ENGINEERING (M&E) SERVICES

The Mechanical and Electrical Engineering ("M&E") services segment remains the Group's largest revenue contributor, generating S$40.0 million in FY2017, or 56.7% of the Group's top-line. In comparison, the M&E segment contributed revenue of S$53.5 million in FY2016. The decline of 25.2% represents the lower volume of on-going engineering projects amidst a slowdown in the construction sector.

The Group believes its diversification into additional M&E solutions will enable it to remain relevant for customers who increasingly prefer a one-stop solutions provider. Its expanded suite of offerings includes the design and installation for various systems; such as air-conditioning and mechanical ventilation ("ACMV"), fire alarms and fire protection, electrical, sanitary and plumbing, as well as specialty utilities.

Since early 2015, Kin Xin Engineering Pte Ltd ("Kin Xin Engineering"), a wholly-owned subsidiary of Libra, has built up an extensive project base after attaining a Building and Construction Authority ("BCA") grading of L6, which allows it to tender for public projects of any value.

Some notable projects secured by the Group in FY2017 include:

1. Ministry of Foreign Affairs project – a S$5.3 million contract for the supply and installation of fire protection, ACMV and electrical services;

2. Thong Sia Building – a S$4.9 million contract for the supply and installation of ACMV services and a building management system for a mixed development located at 30 Bideford Road;

3. Public housing development project at Bidadari – a S$10 million contract for the supply and installation of sanitary, plumbing, gas, fire protection services, ACMV services and electrical services for eight residential building blocks;

4. JTC Logistics Hub – a S$8.1 million contract for the supply and installation of ACMV, Engineered Smoke Control System and a building management system;

5. Housing and Development Board's multi-storey carparks (batch 7) – a S$2.0 million contract for mechanical and electrical cyclical improvement works; and

6. Public and private residential projects – approximately S$3 million worth of contracts for the supply and installation of fire protection services across a number of projects.

The Group will continue to ensure operational excellence in order to complete and deliver projects in a timely manner. Its current portfolio includes Paya Lebar Headquarters Plot B, Paya Lebar Headquarters Plot D, JTC Buroh Lane, The Poiz, Nordcom II at Gambas Crescent, The Clan Hotel and various stages of Temasek Polytechnic Additions & Alterations ("A&A") works.

The M&E segment will remain one of Libra's core businesses. The Group will continue to tender for new projects while maintaining high standards and competitive prices.

MANUFACTURING

Revenue from the manufacturing segment dipped by 2.1% to S$14.0 million in FY2017 – representing 19.9% of the Group's total revenue – from S$14.3 million in FY2016. In view of the challenges in the manufacturing sector, the Group has taken significant steps to lower operational costs while expanding its product line and geographical reach.

To further strengthen its product development capabilities, Libra Engineering Pte Ltd ("Libra Engineering"), a wholly-owned subsidiary of Libra, recently invested in new machinery that will enable it to manufacturer new products such as duct silencers and oval spiral ducts. Over the years, the Group has combined its strong brand equity for air-conditioning and mechanical ventilation ducts ("ACMV") with its mature manufacturing capabilities to establish a portfolio of higher-margin products.

In September 2017, Libra Engineering relocated its manufacturing plant to 3 Kaki Bukit Road 2, Eunos Warehouse Complex, which serves as a centralised location and distribution point for the Group. Since the relocation, Libra Engineering has witnessed an increase in customer traffic, which has led to higher sales.

The Group has embarked on a feasibility study to relocate some of Libra Engineering's manufacturing operations to Malaysia as part of its efforts to streamline internal and operating efficiencies. The Malaysia facilities will not only give Libra Engineering a platform from which to expand to other regions, but will also resolve the issues of high labour costs, utility charges and levies in Singapore. The Group expects the Malaysia plant to commence operations by end-2018 and serve as a key driver of cost improvements thereafter.

To mark this new chapter of growth, Libra Engineering has unveiled a new logo that better represents its vision to become Southeast Asia's one-stop solutions provider of choice and Singapore's largest manufacturer of ACMV products.

operations review

BUILDING AND CONSTRUCTION SOLUTIONS

Revenue from the building and construction solutions segment increased by 26% to S$16.5 million in FY2017 – representing 23.4% of the Group's total revenue – from S$13.1 million in FY2016 against the backdrop of a tougher operating environment.

The Group continues to build on the market presence and track record of its wholly-owned subsidiary, Cyber Builders Pte Ltd ("Cyber Builders"), which has achieved a Building and Construction Authority ("BCA") rating of B1, enabling it to tender for public sector projects worth up to S$40 million.

Since 2015, Cyber Builders has widened its offerings to include large-scale private projects such as good class bungalows. It has also gained traction in the public sector, specifically for specialist sub-contract projects such as structural steel and architectural-related works, through contracts for the Mass Rapid Transit ("MRT") and Land Transport Authority ("LTA"). In FY2017, Cyber Builders secured contract wins totalling approximately S$54 million, a significant improvement from S$40 million in FY2016.

Some notable projects secured by Cyber Builders in FY2017 include:

1. Stevens MRT Station – a S$18.3 million contract for the supply, installation, construction, completion and maintenance of architectural works;

2. 111 Koon Seng Road – a S$6.4 million contract for the erection of a five-storey residential building (comprising 16 residential units), a swimming pool, communal facilities and carparks;

3. Lentor MRT Station – a S$17.6 million contract for the supply, installation, construction, completion and maintenance of architectural works; and

4. Marsiling-Yew Tee Town Council – a S$10.4 million contract under the neighbourhood renewal programme, as well as repairs and redecoration works.

According to the BCA[1], an estimated S$31 billion worth of construction contracts will be awarded in 2018, up from S$24.5 billion a year ago. With the public sector expected to drive 60% of all construction demand in FY2018, the Group is well-positioned to enlarge its market share by leveraging its strong credentials.

1 http://www.straitstimes.com/singapore/housing/construction-demand-here-to-increase-this-year-to-up-to-31-billion-bca

investor relations

Libra recognises the importance of investor relations as a strategic management responsibility as we seek to communicate and engage effectively with our stakeholders.

INVESTOR RELATIONS POLICY

Libra Group Limited ("Libra") 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.

Our investor relations 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 including financial results, distribution of notices, press releases, 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.

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 engages financial analysts, existing and potential investors, and shareholders through multiple channels. Key executives are present at such engagements to keep stakeholders informed of Libra's financial performance and to discuss its business strategies and outlook.

The Annual General Meeting is another platform for the management to communicate with shareholders.

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

We have appointed a professional investor relations firm to advise and guide us.

innovation for growth

OPTIMISING EFFECTIVE STRATEGIES TO DELIVER SUSTAINABLE RETURNS

status update on sustainability reporting

We have started our journey for sustainability reporting ("SR") by establishing a formal policy as guided by the Global Reporting Initiative ("GRI") standards: Core option, covering key areas of SR including the composition of the SR Committee reporting structure and responsibilities, reporting processes, materiality assessment and performance tracking. We are in the process of compiling and preparing our inaugural sustainability report which we shall publish on a standalone basis by 31 December 2018.

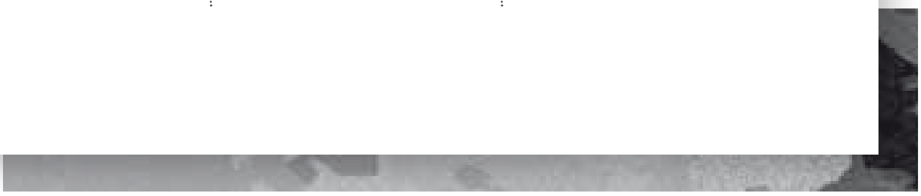
As the latest practicable date, our preliminary list of material factors assessed is as follows:

- Stakeholders and Materiality
- Economic
- Environment
- Social
- Governance

Given their preliminary nature, the above material factors could be amended, removed or new factors could be added when we publish our inaugural report after the due processes have been performed.

We have appointed a professional firm to advise and guide us.

financial contents



corporate governance report

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

The Board of Directors (the "**Board**") of Libra Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is 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 2017 ("**FY2017**"), 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**").

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="3">General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code?</td><td>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.</td></tr>
<tr><td>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2017.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3">The Board's Conduct of Affairs</td></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this annual report, the Board has five (5) members and comprises the following:
<table>
<tr><td colspan="2">Table 1.1 – Composition of the Board</td></tr>
<tr><td>Name of Director</td><td>Designation</td></tr>
<tr><td>Chu Sau Ben</td><td>Executive Chairman and Chief Executive Officer ("CEO")</td></tr>
<tr><td>Xu Ruibing[(1)]</td><td>Executive Director</td></tr>
<tr><td>Kong Chee Keong</td><td>Lead Independent Director</td></tr>
<tr><td>Soon Ai Kwang</td><td>Independent Director</td></tr>
<tr><td>Gn Jong Yuh Gwendolyn</td><td>Independent Director</td></tr>
</table>
(1) Mr Xu Ruibing is retiring and not standing for re-election at the forthcoming AGM.

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;</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>

review key management personnel's performance;
set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are met;
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 Group's corporate governance practices.

</td></tr>
<tr><td>1.3
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>
<tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr>
<tr><th></th><th>AC(1)</th><th>NC(2)</th><th>RC(3)</th></tr>
<tr><td>Chairman</td><td>Kong Chee Keong</td><td>Soon Ai Kwang</td><td>Gn Jong Yuh Gwendolyn</td></tr>
<tr><td>Member</td><td>Soon Ai Kwang</td><td>Kong Chee Keong</td><td>Kong Chee Keong</td></tr>
<tr><td>Member</td><td>Gn Jong Yuh Gwendolyn</td><td>Gn Jong Yuh Gwendolyn</td><td>Soon Ai Kwang</td></tr>
</table>
(1) The AC comprises three (3) members, all of whom, including the AC Chairman, are Independent Directors.
(2) The NC comprises three (3) members, all of whom, including the NC Chairman, are Independent Directors. The Lead Independent Director is a member of the NC.
(3) The RC comprises three (3) members, all of whom, including the RC Chairman, are Independent Directors.

