

**LIBRA**  
GROUP LIMITED

**LIBRA GROUP LIMITED**

(Company Registration No.: 201022364R)

(Incorporated in the Republic of Singapore on 20 October 2010)

**OFFER DOCUMENT DATED 2 NOVEMBER 2011**

(Registered by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), acting as agent on behalf of the Monetary Authority of Singapore (the “**Authority**”) on 2 November 2011)

**THIS OFFER IS MADE IN OR ACCOMPANIED BY AN OFFER DOCUMENT (THE “OFFER DOCUMENT”) THAT HAS BEEN REGISTERED BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY ON 2 NOVEMBER 2011. THE REGISTRATION OF THIS OFFER DOCUMENT BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY DOES NOT IMPLY THAT THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, OR ANY OTHER LEGAL OR REGULATORY REQUIREMENTS, OR REQUIREMENTS UNDER THE SGX-ST’S LISTING RULES, HAVE BEEN COMPLIED WITH.**

**This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).**

PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) has made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the “**Shares**”) in the capital of Libra Group Limited (the “**Company**”) already issued (including the Vendor Shares (as defined herein)), the New Shares (as defined herein) (together with the Vendor Shares, which are the subject of this Placement) as well as the Performance Shares (as defined herein) on Catalist. Acceptance of applications will be conditional upon, *inter alia*, issue of the New Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares (including the Vendor Shares), the New Shares and the Performance Shares on Catalist. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

**Placement of 31,000,000 Placement Shares comprising 26,000,000 New Shares and 5,000,000 Vendor Shares at S\$0.205 for each Placement Share, payable in full on application**

*Manager, Sponsor and Placement Agent*



**PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.**

(Company Registration No.: 200207389D)

(Incorporated in the Republic of Singapore)

*Sub-Placement Agent*



ASIATIONS WFG | 威豪金融集团

**ASIATIONS WFG SECURITIES PTE LTD**

(Company Registration No.: 200300646M)

(Incorporated in the Republic of Singapore)

## An Integrated M&E Solutions Provider

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor to confirm that the Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares or units of Shares being offered for investment.

We have not lodged this Offer Document in any other jurisdiction.

**Investing in our Shares involves risks which are described in the section entitled “RISK FACTORS” of this Offer Document.**

**After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of the Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.**

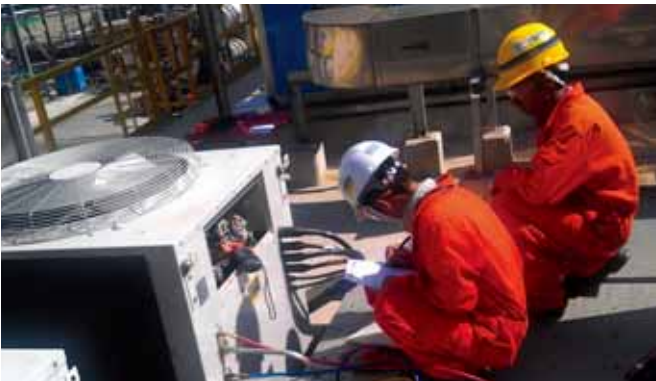


CORPORATE PROFILE

With over 13 years of experience in the air-conditioning and mechanical ventilation (“ACMV”) business, Libra Group Limited, through its subsidiaries, is principally engaged in the following business segments:

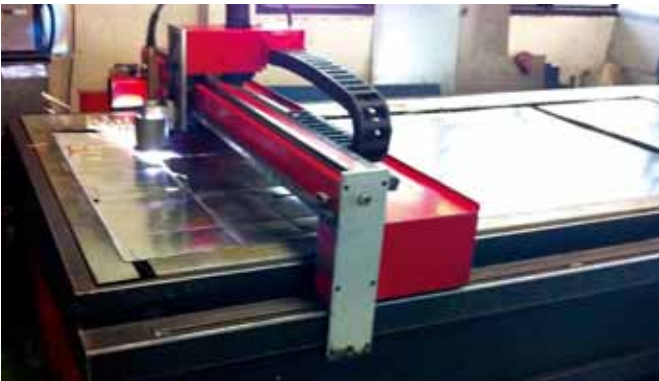
**Mechanical and Electrical Engineering Services (“M&E Services”)**

- Contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems as a sub-contractor



**Manufacturing**

- Manufacturing and sale of ACMV ducts and trading of ACMV related products



FINANCIAL HIGHLIGHTS

(S\$M)	FY2008	FY2009	FY2010	HY2010	HY2011
Revenue	6.3	22.9	29.8	17.7	11.8
Profit for the year	0.8	1.8	3.7	2.2	0.9

As at 28 September 2011, order book for the M&E Services stood at S\$20.5 million, of which approximately S\$6.6 million is envisaged to be materialised in FY2011.