The Company had also formed the Risk Committee in November 2012. Mr Chu Sau Ben, Mr Kong Chee Keong, Mr Soon Ai Kwang and Ms Gn Jong Yuh Gwendolyn 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. The previous Chief Financial Officer ("CFO") of the Company, Mr Lim Boon Ping, had held the role of Chief Risk Officer ("CRO") up to 30 June 2017 (his date of cessation as CFO of the Company). 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 risk sub-committee comprising key management personnel at the operational level. Following the cessation of Mr Lim Boon Ping as CFO of the company on 30 June 2017, the Company has appointed its Senior Financial Controller to take on the role of CRO.
</td></tr>
</table>

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<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></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 Board meeting. The Board papers include sufficient information from the management on financial, business and corporate issues and are normally circulated in advance of each Board meeting. This enables the Directors to request for and obtain further explanations, where necessary, in order to be adequately briefed before each Board meeting. Ad-hoc meetings are convened as and when deemed necessary.
In FY2017, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.
<table>
<tr><th colspan="5">Table 1.4 – Board and Board Committee Meetings in FY2017</th></tr>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of Meetings Held</td><td>2</td><td>4</td><td>2</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>2</td><td>4^</td><td>2^</td><td>2^</td></tr>
<tr><td>Xu Ruibing</td><td>2</td><td>4^</td><td>1^</td><td>1^</td></tr>
<tr><td>Kong Chee Keong(1)</td><td>2</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Soon Ai Kwang</td><td>2</td><td>4</td><td>2</td><td>2</td></tr>
<tr><td>Gn Jong Yuh Gwendolyn(2)</td><td>N.A.</td><td>1</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Yuen Sou Wai(3)</td><td>1</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Wong Quee Quee Jeffrey(4)</td><td>1</td><td>1</td><td>1</td><td>1</td></tr>
</table>
^ By invitation
(1) Mr Kong Chee Keong was appointed as Lead Independent Director of the Company and the AC Chairman with effect from 12 December 2017.
(2) Ms Gn Jong Yuh Gwendolyn was appointed as an Independent Director of the Company, the RC Chairman, and a member of the AC and the NC with effect from 12 December 2017.
(3) Mr Yuen Sou Wai retired as Lead Independent Director of the Company and ceased to be the AC Chairman, and a member of the NC and the RC with effect from 28 April 2017.
(4) Mr Wong Quee Quee Jeffrey was appointed as Lead Independent Director of the Company, the AC Chairman, and a member of the NC and the RC with effect from 2 May 2017.He resigned as Lead Independent Director of the Company and ceased to be the AC Chairman, and a member of the NC and the RC with effect from 12 December 2017.
The Company's Constitution (the "Constitution") allows for meetings to be held through tele-conferencing, video-conferencing, audio visual or other electronic means of communication.
</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.5	What are the types of material transactions which require approval from the Board?	Matters that require the Board's approval include, *inter alia*, 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 reports and audited financial statements; and • interested person transactions.
1.6	(a) Are new Directors given formal training? If not, please explain why.	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 corporate 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.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	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. Briefings, updates and trainings for the Directors in FY2017 include the following: • The external auditor ("**EA**") had briefed the AC on changes or amendments to accounting standards; • The Joint Company Secretaries 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 from time to time, where necessary; and • Directors have attended the "Listed Company Directors" programme conducted by the Singapore Institute of Directors as and when relevant and necessary.
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 chief executive officer (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 60% of the Board. Mr Kong Chee Keong 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.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who is 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.
2.4	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.	There are no Independent Directors who has served beyond nine (9) years since the date of his first appointment.
2.5	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?	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.

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

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

<table>
<tr><th colspan="3">Table 2.6 – Balance and diversity of the Board</th></tr>
<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>1</td><td>1/5</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.

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.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors have met twice in the absence of key management personnel in FY2017.</td></tr>
<tr><td colspan="3"><u>Chairman and Chief Executive Officer</u></td></tr>
<tr><td>3.1
3.2
3.3</td><td>Are the duties between Chairman and CEO segregated?</td><td>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 (2) 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.</td></tr>
</table>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Executive Chairman and CEO's duties 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; and • overseeing all key aspects of the Group's operations, including the tendering process of projects and is responsible for identifying and securing new projects for the Group. In accordance with Guideline 3.3 of the Code, as Mr Chu Sau Ben assumes the roles of the Executive Chairman and CEO, a Lead Independent Director, Mr Kong Chee Keong, has been appointed.
3.4	Have the Independent Directors met in the absence of key management personnel?	The Independent Directors have met twice with the EA and the IA in the absence of key management personnel in FY2017.
Board Membership		
4.1	What are the duties of the NC?	The NC is guided by the following key terms of reference: (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, 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 AGM; (e) determining annually, 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.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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. 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 FY2017.
4.5	Are there alternate Directors?	The Company does not have any alternate directors. 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.

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<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></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>
<tr><th colspan="3">Table 4.6(a) – Process for the selection and appointment of new Directors</th></tr>
<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>
<tr><th colspan="3">Table 4.6(b) – Process for the re-electing incumbent Directors</th></tr>
<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.

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.
Mr Xu Ruibing and Mr Kong Chee Keong will retire by rotation at the forthcoming AGM in accordance with Regulation 89 of the Company's Constitution. Mr Kong Chee Keong has consented to offer himself for re-election. Mr Xu Ruibing has indicated that he will not stand for re-election.
</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>Mr Kong Chee Keong will, upon re-appointment as a Director of the Company, remain as the Lead Independent Director, the AC Chairman, and a member of the NC and RC. Mr Kong Chee Keong will be considered independent for the purposes of the Rule 704(7) of the Catalist Rules.

The NC has recommended to the Board that Ms Gn Jong Yuh Gwendolyn be nominated for re-election at the forthcoming AGM, in accordance with Regulation 88 of the Company's Constitution.

Ms Gn Jong Yuh Gwendolyn will, upon re-appointment as a Director of the Company, remain as an Independent Director, the RC Chairman, and a member of the AC and NC. Ms Gn Jong Yuh Gwendolyn will be considered independent for the purposes of the Rule 704(7) of the Catalist Rules.</td></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>The key information of the Directors, including their appointment dates and present and past three (3) 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>
<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 three (3) years</th></tr>
<tr><td>Chu Sau Ben</td><td>Executive Chairman and CEO</td><td>20 October 2010</td><td>28 April 2017</td><td>–</td><td>–</td></tr>
<tr><td>Xu Ruibing</td><td>Executive Director</td><td>4 October 2011</td><td>29 April 2016</td><td>–</td><td>–</td></tr>
<tr><td>Kong Chee Keong</td><td>Lead Independent Director</td><td>24 April 2013</td><td>29 April 2016</td><td>–</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>Gwendolyn Gn Jong Yuh</td><td>Independent Director</td><td>12 December 2017</td><td>N/A</td><td>UMS Holdings Limited</td><td>–</td></tr>
</table></td></tr>
</table>

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<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, 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>
<tr><td colspan="3">Table 5</td></tr>
<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 (1) year period vis-à-vis the FTSE Straits Times 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 performance criteria on a periodic basis to ensure that the performance 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>
<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.

For FY2017, 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 performance criteria disclosed in Table 5 above;
2. The Company Secretary collated and submitted the Board evaluation 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.</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>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 half-year 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>
<tr><td colspan="3">Table 6 – Types of information provided by key management personnel to Independent Directors</td></tr>
<tr><td></td><td>Information</td><td>Frequency</td></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 necessary</td></tr>
<tr><td>5.</td><td>Enterprise risk framework and internal auditor's ("IA") report(s)</td><td>Half-yearly</td></tr>
<tr><td>6.</td><td>Research report(s)</td><td>Regularly and/or when necessary</td></tr>
<tr><td>7.</td><td>Shareholding statistics</td><td>Yearly</td></tr>
<tr><td>8.</td><td>EA's report</td><td>Yearly</td></tr>
</table>

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.</td></tr>
</table>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3 6.4	What is the role of the Company Secretary?	All Directors have separate and independent access to the Joint Company Secretaries. The role of the Joint Company Secretaries, the appointment and removal of which is a matter for the Board as a whole, is as follows: • Ensuring that Board procedures are observed and that the Company's 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 Board 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 and Board Committee meetings; • As the secretary to all the Board Committees, the Joint Company Secretaries assist 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.
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The RC is guided by the following key terms of reference: (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. The RC also administers the Libra Performance Share Plan.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2017.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 Executive Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders. The remuneration 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.
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.
9.1 9.2	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?	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 of S$250,000 with a breakdown of the components in percentage. Information on the remuneration of Directors of the Company for FY2017 is set out in Table 9.2 below.

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<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 bands and breakdown for the remuneration of the Directors for FY2017 is as follows:

<table>
<tr><th colspan="6">Table 9.2 – Remuneration of the Directors</th></tr>
<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>Between S$750,000 to S$1,000,000</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Chu Sau Ben[(2)]</td><td>80</td><td>19</td><td>–</td><td>1</td><td>100</td></tr>
<tr><td>Between S$250,000 to S$500,000</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Xu Ruibing</td><td>48</td><td>48</td><td>–</td><td>4</td><td>100</td></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Kong Chee Keong[(3)]</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>
<tr><td>Gn Jong Yuh Gwendolyn[(4)]</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Yuen Sou Wai [(5)]</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
<tr><td>Wong Quee Quee Jeffrey [(6)]</td><td>–</td><td>–</td><td>100</td><td>–</td><td>100</td></tr>
</table>
(1) Benefits comprise of CPF and Annual Leave encashment.
(2) Mr Chu Sau Ben is the Executive Chairman and CEO of the Company.
(3) Mr Kong Chee Keong was appointed as Lead Independent Director of the Company and the AC Chairman with effect from 12 December 2017.
(4) Ms Gn Jong Yuh Gwendolyn was appointed as an Independent Director of the Company, the RC Chairman, and a member of the AC and the NC with effect from 12 December 2017.
(5) Mr Yuen Sou Wai retired as Lead Independent Director of the Company and ceased to be the AC Chairman, and a member of the NC and the RC with effect from 28 April 2017.
(6) Mr Wong Quee Quee Jeffrey was appointed as Lead Independent Director of the Company, the AC Chairman, and a member of the NC and the RC with effect from 2 May 2017. He resigned as Lead Independent Director of the Company and ceased to be the AC Chairman, and a member of the NC and the RC with effect from 12 December 2017.
</td></tr>
<tr><td></td><td></td><td>
The Executive Chairman and CEO, and Executive Directors are 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 were no termination, retirement and post-employment benefits that granted to the Executive Chairman and CEO, Executive Directors and all key management personnel for FY2017.
</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>9.3</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 key management personnel (who are not Directors or the CEO) for FY2017 was as follows:
<table>
<tr><th colspan="5">Table 9.3 – Remuneration of key management personnel</th></tr>
<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>66</td><td>29</td><td>5</td><td>100</td></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>Ang Chong Cheng[2]</td><td>97</td><td>–</td><td>3</td><td>100</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>67</td><td>26</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>
<tr><td>Chu Siow Leong[3]</td><td>90</td><td>10</td><td>–</td><td>100</td></tr>
<tr><td>Lim Boon Ping[4]</td><td>86</td><td>7</td><td>7</td><td>100</td></tr>
<tr><td>Tan Ngee Tiong[5]</td><td>69</td><td>23</td><td>8</td><td>100</td></tr>
</table>
Notes:
(1) Benefits comprise of CPF and Annual Leave encashment.
(2) Mr Ang Choon Cheng was appointed as the Executive Chairman of Cyber Builders Pte. Ltd. with effect from 3 July 2017.
(3) Mr Chu Siow Leong who is the brother of the Executive Chairman and CEO, Mr Chu Sau Ben, was appointed as General Manager of Libra Engineering Pte Ltd with effect from 7 June 2017. Prior to 7 June 2017, Mr Chu Siow Leong was a Production Manager of Libra Engineering Pte Ltd.
(4) Mr Lim Boon Ping resigned as CFO of the Company with effect from 30 June 2017.
(5) Mr Tan Ngee Tiong resigned as General Manager of Libra Engineering Pte Ltd with effect from 7 June 2017.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top five (5) key management personnel for FY2017 was S$1,114,251.</td></tr>
</table>

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<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 exceeds 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 during FY2017 are as follows:
<table>
<tr><th colspan="5">Table 9.4 – Remuneration of employees who are family members of the Executive Chairman and CEO</th></tr>
<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 and S$200,000</td></tr>
<tr><td>Chu Fai Fong</td><td>76</td><td>14</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 Siow Leong</td><td>90</td><td>10</td><td>–</td><td>100</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">Below S$50,000</td></tr>
<tr><td>Chu Sew Ting</td><td>89</td><td>11</td><td>–</td><td>100</td></tr>
</table>
(1) Benefits comprise of CPF and Annual Leave encashment.

Mr Chu Sew Ting, who is a Supervisor in Kin Xin Engineering Pte Ltd, and Mr Chu Siow Leong, who is a General Manager in Libra Engineering Pte Ltd, 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, 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 FY2017.</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.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		In FY2017, the total numbers of award shares granted to (i) Directors of the Company; (ii) the participants who are controlling shareholders of the Company and their associates; and (ii) participants other than in (i) or (ii) who receive 5% or more of the total number of award shares available under the Performance Share Plan, were as follows:

Name of participant	**Number of award shares granted during FY2017**	**Aggregate number of award shares granted since commencement of the Performance Share Plan to the end of FY2017**
Directors		
Chu Sau Ben	1,525,000 ordinary shares(1)	1,525,000 ordinary shares
Xu Ruibing	493,087 ordinary shares(2)	493,087 ordinary shares
The participants (excluding Directors) who are controlling shareholders of the Company and their associates		
Chu Fai Fong	143,290 ordinary shares(3)	143,290 ordinary shares
Chu Kee Yong	130,995 ordinary shares(4)	130,995 ordinary shares
Chu Siow Leong	85,683 ordinary shares(5)	85,683 ordinary shares
Participants (other than already disclosed in this table) who receive 5% or more of the total number of award shares available under the Performance Share Plan		
Nil		

Notes:

(1) Of the 1,525,000 ordinary shares granted to Mr Chu Sau Ben under the Performance Share Plan, 525,000 shares vested immediately upon the grant of the share award on 26 May 2017. The remaining 1,000,000 ordinary shares which are the subject of the share award will vest on the date falling (1) one year from 26 May 2017, subject to certain pre-determined performance conditions being achieved.

(2) Of the 493,087 ordinary shares granted to Mr Xu Ruibing under the Performance Share Plan, all of the shares vested immediately upon the grant of the share award on 26 May 2017.

(3) Of the 143,290 ordinary shares granted to Ms Chu Fai Fong, 36,290 shares vested immediately upon the grant of the share award on 26 May 2017. The remaining 107,000 ordinary shares which are the subject of the share award will vest on the date falling (1) one year from 26 May 2017, subject to certain pre-determined performance conditions being achieved. Ms Chu Fai Fong is the sister of Mr Chu Sau Ben and accordingly, an associate of a controlling shareholder of the Company.

(4) Of the 130,995 ordinary shares granted to Ms Chu Kee Yong, 32,995 shares vested immediately upon the grant of the share award on 26 May 2017. The remaining 98,000 ordinary shares which are the subject of the share award will vest on the date falling (1) one year from 26 May 2017, subject to certain pre-determined performance conditions being achieved. Ms Chu Kee Yong is the sister of Mr Chu Sau Ben and accordingly, an associate of a controlling shareholder of the Company.

(5) Of the 85,683 ordinary shares granted to Mr Chu Siow Leong, 21,683 shares vested immediately upon the grant of the share award on 26 May 2017. The remaining 64,000 ordinary shares which are the subject of the share award will vest on the date falling (1) one year from 26 May 2017, subject to certain pre-determined performance conditions being achieved. Mr Chu Siow Leong is the brother of Mr Chu Sau Ben and accordingly, an associate of a controlling shareholder of the Company.

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<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 of the required experience and expertise.

The Company adopts a remuneration policy for staff 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 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 interests of Executive Directors with those of the 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 FY2017 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>Yes, the RC has reviewed and is satisfied that the performance conditions of the Executive Directors and key management personnel were met for FY2017.</td></tr>
<tr><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td colspan="3"><u>Accountability</u></td></tr>
<tr><td>10.1
10.2</td><td>Has the Board presented a balanced and understandable assessment of the Company's performance, position and prospects?</td><td>The Board reviews and approves the financial results announcements as well as any other 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.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 FY2017. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and Senior Group Financial Controller (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. Discussions were held between the AC and the EA, and between the AC and the IA in the absence of the key management personnel to review and address any potential concerns; 4. An enterprise risk management framework was established 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 IA during the course of their internal audit performed in FY2017. 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.
	(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 the Senior Group Financial Controller in respect of FY2017. 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 report issued to the Company in FY2017 as assurances that the Company's risk management and internal control systems are effective.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<u>Audit Committee</u>		
12.1 12.4	What is the role of the AC?	All members of the AC are Independent 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 12 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 independence 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 EA and 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.
12.2	Whether the AC is appropriately qualified to discharge their duties?	The Board is of the view that the members of the AC are appropriately qualified to discharge the AC's responsibilities.
12.3	Does the AC has explicit authority to investigate any matter within its terms of reference?	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.
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA twice in the absence of key management personnel in FY2017.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="3">12.6</td><td>Has the AC reviewed the independence of the EA?</td><td>There were no non-audit services provided by the EA to the Company during FY2017, and the AC is satisfied that the EA's independence and objectivity has not been compromised. Accordingly, the AC has recommended the re-appointment of the EA at the forthcoming AGM.</td></tr>
<tr><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>
<tr><th colspan="3">Table 12.6(a) – Fees Paid/Payable to the EA for FY2017</th></tr>
<tr><th></th><th>S$'000</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>200</td><td>100</td></tr>
</table></td></tr>
<tr><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>There were no non-audit services rendered during FY2017.</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 whistleblowing@libragroup.com.sg. There was no whistle-blowing report received by the AC in FY2017.</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 EA 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 in FY2017.</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 EA 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>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The AC is satisfied that the IA is able to discharge its duties effectively as: • 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 IA 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 15 years of relevant experience; and • The IA 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.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholders Rights		
14.2	Are shareholders informed of the rules, including voting procedures, that govern general meetings of shareholders?	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.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Company's Constitution allows a shareholder to appoint up to two (2) 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 Companies (Amendment) Act 2014 of Singapore, 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.
Communication with Shareholders		
14.1 15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	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 Rules of Catalist. All shareholders will receive the annual report which will also be made available on the SGXNET.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	In FY2017, the Company held two (2) analyst briefings and two (2) meetings with institutional and retail investors. The Company also has recently appointed a new dedicated external investor relations team by WeR1 Consultants Pte Ltd to facilitate communication with shareholders whose contact details are as follows: Mr Lai Kwok Kin and/or Mr Ian Low Tel: +65 6737 4844 Email: laikkin@wer1.net and/or ianlau@wer1.net
	(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, namely, WeR1 Consultants Pte Ltd.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.
	Is the Company is paying dividends for the financial year? If not, please explain why.	There were no dividends proposed in respect of FY2017 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 16.3 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 Company's Constitution, 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, email, 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 (1) 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.

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COMPLIANCE WITH APPLICABLE CATALIST RULES

<table>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>712, 715 or 716</td><td>Appointment of Auditors</td><td>The Company confirms its compliance with Catalist Rules 712 and 715.</td></tr>
<tr><td>1204(8)</td><td>Material Contracts</td><td>On 10 October 2017, the Company, Mr Chu Sau Ben, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and YC Capital Consolidated Sdn. Bhd. entered into a conditional sale and purchase agreement in relation to the Company's acquisition of 1,020,000 ordinary shares (representing 51% of the issued and paid-up share capital) in YC Capital Consolidated Sdn. Bhd. from Mr Chu Sau Ben (the "YC Acquisition"). The YC Acquisition was completed on 28 March 2018. For further information on the YC Acquisition, please refer to the Company's announcements dated 10 October 2017, 2 January 2018, 10 January 2018, 30 January 2018, 2 February 2018, 5 February 2018, 8 February 2018, 9 February 2018 and 28 March 2018, and the Company's circular dated 19 January 2018.

Save as disclosed above, there were no material contracts entered into by the Group involving the interest of the Executive Chairman and CEO, any Director, or controlling shareholder of the Company, which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.</td></tr>
<tr><td>1204(10)</td><td>Confirmation of adequacy of internal controls</td><td>The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:

• internal controls and the risk management system established and maintained by the Company;
• work performed by the IA and EA;
• assurance from the CEO and Senior Group Financial Controller; and
• reviews done by the various Board Committees and key management personnel.</td></tr>
<tr><td>1204(17)</td><td>Interested Persons Transaction ("IPT")</td><td>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.

<table>
<tr><th>Name of Interested Person</th><th>Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th><th>Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)</th></tr>
<tr><td>–</td><td>–</td><td>–</td></tr>
</table>

Ethoz Capital Ltd had provided a S$1.5 million term loan facility to Kin Xin Engineering Pte Ltd (a subsidiary of the Company), and Malayan Banking Berhad had provided a S$1million term facility to Libra Engineering Pte Ltd (a subsidiary of the Company). Both facilities are secured jointly by corporate guarantees issued by the Company and personal guarantees provided by Mr Chu Sau Ben, the Executive Chairman and CEO of the Company. The outstanding amount as at 31 December 2017 was S$668,062. No consideration was/will be paid to Mr Chu Sau Ben for the provision of the aforesaid personal guarantees.</td></tr>
</table>

Catalist Rule	Rule Description	Company's Compliance or Explanation
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 (1) 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	No non-sponsor fees were paid to the Company's sponsor, Stamford Corporate Services Pte. Ltd., for FY2017.
1204(22)	Use of IPO Proceeds	There were no fund raising exercises of the Company with unutilised funds.

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 2017.

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 2017 and of 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
Kong Chee Keong
Xu Ruibing
Soon Ai Kwang
Gwendolyn Gn Jong Yuh (appointed on 12 December 2017)

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 or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Chu Sau Ben*	2,748,000	43,773,000	56,500,000	16,000,000
Xu Ruibing	574,800	1,067,887	–	–

* Mr Chu Sau Ben is deemed interested in: (i) 8,000,000 issued ordinary shares pledged to and registered in the name of Hong Leong Finance Nominees Pte Ltd; and (ii) 8,000,000 issued ordinary shares pledged to and registered in the name of SBS Nominees Private Limited.