# COMPETITIVE STRENGTHS

## Established and recognised brand

- Over 13 years of experience in the ACMV business
- 1 of 3 largest manufacturers of ACMV ducts in Singapore
- Strong branding for ACMV related products
- Complementary business of the Group's subsidiaries

## Provider of integrated solutions and customised ACMV ducts

- Provides a comprehensive range of services and integrated solutions as a sub-contractor
- Manufactures customised ACMV ducts
- Has a vertically-integrated business model and operations

## Established production facility

- Commenced manufacturing of ACMV ducts in Singapore since 2005
- Planning to establish a factory in Malaysia

## Established track record and strong foothold in the construction industry

### Recent Notable Completed Projects

Type of Building	Location	Description	Year of Completion
Condominium	Scotts Square	ACMV works	2011
Condominium	Sommerville Road	ACMV, electrical, fire alarm works	2011
Factory	Kallang Pudding Road	ACMV works	2011
Museum	Marina Bay	ACMV ductwork, pipework	2011
Park, spa and gym	Marina Bay	Split units installation	2011
Sub-station	Jurong	ACMV works	2011
Shopping Mall	Orchard Road	Ductwork for smoke control system	2010
Hotel	Merchant Road	M&E	2010
Hotel	Marina Bay	Ductwork	2010
Park	Marina Bay	ACMV ductwork, pipework	2010

### Notable On-going Projects

Type of Building	Location	Description	Year of Completion
Condominiums	Ang Mo Kio Avenue 8, Ardmore Park, Lorong N Telok Kurau, Spottiswoode Park Road, Tanjong Pagar	ACMV, electrical works	2012 - 2013
Commercial Development	Bukit Panjang	M&E, electrical works	2011
Residential Development	Serangoon Avenue 3, Canberra Drive	ACMV works	2012-2013
Shopping Mall	Orchard	Smoke control ductwork	2012
Warehouse	Tai Seng Link	ACMV, electrical works	2011
Hawker Centre	Lorong 8 Toa Payoh	ACMV, electrical works	2011
Factories	Yishun, Jalan Tukang	ACMV works, ACMV system installation	2012

## Provides design-and-build services

- In-house design-and-build team comprising qualified engineers and project managers to formulate detailed design-and-build plans
- Comprehensive suite of services together with reduced reliance on third parties enables the Group to minimise clients' costs
- Efficiently utilises resources, allowing the Group to pass on cost-savings to its clients

## Focus on production efficiencies and production costs

- Greater automation for the Group's production facilities
- Cost savings through reduction of wastage

## Strong business relations with customers and suppliers

- Committed to customer satisfaction and maintaining excellent business relations with suppliers
- Continuously improve service standards and operating efficiency
- Generates regular flow of repeat business

## Committed, qualified and experienced management team and support staff

# SAFETY AND QUALITY CERTIFICATIONS



# PROSPECTS

## BCA Green Building Masterplan

- Encourages private owners of existing buildings to undertake retrofitting works to achieve higher energy efficiency
- Ensures new buildings are environmentally-friendly

## Continued construction activities in Singapore's private and public sectors

- Construction demand for 2011 forecasted to record between S\$22.0 billion and S\$28.0 billion
- Sustained construction demand for 2012 and 2013: forecasted to range between S\$19.0 billion and S\$26.0 billion

## Favourable economic conditions and policies in Malaysia

- Regional expansion: one of the future growth areas for the Group
- 10<sup>th</sup> Malaysia Plan: RM230 billion allocated for construction related activities will drive demand for the construction sector in 2011 and beyond
- Economic Transformation Programme: Malaysian government acts as facilitator to promote private sector investments in hospitality developments, healthcare facilities and infrastructure projects; expected to generate sustained demand for the construction sector in Malaysia