Directors' interests in shares and debentures (cont'd)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

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 Gwendolyn Gn Jong Yuh.

The awards under the Performance Share Plan give the right to a participant to receive fully-paid ordinary shares free of charge, upon the participant achieving the prescribed performance targets and upon expiry of the prescribed vesting period.

The performance targets to be set shall take into account both the medium-term to long-term corporate objectives of the Group and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. In addition, the participant's length of service with the Group, achievement of past performance targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.

Details of the Awards of the Company pursuant to the Performance Share Plan are as follows:

Grant date	Balance as at 1.1.2017	Grants during the financial year	Vested during the financial year	Balance as at 31.12.2017
26 May 2017	–	3,312,098	2,043,098	1,269,000

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;

directors' statement

Audit committee (cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- 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.

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 2018

independent auditor's report

to the members of Libra Group Limited

For the financial year ended 31 December 2017

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 2017, 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 2017 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.

independent auditor's report

to the members of Libra Group Limited

For the financial year ended 31 December 2017

Key Audit Matters (cont'd)

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

The Group recognised revenue of $56,426,580 from construction contracts using the percentage of completion method for financial year ended 31 December 2017 and has gross amounts due from customers of $30,255,968 and gross amounts due to customers of $353,917 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.

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 15 to the financial statements.

Impairment assessment of trade and other receivables

The Group's trade and other receivables amounted to $13,258,386 as of 31 December 2017 and were significant to the Group as they represented 14.7% of the Group's total assets.

The collectability of trade and other receivables is a key element of the Group's working capital management and is managed on an ongoing basis by management. 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 trade and other receivables 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 and other receivables. We considered the ageing profile of outstanding trade and other 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 and other receivables 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 trade and other receivables and credit risk management process are disclosed in Notes 18 and 30(a) to the financial statements respectively.

Key Audit Matters (cont'd)

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 2017. These investments form about 19.7% of the Company's total assets. The carrying amounts of these investments are disclosed in Note 12 to the financial statements. The Group's goodwill arising from acquisition of a subsidiary amounted to $979,799 as at 31 December 2017.

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 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.

independent auditor's report

to the members of Libra Group Limited

For the financial year ended 31 December 2017

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.

- 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 2018

consolidated statement of comprehensive income

For the financial year ended 31 December 2017

	Note	2017 $	2016 $
Revenue	4	70,455,836	80,872,637
Cost of sales		(57,974,075)	(65,528,237)
Gross profit		12,481,761	15,344,400
Other income	5	2,449,043	1,947,258
Other items of expenses			
Administrative expenses		(11,791,242)	(13,980,641)
Finance costs	6	(1,200,859)	(1,451,508)
Profit before tax	7	1,938,703	1,859,509
Income tax expense	8	(365,270)	(51,297)
Profit for the year		1,573,433	1,808,212
Attributable to:			
Owners of the Company		1,573,433	1,808,212
		1,573,433	1,808,212
Earnings per share (cents per share)			
Basic and diluted	9	1.33	1.54
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(15,918)	(9,305)
Total comprehensive income for the year		1,557,515	1,798,907
Attributable to:			
Owners of the Company		1,557,515	1,798,907
Total comprehensive income for the year		1,557,515	1,798,907

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

balance sheets

As at 31 December 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Assets					
Non-current assets					
Property, plant and equipment	10	37,631,380	37,011,968	21,232,835	18,576,232
Investment property	11	–	–	8,354,246	8,594,081
Investment in subsidiaries	12	–	–	17,733,646	17,733,646
Goodwill	13	979,799	979,799	–	–
Other receivables	18	314,500	–	–	–
Deferred tax assets	14	38,628	38,628	–	–
		38,964,307	38,030,395	47,320,727	44,903,959
Current assets					
Gross amount due from customers for contract work-in-progress	15	30,255,968	24,760,427	–	–
Asset held for sale	16	–	938,000	–	–
Inventories	17	2,705,117	3,134,955	–	–
Prepaid operating expenses		650,961	399,455	38,048	70,010
Trade and other receivables	18	13,258,386	16,150,434	66,806	6,850,030
Income tax recoverable		5,682	545,898	–	–
Cash and bank balances	19	4,136,433	3,396,439	847,622	578,066
		51,012,547	49,325,608	952,476	7,498,106
Total assets		89,976,854	87,356,003	48,273,203	52,402,065
Equity and liabilities					
Current liabilities					
Gross amount due to customers for contract work-in-progress	15	353,917	54,651	–	–
Loans and borrowings	20	31,051,742	22,649,059	10,253,397	2,244,687
Trade and other payables	21	16,002,960	14,131,469	9,526,843	12,437,574
Other liabilities	22	4,961,787	6,404,448	445,137	268,768
Income tax payable		503,298	163,284	–	–
		52,873,704	43,402,911	20,225,377	14,951,029
Net current (liabilities)/assets		(1,861,157)	5,922,697	(19,272,901)	(7,452,923)
Non-current liabilities					
Deferred tax liabilities	14	138,455	138,455	–	–
Loans and borrowings	20	10,568,936	19,484,171	10,038,122	17,882,949
		10,707,391	19,622,626	10,038,122	17,882,949
Total liabilities		63,581,095	63,025,537	30,263,499	32,833,978
Net assets		26,395,759	24,330,466	18,009,704	19,568,087
Equity attributable to owners of the Company					
Share capital	23(a)	18,765,516	18,393,204	18,765,516	18,393,204
Treasury shares	23(b)	(256,159)	(256,159)	(256,159)	(256,159)
Merger reserve	23(c)	(7,441,589)	(7,441,589)	–	–
Foreign currency translation reserve	24	(101,572)	(85,654)	–	–
Premium on acquisition of non-controlling interests	25	(355,109)	(355,109)	–	–
Employees share awards reserve	26	135,466	–	135,466	–
Retained earnings		15,649,206	14,075,773	(635,119)	1,431,042
Total equity		26,395,759	24,330,466	18,009,704	19,568,087
Total equity and liabilities		89,976,854	87,356,003	48,273,203	52,402,065

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 2017

	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** $	**Employee share awards reserve** $	**Total equity** $
Group								
2017								
Opening balance at 1 January 2017	18,393,204	(256,159)	(85,654)	(7,441,589)	(355,109)	14,075,773	–	24,330,466
Profit for the year	–	–	–	–	–	1,573,433	–	1,573,433
Other comprehensive income								
Foreign currency translation	–	–	(15,918)	–	–	–	–	(15,918)
Total comprehensive income for the year	–	–	(15,918)	–	–	1,573,433	–	1,557,515
Contributions by and distributions to owners								
Issuance of performance share plan	372,312	–	–	–	–	–	–	372,312
Grant of equity-settled share awards to employees	–	–	–	–	–	–	135,466	135,466
Total transactions with owners in their capacity as owners	372,312	–	–	–	–	–	135,466	507,778
Closing balance at 31 December 2017	18,765,516	(256,159)	(101,572)	(7,441,589)	(355,109)	15,649,206	135,466	26,395,759

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

	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 33)	–	–	–	–	–	(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 2017

	Share capital $	Treasury shares $	Retained earnings $	Employees share awards reserve $	Total equity $
Company					
2017					
Opening balance at 1 January 2017	18,393,204	(256,159)	1,431,042	–	19,568,087
Loss for the year, representing total comprehensive income for the year	–	–	(2,066,161)	–	(2,066,161)
Contributions by and distributions to owners					
Issuance of performance share plan	372,312	–	–	–	372,312
Grant of equity-settled share awards to employees	–	–	–	135,466	135,466
Total transactions with owners in their capacity as owners	372,312	–	–	135,466	507,778
Closing balance at 31 December 2017	18,765,516	(256,159)	(635,119)	135,466	18,009,704
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 33)	–	–	(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

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

consolidated cash flow statement

For the financial year ended 31 December 2017

	2017 $	2016 $
Operating activities		
Profit before tax	1,938,703	1,859,509
Adjustments for:		
Depreciation of property, plant and equipment	1,872,638	2,314,843
Write-back of doubtful trade receivables	(329,446)	(23,998)
Allowance for doubtful trade receivables	119,580	1,463,025
(Write-back)/impairment of gross amount due from customers for contract work-in-progress	(200,000)	200,000
Loss on disposal of property, plant and equipment, net	166,019	108,474
Inventories written off	–	4,253
Impairment of other receivables	16,800	400,000
Finance costs	1,200,859	1,451,508
Interest income	(5,817)	(52,311)
Impairment of property, plant and equipment	4,887	4,148
Fair value loss on asset held for sale	–	62,000
Translation difference	(15,918)	(9,305)
	2,829,602	5,922,637
Operating cash flows before changes in working capital	4,768,305	7,782,146
Changes in working capital:		
Gross amount due from customers for contract work-in-progress	(5,295,541)	(729,129)
Gross amount due to customers for contract work-in-progress	299,266	(20,840)
Inventories	429,838	278,496
Prepaid operating expenses	(251,506)	(70,258)
Trade and other receivables	2,770,614	987,254
Trade and other payables	1,871,491	(3,908,617)
Other liabilities	(1,442,661)	968,996
Total changes in working capital	(1,618,499)	(2,494,098)
Cash flows from operations	3,149,806	5,288,048
Interest paid	(1,200,859)	(1,451,508)
Interest received	5,817	52,311
Income tax refund/(paid)	514,960	(721,016)
Net cash flows from operating activities	2,469,724	3,167,835
Investing activities		
Purchase of property, plant and equipment (Note 10)	(2,065,788)	(2,249,566)
Proceeds from disposal of property, plant and equipment	960,814	54,035
Net cash flows used in investing activities	(1,104,974)	(2,195,531)
Financing activities		
Proceeds from loans and borrowings	5,157,791	6,630,451
Repayments of loans and borrowings	(5,602,106)	(9,948,589)
Repayments of obligations under finance leases	(258,179)	(73,325)
Issuance of performance share plan	372,312	–
Grant of equity-settled share awards to employees	135,466	–
Dividend paid on ordinary shares	–	(822,494)
Net cash flows used in financing activities	(194,716)	(4,213,957)
Net increase/(decrease) in cash and cash equivalents	1,170,034	(3,241,653)
Cash and cash equivalents at 1 January	2,966,272	6,207,925
Cash and cash equivalents at 31 December (Note 19)	4,136,306	2,966,272

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

notes to the financial statements

For the financial year ended 31 December 2017

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.

<u>Group</u>

The financial statements of the Group have been prepared on the going concern basis notwithstanding that the Group is in a net current liabilities and net assets position of $1,861,157 and $26,395,759 respectively as at 31 December 2017. The construction loan with UOB bank will be due upon obtaining the temporary occupation permit ("TOP") for the proposed property development of 53 Loyang Drive. The intention was to refinance the construction loan with a property loan secured against the property upon TOP. As at 31 December 2017, the TOP has yet to be obtained and the property loan has yet to be in place. Accordingly, the non-current construction loan of $9,475,983 was reclassified to current liability as the TOP was expected to be in January 2018.