# BUSINESS STRATEGIES AND FUTURE PLANS

## Asset Ownership

- Purchase of factory and office in Singapore

## Expanding Production Capacity

- Construction of factory and purchase of new equipment and machinery in Malaysia



## Upgrading Certification

- Obtain higher BCA financial grading

## Widening Scope of Business

- Expansion of business into other areas of the construction industry
- Undertake an increased proportion of projects as nominated sub-contractor ("NSC")
- Explore opportunities in mergers and acquisitions, joint ventures and strategic alliances

### CONSTRUCTION OF FACTORY AND PURCHASE OF NEW EQUIPMENT AND MACHINERY IN MALAYSIA

- Acquired a piece of land which has a gross area of approximately 11,540 sq m for the purpose of constructing the factory in Malaysia
- Factory will allow the Group to increase production capability and capacity and enjoy lower costs of production

### PURCHASE OF FACTORY AND OFFICE IN SINGAPORE

- Consider acquiring current factory and office at 101 Defu Lane 10 from its current owner or identify other alternative sites
- Results in savings in operating costs as the Group will not be required to pay monthly rental

### OBTAIN HIGHER BCA FINANCIAL GRADING

- Expand the Group's scope of operations in the M&E industry
- Upgrade to L6 grading which will allow the Group to undertake projects of unlimited value

### EXPANSION OF BUSINESS INTO OTHER AREAS OF CONSTRUCTION INDUSTRY

- Maintain focus in Singapore and leverage on the Group's established brand name and market position
- Commence work as a main contractor, undertake certain small scale residential building construction projects

### UNDERTAKE AN INCREASED PROPORTION OF PROJECTS AS NSC

- As at 28 September 2011, the Group is a NSC for approximately 31.3% of its on-going projects
- Increase reliability of payment for work done

### EXPLORE OPPORTUNITIES IN MERGERS AND ACQUISITIONS, JOINT VENTURES AND STRATEGIC ALLIANCES

- Leveraging on the Group's expertise and experience in Singapore to expand into the high growth regional market in Malaysia
- Explore various options including, *inter alia*, appointing selected agents and distributors to establish a network or to enter into franchises or joint ventures in Malaysia

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## TABLE OF CONTENTS

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	Page
<b>CORPORATE INFORMATION</b> .....	5
<b>DEFINITIONS</b> .....	7
<b>GLOSSARY OF TECHNICAL TERMS</b> .....	14
<b>CAUTIONARY NOTE ON FORWARD LOOKING STATEMENT</b> .....	16
<b>SELLING RESTRICTIONS</b> .....	18
<b>DETAILS OF THE PLACEMENT</b> .....	19
LISTING ON THE CATALIST .....	19
INDICATIVE TIMETABLE FOR LISTING .....	24
<b>PLAN OF DISTRIBUTION</b> .....	25
INTERESTS OF MANAGER, SPONSOR AND PLACEMENT AGENT .....	26
INTERESTS OF SUB-PLACEMENT AGENT .....	26
<b>OFFER DOCUMENT SUMMARY</b> .....	27
OUR COMPANY .....	27
OUR BUSINESS .....	27
OUR COMPETITIVE STRENGTHS .....	27
OUR PROSPECTS .....	28
OUR BUSINESS STRATEGIES AND FUTURE PLANS .....	28
OUR CONTACT DETAILS .....	29
<b>THE PLACEMENT</b> .....	30
<b>EXCHANGE RATES</b> .....	31
<b>SUMMARY FINANCIAL INFORMATION</b> .....	32
<b>RISK FACTORS</b> .....	33
RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY .....	33
RISKS RELATING TO OUR OPERATION IN MALAYSIA .....	41
RISKS RELATING TO AN INVESTMENT IN OUR SHARES .....	42
<b>ISSUE STATISTICS</b> .....	46
<b>USE OF PROCEEDS AND LISTING EXPENSES</b> .....	48
<b>DIVIDEND POLICY</b> .....	50
<b>SHARE CAPITAL</b> .....	51