The Group has obtained and accepted the revised bank facility letter on 31 January 2018 upon issuance of TOP in respect of the Proposed Development. With the revised bank facility letter on 31 January 2018, the loan would be classified as non-current. Hence, the Group will be in net current asset positions as at 31 January 2018 and the Group would be in a net current asset position of $7,614,826 as at 31 December 2017 had the construction loan been refinanced before year end.

<u>Company</u>

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 $19,272,901 (2016: $7,452,923) 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.

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

2.1 *Basis of preparation (cont'd)*

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

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 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term interests in Associates and Joint Ventures*	1 January 2019
Amendments to FRS 103 *Business Combinations*	1 January 2019
Amendments to FRS 111 *Joint Arrangements*	1 January 2019
Amendments to FRS 12 *Income Taxes*	1 January 2019
Amendments to FRS 23 *Borrowings Costs*	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

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

notes to the financial statements

For the financial year ended 31 December 2017

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

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

Except for FRS 109, FRS 115 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 year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below:

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group plans to apply the simplified approach and record lifetime expected losses on all trade receivables. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.

The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

FRS 115 *Revenue from Contracts with Customers*

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 principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new revenue model under FRS 115.

The Group plans to adopt the standard when it becomes effective in 2018; and is gathering data to quantify the potential impact arising from the adoption.

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 leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group plans to adopt the new standard when it becomes effective in 2019. The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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.

notes to the financial statements

For the financial year ended 31 December 2017

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

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

(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.

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.

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

2.5 *Foreign currency (cont'd)*

(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.

2.6 *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 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.

notes to the financial statements

For the financial year ended 31 December 2017

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

2.7 *Investment property*

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 35 years (2016: 36 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.

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. Summary of significant accounting policies (cont'd)

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.

2.11 *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.

notes to the financial statements

For the financial year ended 31 December 2017

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

2.11 *Financial instruments (cont'd)*

(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.

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.

<u>Financial assets carried at amortised cost</u>

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.

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

2.12 *Impairment of financial assets (cont'd)*

Financial assets carried at amortised cost (cont'd)

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. These also include bank overdrafts that form an integral part of the Group's cash management.

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.

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.

notes to the financial statements

For the financial year ended 31 December 2017

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

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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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.

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. Summary of significant accounting policies (cont'd)

2.19 *Employee benefits (cont'd)*

(c) *Share-based payments*

Certain employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employees share awards reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share awards reserve is transferred to retained earnings upon expiry of the share awards.

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.

notes to the financial statements

For the financial year ended 31 December 2017

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

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.

(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.

(g) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(h) *Management fees*

Management fee is recognised when support and administrative services have been rendered to and accepted by the subsidiaries.

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

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.

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.

notes to the financial statements

For the financial year ended 31 December 2017

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

2.22 *Taxes (cont'd)*

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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.

2.25 *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 32, 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, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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*

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

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.

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. The carrying amount of the Group's deferred tax assets at the end of the reporting period is $38,628 (2016: $38,628).

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 that affect the stage of completion. Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. 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 15 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 (2017: 4 contracts; 2016: 3 contracts) would have been lower/higher by $665,722 (2016: $1,109,891). 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 $958,523 (2016: $1,079,975).

notes to the financial statements

For the financial year ended 31 December 2017

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

3.2 *Key sources of estimation uncertainty (cont'd)*

(b) *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.

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 18 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 $1,323,456 (2016: $1,259,737).

(c) *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	
	2017	**2016**
	$	$
Construction revenue	56,426,580	66,611,331
Sale of goods	14,029,256	14,261,306
	70,455,836	80,872,637

5. Other income

	Group	
	2017	**2016**
	$	$
Write-back of doubtful trade receivables	329,446	23,998
Sale of scrap materials	471,462	228,593
Rental income	1,003,475	952,956
Service income	–	332,874
Interest income from loans to external parties	–	47,297
Interest income from cash at bank	5,817	5,014
Government grant income	160,964	302,294
Compensation for liquidated damages	–	53,050
Others	477,879	1,182
	2,449,043	1,947,258

6. Finance costs

	Group 2017 $	Group 2016 $
Interest expense on:		
– Trust receipts	386,600	354,197
– Obligations under finance leases	17,132	14,331
– Term loans	466,602	513,973
– Factoring charges	3,519	195,760
– Mortgage loans	327,006	373,247
	1,200,859	1,451,508

7. Profit before tax

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

	Group 2017 $	Group 2016 $
Audit fees:		
– Auditors of the Group	200,000	200,000
Non-audit fees:		
– Auditors of the Group	–	45,000
Depreciation of property, plant and equipment (Note 10)	1,872,638	2,314,843
Impairment of other receivables	16,800	400,000
(Write-back)/impairment of gross amount due from customers for contract work-in-progress	(200,000)	200,000
Impairment of property, plant and equipment	4,887	4,148
Allowance for doubtful trade receivables	119,580	1,463,025
Inventories written off	–	4,253
Fair value loss on asset held for sale (Note 16)	–	62,000
Loss on disposal of property, plant and equipment	166,019	108,474
Operating lease expense	1,379,316	2,400,560
Foreign exchange loss/(gain), net	17,794	(107,169)
Employee benefits expenses (including directors' remuneration):		
– Salaries, wages and bonuses	17,313,865	17,308,602
– Central provident fund contributions	561,929	756,423
– Foreign worker levy	3,441,709	3,850,540
– Other short-term employee benefits	1,555,272	2,288,907

notes to the financial statements

For the financial year ended 31 December 2017

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	
	2017	**2016**
	$	$
Current income tax		
– Current year income tax expense	365,270	177,886
– Over provision of income tax in respect of previous years	–	(585,690)
	365,270	(407,804)
Deferred income tax (Note 14)		
– Origination and reversal of temporary differences	–	459,101
	365,270	459,101
Income tax expense recognised in profit or loss	365,270	51,297

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	
	2017	**2016**
	$	$
Profit before tax	1,938,703	1,859,509
Tax at the domestic rates applicable to profit in the countries where the Group operates	209,936	319,180
Adjustments:		
Non-deductible expenses	220,964	410,025
Income not subject to tax	(26,232)	(19,122)
Effect of partial tax exemption and tax deduction	(138,888)	(66,824)
Over provision of income tax in respect of previous years	–	(585,690)
Deferred tax assets not recognised	87,349	–
Others	12,141	(6,272)
Income tax expense recognised in profit or loss	365,270	51,297

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

8. Income tax expense (cont'd)

Unrecognised tax losses and deductible temporary differences

At the end of the reporting period, the Group has tax losses and deductible temporary differences of approximately $514,000 (2016: $Nil) available for offset against future taxable profits of certain subsidiaries in which the losses arose, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which certain subsidiaries operate.

Tax consequences of proposed dividends

There are no income tax consequences (2016: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 33).

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2016: $Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas subsidiaries as there are no overseas subsidiaries with undistributed earnings.

Deferred income tax related to other comprehensive income

There is no (2016: $Nil) deferred income tax related to other comprehensive income for the financial year ended 31 December 2017.

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	
	2017	**2016**
	$	$
Profit for the year attributable to owners of the Company	1,573,433	1,808,212
	No. of shares	No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	118,724,959	117,499,100

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.

notes to the financial statements

For the financial year ended 31 December 2017

10. Property, plant and equipment

	Assets under construction $	Building $	Computers $	Furniture and fittings $	Motor vehicles $	Office equipment $	Renovation $	Factory equipment $	Plant and machinery $	Total $
Group										
Cost:										
At 1 January 2016	8,896,177	15,897,341	650,195	99,298	1,793,813	232,562	446,368	304,607	4,210,792	32,531,153
Additions	8,473,181	124,112	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 and 1 January 2017	17,369,358	16,021,453	674,429	134,483	1,764,330	204,102	585,394	342,265	4,859,117	41,954,931
Additions	1,687,696	–	133,755	1,858	448,163	22,860	286,137	2,000	103,301	2,685,770
Disposals	–	–	–	–	(226,925)	(5,700)	(127,450)	–	(5,265)	(365,340)
Write-off	–	–	(87,333)	–	–	(7,854)	–	–	–	(95,187)
Impairment	–	–	–	–	–	–		–	(4,887)	(4,887)
At 31 December 2017	19,057,054	16,021,453	720,851	136,341	1,985,568	213,408	744,081	344,265	4,952,266	44,175,287
Accumulated depreciation:										
At 1 January 2016	–	575,530	269,920	23,128	661,950	68,635	39,249	92,097	1,177,788	2,908,297
Depreciation charge for the year	–	1,321,816	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 and 1 January 2017	–	1,897,346	433,960	44,544	681,249	75,373	144,791	114,615	1,551,085	4,942,963
Depreciation charge for the year	–	876,666	171,824	25,540	160,970	40,137	117,939	32,354	447,208	1,872,638
Disposals	–	–	–	–	(132,551)	(1,853)	(38,073)	–	(4,030)	(176,507)
Write-off	–	–	(87,333)	–	–	(7,854)	–	–	–	(95,187)
At 31 December 2017	–	2,774,012	518,451	70,084	709,668	105,803	224,657	146,969	1,994,263	6,543,907
Net carrying amount:										
At 31 December 2016	17,369,358	14,124,107	240,469	89,939	1,083,081	128,729	440,603	227,650	3,308,032	37,011,968
At 31 December 2017	19,057,054	13,247,441	202,400	66,257	1,275,900	107,605	519,424	197,296	2,958,003	37,631,380

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

	Assets under construction $	Motor Vehicle $	Computers $	Furniture and fittings $	Office equipment $	Renovation $	Total $
Company							
Cost:							
At 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 and 1 January 2017	18,368,671	–	30,258	14,380	2,707	246,525	18,662,541
Additions	2,448,744	275,000	–	–	–	–	2,723,744
At 31 December 2017	20,817,415	275,000	30,258	14,380	2,707	246,525	21,386,285
Accumulated depreciation:							
At 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 and 1 January 2017	–	–	12,780	3,595	677	69,257	86,309
Depreciation charge for the year	–	4,583	9,836	2,876	541	49,305	67,141
At 31 December 2017	–	4,583	22,616	6,471	1,218	118,562	153,450
Net carrying amount:							
At 31 December 2016	18,368,671	–	17,478	10,785	2,030	177,268	18,576,232
At 31 December 2017	20,817,415	270,417	7,642	7,909	1,489	127,963	21,232,835

notes to the financial statements

For the financial year ended 31 December 2017

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

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 $619,982 (2016: $247,665) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $2,065,788 (2016: $2,249,566).

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

	Group	
	2017	**2016**
	$	$
Motor vehicles	1,060,765	809,581
Plant and machinery	53,778	40,675
Renovation	263,557	–
	1,378,100	850,256

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 $27,964,983 (2016: $25,965,213) are mortgaged to secure the Group's loans and borrowings (Note 20).

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of a property. During the financial year, the borrowing costs capitalised as cost of property, plant and equipment amounted to $246,022 (2016: $72,513). The interest rate used to determine the amount of borrowing costs eligible for capitalisation shall be charged at the higher of 1.875% (2016: 1.875%) per annum over the bank's Cost of Funds or 1.875% (2016: 1.875%) per annum over the applicable SWAP Offer Rate as determined by the bank on the day of transaction.

11. Investment property

	Company	
	2017	**2016**
	$	$
Balance sheet:		
Cost		
At 1 January and 31 December	8,873,886	8,873,886
Accumulated depreciation		
At 1 January	279,805	39,972
Depreciation charge for the year	239,835	239,833
At 31 December	519,640	279,805
Net carrying amount	8,354,246	8,594,081
Statement of comprehensive income:		
Rental income from investment property	925,853	925,853
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating property	838,665	878,373

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

The investment property held by the Company as at 31 December 2017 is as follows:

Description and Location	**Existing Use**	**Tenure**	**Unexpired lease term**
4-storey single-user industrial building at 53 Loyang Drive	Office	Leasehold	35 years

Property pledged as security

The Company's investment property with net carrying amount of $8,354,246 (2016: $8,594,081) is mortgaged to secure the Group's loans and borrowings (Note 20).

Valuation of investment property

The fair value of the investment property at 31 December 2017 approximates $16,000,000 (2016: $16,000,000). The independent valuation was performed by an independent professional valuation firm. Details of valuation techniques and inputs are disclosed in Note 29.

notes to the financial statements

For the financial year ended 31 December 2017

12. Investment in subsidiaries

	Company 2017 $	Company 2016 $
Shares, at cost		
At 1 January	17,733,646	16,633,646
Addition	–	1,100,000
At 31 December	17,733,646	17,733,646

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	Proportion of ownership interest 2016 %
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")[(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 Rule 717 of the Catalist Rules

13. Goodwill

	Group 2017 $	Group 2016 $
Cost and carrying amount as at 1 January and 31 December	979,799	979,799

The goodwill arises due to the acquisition of Cyber on 16 March 2015 and had been determined based on the identification of the intangible assets by the independent valuer engaged by the Group.

The recoverable amount of Cyber was determined based on value-in-use calculations using cash flow projections from financial budget and forecast approved by management covering more than 5-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections were 7.0% and 5.0% (2016: 7.0% and 5.0%) respectively.

14. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2017	2016	2017	2016
	$	$	$	$
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(138,455)	(138,455)	–	138,455
Deferred tax assets:				
Unutilised capital allowances	38,628	38,628	–	320,646
	(99,827)	(99,827)	–	459,101

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

	Group	
	2017	2016
	$	$
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	291,752,124	193,074,476
Less: Progress billings	(261,850,073)	(168,368,700)
	29,902,051	24,705,776
Presented as:		
Gross amount due from customers for contract work-in-progress	30,255,968	24,760,427
Gross amount due to customers for contract work-in-progress	(353,917)	(54,651)
	29,902,051	24,705,776
Retention sums on construction contracts included in gross amount due from customers for contract work-in-progress	7,223,239	5,760,896

16. Asset held for sale

	Group	
	2017	2016
	$	$
At 1 January	938,000	1,000,000
Disposal during the year	(938,000)	–
Fair value loss adjustment recognised in profit or loss	–	(62,000)
At 31 December	–	938,000

The property classified as asset held for sale comprised of a ramp-up factory unit located at Ang Mo Kio Street 62 and the sale was completed on 9 March 2017.

Valuation of asset held for sale

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

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17. Inventories

	Group 2017 $	Group 2016 $
Balance sheet:		
Raw materials (at cost)	2,133,149	2,201,399
Work-in-progress (at cost)	76,767	168,039
Finished goods (at cost)	495,201	765,517
	2,705,117	3,134,955
Statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	19,896,788	31,803,521
Inclusive of the following charge:		
– Inventories written off	–	4,253

18. Trade and other receivables

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Trade receivables	11,055,511	10,710,890	–	–
GST receivable	44,509	452,236	7,148	350,239
Refundable deposits	488,075	469,202	59,658	59,658
Refundable advance	–	1,128,114	–	1,128,114
Staff loans – current	167,200	615,000	–	–
Loans to external parties	–	1,111,375	–	–
Other receivables	1,503,091	1,663,617	–	79,800
Amounts due from subsidiaries	–	–	–	5,232,219
	13,258,386	16,150,434	66,806	6,850,030
Add:				
Staff loans – non-current	314,500	–	–	–
Cash and bank balances (Note 19)	4,136,433	3,396,439	847,622	578,066
Less:				
GST receivables	(44,509)	(452,236)	(7,148)	(350,239)
Total loans and receivables	17,664,810	19,094,637	907,280	7,077,857

Staff loans

These amounts are unsecured, non-interest bearing, repayable by monthly instalments over 3 years and are to be settled in cash.

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.

18. Trade and other receivables (cont'd)

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

	Group	
	2017	**2016**
	$	$
Malaysian Ringgit	1,427,524	2,335,745

Receivables that are past due but not impaired

The Group has receivables amounting to $6,617,279 (2016: $6,298,683) that are past due at the end of the reporting period but not impaired. These receivables are mostly unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	$	$
Receivables past due but not impaired:		
Lesser than 30 days	3,097,014	3,034,711
30 to 90 days	1,648,034	1,680,780
More than 90 days	1,872,231	1,583,192
	6,617,279	6,298,683

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	
	2017	**2016**
	$	$
Trade receivables – nominal amounts	798,848	1,510,592
Less: Allowance for impairment	(798,848)	(1,510,592)
	–	–

	Group	
	2017	**2016**
	$	$
Movement in allowance accounts:		
At 1 January	1,510,592	175,951
Charge for the year	119,580	1,463,025
Written back during the year	(329,446)	(23,998)
Effect of GST relief on bad debts written-off	35,131	2,716
Written-off	(537,009)	(107,102)
At 31 December	798,848	1,510,592

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.

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For the financial year ended 31 December 2017

18. 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.

19. Cash and bank balances

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	$	$	$
Cash at banks and on hand	3,630,907	2,591,669	342,096	74,052
Fixed deposits	505,526	804,770	505,526	504,014
	4,136,433	3,396,439	847,622	578,066

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 2017 for the Group and the Company were 0.30% (2016: 0.34%) and 0.30% (2016: 0.4%) respectively.

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

	Group	
	2017	**2016**
	$	$
United States Dollar	10,781	14,803
Malaysian Ringgit	13,432	79,458

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

	Group	
	2017	**2016**
	$	$
Cash and bank balances	4,136,433	3,396,439
Bank overdraft (Note 20)	(127)	(430,167)
Cash and cash equivalents	4,136,306	2,966,272

20. Loans and borrowings

	Maturity	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Current:					
Trust receipts	90-150 days	13,188,576	10,444,080	–	–
Factoring loans	30-90 days	–	244,484	–	–
Obligations under finance lease (Note 28(c))	2018	350,227	253,861	20,734	–
Term loans	2018	7,280,149	10,397,268	–	1,365,488
Mortgage loan	2018	756,681	707,274	756,681	707,274
Construction loan	2018	9,475,982	171,925	9,475,982	171,925
Bank overdraft		127	430,167	–	–
		31,051,742	22,649,059	10,253,397	2,244,687
Non-current:					
Obligations under finance lease (Note 28(c))	2020	591,548	326,111	142,573	–
Term loans	2019-2020	81,839	1,275,111	–	–
Mortgage loan	2029	9,895,549	10,677,293	9,895,549	10,677,293
Construction loan	2032	–	7,205,656	–	7,205,656
		10,568,936	19,484,171	10,038,122	17,882,949
Total loans and borrowings		41,620,678	42,133,230	20,291,519	20,127,636

Trust receipts

Trust receipts are denominated in SGD and bear interest of 2.56% to 10.75% (2016: 2.50% to 7.25%) per annum. Trust receipts are secured by corporate guarantees issued by the Company.

Factoring loans

Factoring loans were denominated in SGD, bear interest of 2.05% to 6.99% (2016: 2.87% to 3.25%) per annum and secured by corporate guarantee issued by the Company and certain entities in the Group.

Obligations under finance leases

The obligations are denominated in SGD and are secured by a charge over the leased assets (Note 10). The discount rates implicit in the leases range from 1.58% to 4.29% (2016: 3.17% to 7.49%) per annum.

Term loans

Term loans are denominated in SGD, repayable by monthly instalments over one to twelve years and bear interest of 2.30% to 11.0% (2016: 1.68% to 6.30%) 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.

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20. Loans and borrowings (cont'd)

Mortgage loan and Construction loan

Mortgage loan is denominated in SGD and 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 denominated in SGD and 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.

Bank overdraft

Bank overdraft is denominated in SGD, bears interest at Prime Lending Rate (2016: Prime Lending Rate) and is secured by a term deposit account and corporate guarantee.

A reconciliation of liabilities arising from financing activities is as follows:

	1 Jan 2017	Cash flows	Non-cash changes		31 Dec 2017
			Acquisition	Others	
	$	$	$	$	$
Trust receipts	10,444,080	2,744,496	–	–	13,188,576
Factoring loans	244,484	(244,484)	–	–	–
Obligations under finance lease					
– current	253,861	(258,179)	152,121	202,424	350,227
– non-current	326,111	–	467,861	(202,424)	591,548
Term loans					
– current	10,397,268	(4,310,391)	–	1,193,272	7,280,149
– non-current	1,275,111	–	–	(1,193,272)	81,839
Mortgage loan					
– current	707,274	(1,047,231)	–	1,096,638	756,681
– non-current	10,677,293	314,894	–	(1,096,638)	9,895,549
Construction loan					
– current	171,925	2,098,401	–	7,205,656	9,475,982
– non-current	7,205,656	–	–	(7,205,656)	–
Total	41,703,063	(702,494)	619,982	–	41,620,551

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

21. Trade and other payables

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Trade payables	12,201,152	9,923,213	–	–
GST payables	296,289	619,752	–	–
Retention payables	2,878,236	2,229,377	–	–
Other payables	627,283	1,359,127	261,507	228,989
Amounts due to subsidiaries	–	–	9,265,336	12,208,585
	16,002,960	14,131,469	9,526,843	12,437,574
Add:				
Loans and borrowings (Note 20)	41,620,678	42,133,230	20,291,517	20,127,636
Other liabilities (Note 22)	4,961,787	6,404,448	445,137	268,768
Less:				
GST payables	(296,289)	(619,752)	–	–
Total financial liabilities carried at amortised costs	62,289,136	62,049,395	30,263,497	32,833,978

Trade and other payables

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

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

	Group 2017 $	Group 2016 $
United States Dollar	489,221	1,521,506
Malaysian Ringgit	76,892	38,352

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.