---

## TABLE OF CONTENTS

---

<b>SHAREHOLDERS</b> .....	55
SHAREHOLDING AND OWNERSHIP STRUCTURE .....	55
SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP .....	56
VENDOR .....	56
MORATORIUM .....	57
<b>CAPITALISATION AND INDEBTEDNESS</b> .....	58
<b>WORKING CAPITAL</b> .....	61
<b>DILUTION</b> .....	62
<b>RESTRUCTURING EXERCISE</b> .....	63
<b>GROUP STRUCTURE</b> .....	64
<b>SELECTED COMBINED FINANCIAL INFORMATION</b> .....	65
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION</b> .....	67
OVERVIEW .....	67
RESULTS OF OPERATIONS .....	69
REVIEW OF PAST PERFORMANCE .....	70
REVIEW OF FINANCIAL POSITION .....	76
LIQUIDITY AND CAPITAL RESOURCES .....	77
INFLATION .....	80
CAPITAL EXPENDITURE AND DIVESTMENTS .....	81
FOREIGN EXCHANGE MANAGEMENT .....	82
SIGNIFICANT ACCOUNTING POLICY CHANGES .....	83
<b>GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP</b> .....	86
HISTORY .....	86
INDUSTRY OVERVIEW .....	88
BUSINESS OVERVIEW .....	89
PRODUCTION FACILITIES AND CAPACITY .....	95
QUALITY MANAGEMENT .....	97
OUR MAJOR CUSTOMERS .....	98
OUR MAJOR SUPPLIERS AND/OR SUB-CONTRACTORS .....	99
CREDIT POLICY .....	100
INVENTORY MANAGEMENT .....	103
SALES AND MARKETING .....	103

---

## TABLE OF CONTENTS

---

INSURANCE .....	104
INTELLECTUAL PROPERTY .....	104
LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND GOVERNMENT REGULATIONS .....	105
RESEARCH AND DEVELOPMENT.....	107
SEASONALITY .....	107
STAFF TRAINING .....	107
COMPETITION .....	108
COMPETITIVE STRENGTHS.....	108
PROPERTIES AND FIXED ASSETS.....	111
PROSPECTS.....	112
ORDER BOOK.....	114
TREND INFORMATION .....	114
BUSINESS STRATEGIES AND FUTURE PLANS .....	116
<b>INTERESTED PERSON TRANSACTIONS.....</b>	<b>119</b>
PAST INTERESTED PERSON TRANSACTIONS .....	119
ON-GOING INTERESTED PERSON TRANSACTIONS.....	125
GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS .....	127
POTENTIAL CONFLICTS OF INTEREST .....	129
<b>DIRECTORS, MANAGEMENT AND STAFF.....</b>	<b>131</b>
DIRECTORS .....	131
EXECUTIVE OFFICERS.....	135
MANAGEMENT REPORTING STRUCTURE.....	139
EMPLOYEES.....	140
RELATED EMPLOYEES.....	140
DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION .....	141
SERVICE AGREEMENTS.....	141
<b>THE LIBRA PERFORMANCE SHARE PLAN.....</b>	<b>145</b>
<b>CORPORATE GOVERNANCE.....</b>	<b>155</b>
<b>DESCRIPTION OF ORDINARY SHARES .....</b>	<b>159</b>
<b>EXCHANGE CONTROLS .....</b>	<b>164</b>
<b>TAXATION .....</b>	<b>165</b>
<b>CLEARANCE AND SETTLEMENT .....</b>	<b>168</b>

---

## TABLE OF CONTENTS

---

<b>GENERAL AND STATUTORY INFORMATION . . . . .</b>	<b>169</b>
<b>APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010 . . . . .</b>	<b>A-1</b>
<b>APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011 . . . . .</b>	<b>B-1</b>
<b>APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION . . . . .</b>	<b>C-1</b>
<b>APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS . . . . .</b>	<b>D-1</b>
<b>APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN . . . . .</b>	<b>E-1</b>
<b>APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE . . . . .</b>	<b>F-1</b>