22. Other liabilities

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Accrued salaries and bonuses	2,880,290	1,819,954	304,749	162,909
Accrued operating expenses	2,081,497	4,584,494	140,388	105,859
	4,961,787	6,404,448	445,137	268,768

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23. Share capital, treasury shares and merger reserve

(a) *Share capital*

	Group and Company			
	2017		2016	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January	119,269,000	18,393,204	119,269,000	18,393,204
Issuance of new ordinary shares pursuant to performance share plan	2,043,098	372,312	–	–
At 31 December	121,312,098	18,765,516	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			
	2017		2016	
	No. of shares	$	No. of shares	$
At 1 January and 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.

(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.

24. 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.

25. Premium on acquisition of non-controlling interests

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

26. Employees share awards reserve

Employees share awards reserve represents the equity-settled share awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share awards, and is reduced by the expiry or exercise of the share awards.

Performance share plan

Certain employees are entitled to the performance share plan ("PSP"). The vesting of the PSP is dependent on the total shareholder return ("TSR") of the Group as compared to a group of principal competitors. Employees must remain in service for a period of one year from the date of grant. The exercise price of the PSP is equal to the market price of the shares on the date of grant. The contractual life of the PSP is one year. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these awards.

Movement of share awards during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share awards during the financial year:

	2017		2016	
	No.	WAEP ($)	No.	WAEP ($)
Outstanding at 1 January	–	–	–	–
– Granted	3,312,098	0.18	–	–
– Exercised	2,043,098	0.18	–	–
Outstanding at 31 December	1,269,000	0.18	–	–

- The weighted average fair value of share awards granted during the financial year was $0.18 (2016: $Nil).
- The weighted average share price at the date of exercise of the share awards exercised during the financial year was $0.18 (2016: $Nil).
- The weighted average remaining contractual life for these share awards is 0.5 years (2016: Nil).

Fair value of share awards granted

The fair value of share awards granted is estimated at the date of the grant using a Black-Scholes model, taking into account the terms and conditions upon which the awards were granted. The model simulates the TSR and compares it against the group of principal competitors. It takes into account historic dividends, share price fluctuation covariance of the Company and each entity of the group of competitors to predict the distribution of relative share performance.

The following table lists the inputs to the Black-Scholes model for the years ended 31 December 2017 and 2016:

	2017	2016
Dividend yield (%)	0.00	–
Expected volatility (%)	100.00	–
Risk-free interest rate (% p.a.)	1.63	–
Expected life of share awards (years)	0.50	–
Weighted average share price ($)	0.18	–

The expected life of the share awards is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share awards is indicative of future trends, which may not necessarily be the actual outcome.

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27. 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	
	2017	**2016**
	$	$
Income:		
Dividend income from subsidiaries	–	2,500,000
Management fee from subsidiaries	1,712,182	2,290,063
Rental income from subsidiaries	925,853	925,853
Interest income from subsidiaries	–	2,014
Expenses:		
Construction expenses charged by a subsidiary	2,098,402	8,818,319

(b) *Compensation of key management personnel*

	Group	
	2017	**2016**
	$	$
Short-term employee benefits	3,643,683	3,978,801
Central provident fund contributions	187,608	196,653
Share-based payments	289,456	–
	4,120,747	4,175,454
Comprises amounts paid to:		
Directors of the Company	1,257,429	1,013,156
Other key management personnel	2,863,318	3,162,298
	4,120,747	4,175,454

(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 $2,500,000 taken by a subsidiary. As at 31 December 2017, the outstanding balance is $668,062 (2016: $386,364).

28. Commitments

(a) *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.

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

	Group	
	2017	**2016**
	$	$
Not later than one year	1,983,828	1,147,885
Later than one year but not later than five years	1,871,474	1,552,628
	3,855,302	2,700,513

28. Commitments (cont'd)

(b) *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	
	2017	**2016**
	$	$
Not later than one year	864,492	437,034
Later than one year but not later than five years	229,646	4,800
	1,094,138	441,834

(c) *Finance lease commitments*

The Group and Company have 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			
	2017		**2016**	
	Minimum lease payments	**Present value of payments**	**Minimum lease payments**	**Present value of payments**
	$	**$**	**$**	**$**
Not later than one year	382,458	350,227	271,596	253,860
Later than one year but not later than five years	611,189	567,039	344,033	326,112
Later than five years	25,040	24,509	–	–
Total minimum lease payments	1,018,687	941,775	615,629	579,972
Less: Amounts representing finance charges	(76,912)	–	(35,657)	–
Present value of minimum lease payments	941,775	941,775	579,972	579,972

	Company			
	2017		**2016**	
	Minimum lease payments	**Present value of payments**	**Minimum lease payments**	**Present value of payments**
	$	**$**	**$**	**$**
Not later than one year	27,336	20,734	–	–
Later than one year but not later than five years	136,680	117,533	–	–
Later than five years	25,040	25,040	–	–
Total minimum lease payments	189,056	163,307	–	–
Less: Amounts representing finance charges	(25,749)	–	–	–
Present value of minimum lease payments	163,307	163,307	–	–

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29. 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.

(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** $
2017				
Non-financial asset				
Asset held for sale	–	–	–	–
2016				
Non-financial asset				
Asset held for sale	938,000	–	–	938,000

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.

In prior year, the Group transferred an asset held for sale from Level 3 to Level 1 of the fair value hierarchy as there was a purchase agreement signed on 16 December 2016 and the sale was completed on 9 March 2017. The carrying amount of the non-financial assets transferred was $938,000 and the Group recognised loss from fair value adjustments of $62,000.

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.

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.

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

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

	Group 2017				
	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:					
Investment property (Note 11)	–	–	16,000,000	16,000,000	8,354,246
Staff loans	–	–	449,213	449,213	481,700
Liabilities:					
Loans and borrowings – Obligations under finance leases (Note 28 (c))	–	–	908,140	908,140	941,775

	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:					
Investment property (Note 11)	–	–	16,000,000	16,000,000	8,594,081
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 28 (c))	–	–	580,316	580,316	579,972

Level 3 fair value measurements

The following table shows the Group's valuation techniques used in measuring the fair value of investment property as well as the significant unobservable inputs used:

Valuation techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
Comparable sales method	Transacted prices of properties within the vicinity of the property	The higher the comparable sales price, the higher the fair value

notes to the financial statements

For the financial year ended 31 December 2017

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

(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 18 and 21), Cash and bank balances (Note 19) and Other liabilities (Note 22).

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:

	2017		2016	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	$	$	$
Financial assets:				
Trade and other receivables				
Staff loans (Note 18)	481,700	449,213	615,000	525,089
Loans to external parties (Note 18)	–	–	1,111,375	1,100,882
Financial liabilities:				
Loan and borrowings				
– Obligations under finance leases (Note 28(c))	941,775	908,140	579,972	580,316

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.

30. 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 38% (2016: 59%) of the Group's trade receivables were due from 5 major debtors located in Singapore and Malaysia (2016: Singapore and Malaysia).

<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 18 (Trade and other receivables).

notes to the financial statements

For the financial year ended 31 December 2017

30. 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				
2017				
Financial assets:				
Trade and other receivables	13,572,886	–	–	13,572,886
Cash and bank balances	4,136,433	–	–	4,136,433
Total undiscounted financial assets	17,709,319	–	–	17,709,319
Financial liabilities:				
Trade and other payables	16,002,960	–	–	16,002,960
Other liabilities	4,961,787	–	–	4,961,787
Loans and borrowings	31,826,585	2,817,733	11,875,617	46,519,935
Total undiscounted financial liabilities	52,791,332	2,817,733	11,875,617	67,484,682
Total net undiscounted financial liabilities	(35,082,013)	(2,817,733)	(11,875,617)	(49,775,363)
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)

30. 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				
2017				
Financial assets:				
Trade and other receivables	66,806	–	–	66,806
Cash and bank balances	847,622	–	–	847,622
Total undiscounted financial assets	914,428	–	–	914,428
Financial liabilities:				
Trade and other payables	9,526,843	–	–	9,526,843
Other liabilities	445,137	–	–	445,137
Loans and borrowings	10,742,241	2,250,690	1,980,068	14,972,999
Total undiscounted financial liabilities	20,714,221	2,250,690	1,980,068	24,944,979
Total net undiscounted financial liabilities	(19,799,793)	(2,250,690)	(1,980,068)	(24,030,551)
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)

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			
2017			
Issued guarantees for bank facilities utilised by subsidiaries	19,270,106	–	19,270,106
2016			
Issued guarantees for bank facilities utilised by subsidiaries	18,926,073	–	18,926,073

notes to the financial statements

For the financial year ended 31 December 2017

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

(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 loans for the financial years ended 31 December 2017 and 2016.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if SGD interest rates had been 100 (2016: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been $333,169 (2016: $347,444) higher/lower, arising mainly as a result of higher/lower interest expense on floating rate term loans.

(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"). The foreign currencies in which most of these transactions are denominated are mainly Malaysian Ringgit ("MYR") and United States Dollars ("USD"). Approximately 12% (2016: 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.

<u>Sensitivity analysis for foreign currency risks</u>

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	
		2017	**2016**
		$	$
MYR/SGD	– strengthened 5% (2016: 5%)	(3,845)	(1,918)
	– weakened 5% (2016: 5%)	3,845	1,918
USD/SGD	– strengthened 5% (2016: 5%)	(24,461)	(18,929)
	– weakened 5% (2016: 5%)	24,461	18,929

31. 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 2017 and 2016.

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.

31. Capital management (cont'd)

	Note	Group 2017 $	Group 2016 $
Loans and borrowings	20	41,620,678	42,133,230
Trade and other payables	21	16,002,960	14,131,469
Other liabilities	22	4,961,787	6,404,448
Less: Cash and bank balances	19	(4,136,433)	(3,396,439)
Net debt		58,448,992	59,272,708
Equity attributable to the owners of the Company		26,395,759	24,330,466
Capital and net debt		84,844,751	83,603,174
Gearing ratio		69%	71%

32. 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.

notes to the financial statements

For the financial year ended 31 December 2017

32. Segment reporting (cont'd)

	Investment holding $	Mechanical and Electrical $	Manu-facturing $	Building and Construction Solution $	Adjustments and eliminations $	Note	Total $
31 December 2017							
Revenue:							
External customers	–	39,953,374	14,029,256	16,473,206	–		70,455,836
Inter-segment	1,712,182	25,093	2,601,024	1,365,883	(5,704,182)	A	–
Total revenue	1,712,182	39,978,467	16,630,280	17,839,089	(5,704,182)		70,455,836
Results:							
Segment results	1,712,182	7,731,644	2,942,404	26,366	69,165	B	12,481,761
Depreciation	(306,977)	(333,231)	(444,645)	(150,953)	(636,832)	B	(1,872,638)
Allowance for doubtful trade receivables	–	–	(119,580)	–	–		(119,580)
Write-back of allowance for doubtful debts	–	–	43,208	286,238	–		329,446
Write-back of gross amount due from customers for contract work-in-progress	–	200,000	–	–	–		200,000
Other income	946,901	475,138	303,301	2,297,771	(2,103,514)	C	1,919,597
Finance costs	(470,708)	(249,742)	(227,682)	(226,789)	(25,938)	D	(1,200,859)
Other expenses	(3,947,558)	(3,320,974)	(2,268,411)	(3,200,011)	2,937,930	E	(9,799,024)
(Loss)/profit before tax	(2,066,160)	4,502,835	228,595	(967,378)	240,811		1,938,703
Income tax expense	–	(329,460)	–	(35,810)	–		(365,270)
(Loss)/profit for the financial year	(2,066,160)	4,173,375	228,595	(1,003,188)	240,811		1,573,433
Assets:							
Additions to property, plant and equipment	2,723,744	19,559	499,246	219,885	(776,664)	F	2,685,770
Segment assets	21,187,772	35,944,022	16,053,242	35,933,607	(19,141,789)	G	89,976,854
Liabilities:							
Segment liabilities	30,263,497	18,014,359	9,731,033	24,334,589	(18,762,383)	G	63,581,095

32. Segment reporting (cont'd)

	Investment holding $	Mechanical and Electrical $	Manu-facturing $	Building and Construction Solutions $	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	4,790,063	3,495,060	5,300,990	12,653,019	(26,239,132)	A	–
Total revenue	4,790,063	56,992,229	19,562,296	25,767,181	(26,239,132)		80,872,637
Results:							
Segment results	4,790,063	9,535,432	4,447,864	510,189	(3,939,148)	B	15,344,400
Depreciation	(301,520)	(365,194)	(449,130)	(117,016)	(1,081,983)		(2,314,843)
Impairment of gross amount due from customers for contract work-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	929,616	389,942	641,638	4,440,773	(4,478,709)	C	1,923,260
Finance costs	(774,033)	(484,520)	(309,881)	(225,832)	342,758	D	(1,451,508)
Other expenses	(4,194,514)	(4,714,203)	(2,182,528)	(677,853)	1,789,425	E	(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)	F	9,870,612
Segment assets	25,672,443	35,566,238	17,624,759	31,873,663	(23,381,100)	G	87,356,003
Liabilities:							
Segment liabilities	32,833,978	21,317,449	11,432,202	19,978,832	(22,536,924)	G	63,025,537

notes to the financial statements

For the financial year ended 31 December 2017

32. Segment reporting (cont'd)

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 rental income are eliminated on consolidation.

D Inter-segment interest income and expenses are eliminated on consolidation.

E Other expenses consists of rental expenses, management fees, write-back of doubtful trade receivables, impairment of other receivables and foreign exchange loss.

F Inter-segment construction costs capitalised are eliminated on consolidation.

G Intercompany balances are eliminated on consolidation.

Geographical information

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

Information about major customers

Revenue from three (2016: three) of the Group's major customers amounted to $14,915,013 (2016: $23,709,782), arising from the Mechanical and Electrical segment.

Revenue from one (2016: one) of the Group's major customers amounted to $4,215,910 (2016: $5,870,441), arising from the Building and Construction Solutions segment.

33. Dividends

	Group and Company	
	2017	**2016**
	$	$
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2017: Nil (2016: 0.70 cents)	–	822,494

34. Events occurring after the reporting period

On 28 March 2018, the Group completed the $12 million acquisition of a 51% stake in YC Capital Consolidated Sdn Bhd ("YC Group") from the Company's Executive Chairman and CEO, Mr Chu Sau Ben. The principal activities of YC Group are those related to tourism and retail-related businesses.

35. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 11 April 2018.

shareholders' information

As at 29 March 2018

Issued and fully paid-up capital	:	S$33,273,583
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote per ordinary share
Total no. of Issued Ordinary Shares (excluding Treasury Shares)	:	213,292,198

Treasury Shares

The Company has 1,769,900 (0.8%) treasury shares as at 29 March 2018.

Distribution of Shareholdings

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	5	1.01	244	–
100 – 1,000	19	3.85	12,177	0.01
1,001 – 10,000	123	24.95	919,590	0.43
10,001 – 1,000,000	334	67.75	30,383,387	14.24
1,000,001 AND ABOVE	12	2.44	181,976,800	85.32
TOTAL	**493**	**100.00**	**213,292,198**	**100.00**

Twenty Largest Shareholders

No.	Shareholder's Name	Number of Shares Held	%
1	CHU SAU BEN	137,523,000	64.48
2	SBS NOMINEES PTE LTD	8,800,000	4.13
3	HONG LEONG FINANCE NOMINEES PTE LTD	8,000,000	3.75
4	THONG SOON SENG	6,870,000	3.22
5	MAYBANK KIM ENG SECS PTE LTD	5,481,400	2.57
6	WILLIAM KONG ONG SING	4,545,000	2.13
7	CHONG YEAN FONG	3,700,000	1.73
8	PHILLIP SECURITIES PTE LTD	2,495,600	1.17
9	TANG AH HOY	1,400,000	0.66
10	CITIBANK NOMINEES SINGAPORE PTE LTD	1,093,000	0.51
11	OCBC SECURITIES PRIVATE LTD	1,061,400	0.50
12	DBS NOMINEES PTE LTD	1,007,400	0.47
13	ANG CHOON BENG	832,100	0.39
14	ANG JUI KHOON	770,900	0.36
15	ONG BEE KWAN	767,900	0.36
16	XU RUIBING	767,887	0.36
17	RHB SECURITIES SINGAPORE PTE LTD	704,000	0.33
18	KHOO TENG HUAT	700,000	0.33
19	YEE LAT SHING	600,000	0.28
20	CHUA PENG CHEW	582,300	0.27
	TOTAL	187,701,887	88.00

shareholders' information

As at 29 March 2018

Percentage of shareholding held in the hands of public

As at 29 March 2018, approximately 24.44% 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)]	137,523,000	64.48	16,000,000	7.50
Thong Soon Seng	6,870,000	3.22	–	–

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) 8,000,000 issued ordinary shares pledged to and registered in the name of SBS Nominees Private Limited.

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 Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on Monday, 30 April 2018 at 9.30 a.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 2017 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Kong Chee Keong, who retires pursuant to Regulation 89 of the Company's Constitution and who, being eligible, offers himself for re-election.

   [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Ms Gwendolyn Gn Jong Yuh, who retires pursuant to Regulation 88 of the Company's Constitution and who, being eligible, offers herself for re-election.

   [See Explanatory Note (ii)] **(Resolution 3)**

4. To note the retirement of Mr Xu Ruibing, retiring pursuant to Regulation 89 of the Company's Constitution and who has decided not to stand for re-election.

5. To approve the payment of Directors' fees of S$180,000 for the financial year ending 31 December 2018, payable half yearly in arrears (2017: S$160,000.00). **(Resolution 4)**

6. To re-appoint Ernst & Young LLP, Public Accountants and Chartered Accountants as the Company's Auditor and to authorise the Directors to fix their remuneration. **(Resolution 5)**

7. 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:

8. **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 new Shares to be allotted and issued, including but not limited to the creation, allotment 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, allot and issue new Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution is in force,

notice of annual general meeting

provided that:-

(1) the aggregate number of new Shares (including Shares to be allotted and 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 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (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 allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company (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 allotted and issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed after adjusting for:-

    (i) new Shares arising from the conversion or exercise of any Instruments or 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 Catalist Rules; 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 Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being; 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 AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (iii)] **(Resolution 6)**

9. **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 authorised 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 (iv)] **(Resolution 7)**

10. **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 (v)] **(Resolution 8)**

By Order of the Board

Joel Tan / Damian Ng
Joint Company Secretaries
Singapore, 13 April 2018

Explanatory Notes:

(i) Mr Kong Chee Keong will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Kong Chee Keong does not have any relationships including immediate family relationships between himself and the Directors, the Company, and its 10% shareholders. Further information on Mr Kong Chee Keong can be found under the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report 2017.

(ii) Ms Gwendolyn Gn Jong Yuh will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Ms Gwendolyn Gn Jong Yuh does not have any relationships including immediate family relationships between herself and the Directors, the Company and its 10% shareholders. Further information on Ms Gwendolyn Gn Jong Yuh can be found under the sections entitled "Board of Directors" and the "Corporate Governance Report" in the Annual Report 2017.

(iii) The Ordinary Resolution 6 proposed in item 8 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 new 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 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing this resolution. For allotment and issue of new 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 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). 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).

(iv) The Ordinary Resolution 7 proposed in item 9 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 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).

notice of annual general meeting

(v) The Ordinary Resolution 8 proposed in item 10 above, if passed, will authorise 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 8 is in addition to the general authority to issue shares sought under Ordinary Resolution 6.

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 **72 hours** before the time appointed for holding the AGM.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Company's Sponsor has not independently verified the contents of this announcement.

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

The contact person for the Sponsor is Mr Yap Wai Ming:
Tel: 6389 3000
Email: waiming.yap@morganlewis.com

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 Annual General Meeting of the Company ("**AGM**") as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM to be held at Seletar Country Club, 101 Seletar Club Road, Singapore 798273 on Monday, 30 April 2018 at 9.30 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The Resolutions proposed at the AGM as indicated hereunder will be put to vote at the AGM by way of poll.

(Please indicate your vote "For" or "Against" 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 2017		
2.	Re-election of Mr Kong Chee Keong as Director of the Company		
3.	Re-election of Ms Gwendolyn Gn Jong Yuh as Director of the Company		
4.	Approval of Directors' fees amounting to S$180,000 for the financial year ending 31 December 2018, payable half yearly in arrears		
5.	Re-appointment of Ernst & Young LLP, Public Accountants and Chartered Accountants as Auditor of the Company and to authorise the Directors to fix their remuneration		
6.	General authority to allot and issue new shares		
7.	Authority to grant Awards and allot and issue new shares under the Libra Performance Share Plan		
8.	Authority to issue Shares under the Libra Group Limited Scrip Dividend Scheme		

Dated this ______________ day of ________________ 2018

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 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

Kong Chee Keong
Lead Independent Director

Soon Ai Kwang
Independent Director

Gn Jong Yuh Gwendolyn
Independent Director

AUDIT COMMITTEE
Kong Chee Keong
Chairman

Soon Ai Kwang

Gn Jong Yuh Gwendolyn

NOMINATING COMMITTEE
Soon Ai Kwang
Chairman

Kong Chee Keong

Gn Jong Yuh Gwendolyn

REMUNERATION COMMITTEE
Gn Jong Yuh Gwendolyn
Chairman

Kong Chee Keong

Soon Ai Kwang

COMPANY SECRETARY
Mr Tan Wei Jie, Joel and Mr Damian Ng as Joint Company Secretaries
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

AUDITOR
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
Stamford Corporate Services Pte Ltd
10 Collyer Quay
Level 27 Ocean Financial Centre
Singapore 049315

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

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