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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	: Chu Sau Ben (Executive Chairman) William Lee Kay Choon (Executive Director and Chief Executive Officer) Yuen Sou Wai (Independent Director) Eng Meng Leong (Independent Director) Dr. Philip Tan Meng Ngee (Independent Director)
<b>COMPANY SECRETARY</b>	: Gwendolyn Gn Jong Yuh (LLB Hons)
<b>REGISTERED OFFICE</b>	: 101 Defu Lane 10 Singapore 539222
<b>MANAGER, SPONSOR AND PLACEMENT AGENT</b>	: PrimePartners Corporate Finance Pte. Ltd. 20 Cecil Street #21-02 Equity Plaza Singapore 049705
<b>SUB-PLACEMENT AGENT</b>	: Asiasons WFG Securities Pte Ltd 5 Shenton Way #28-01 UIC Building Singapore 068808
<b>REPORTING ACCOUNTANTS</b>	: Ernst & Young LLP Public Accountants and Certified Public Accountants One Raffles Quay North Tower, Level 18 Singapore 048583  Partner-in-charge: Max Loh Khum Whai (a member of the Institute Of Certified Public Accountants of Singapore)
<b>SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY ON SINGAPORE LAW</b>	: Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
<b>LEGAL ADVISER TO OUR COMPANY ON MALAYSIAN LAW</b>	: Raja, Darryl & Loh 18 <sup>th</sup> Floor, Wisma Sime Darby Jalan Raja Laut, 50350 Kuala Lumpur Malaysia
<b>SHARE REGISTRAR AND SHARE TRANSFER OFFICE</b>	: Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898

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## CORPORATE INFORMATION

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<b>PRINCIPAL BANKERS</b>	: DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809  Malayan Banking Berhad 2 Battery Road Maybank Tower Singapore 049907  Standard Chartered Bank 8 Marina Bay Financial Centre, Tower 1 Singapore 018981
<b>RECEIVING BANKER</b>	: DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809
<b>VENDOR</b>	: Chu Sau Ben Blk 462 Hougang Avenue 10 #09-950 Singapore 530462

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## DEFINITIONS

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In this Offer Document and the accompanying Application Form, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

### Companies within our Group

<i>“Company” or “Libra”</i>	:	Libra Group Limited, a company incorporated in Singapore. The terms “we”, “our”, “our Company” or “us” have correlative meanings
<i>“Kin Xin Engineering”</i>	:	Kin Xin Engineering Pte. Ltd., a company incorporated in Singapore on 6 December 1997 and a wholly-owned subsidiary of our Company
<i>“Libra Engineering”</i>	:	Libra Engineering Pte. Ltd., a company incorporated in Singapore on 17 October 2005 and a wholly-owned subsidiary of our Company
<i>“Libra Engineering (Malaysia)”</i>	:	Libra Engineering Sdn Bhd, a company incorporated in Malaysia on 18 March 2010 and a wholly-owned subsidiary of Libra Engineering
<i>“Group” or “Group Companies”</i>	:	Our Company and our subsidiaries as at the date of this Offer Document

### Other Companies, Organisations and Agencies

<i>“Authority”</i>	:	Monetary Authority of Singapore
<i>“BCA”</i>	:	Building and Construction Authority
<i>“CDP” or “Depository”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	Central Provident Fund
<i>“E&amp;Y”</i>	:	Ernst & Young LLP
<i>“HDB”</i>	:	Housing & Development Board
<i>“HS Development”</i>	:	HS Development Pte. Ltd., previously known as “Libra Power Pte. Ltd.”
<i>“IRAS”</i>	:	Inland Revenue Authority of Singapore
<i>“ISO”</i>	:	International Organisation for Standardisation
<i>“MOM”</i>	:	Ministry of Manpower
<i>“Manager”, “Sponsor”, “Placement Agent” or “PPCF”</i>	:	PrimePartners Corporate Finance Pte. Ltd.
<i>“PUB”</i>	:	Public Utilities Board
<i>“Sub-Placement Agent” or “Asiasons”</i>	:	Asiasons WFG Securities Pte Ltd
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Limited
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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*"Share Registrar"* : Tricor Barbinder Share Registration Services

*"URA"* : Urban Redevelopment Authority

### General

*"Agreed Proportion"* : The proportion in which the Placement Shares are offered by each of our Company and the Vendor

*"Application Form"* : The printed application form to be used for the Placement Shares and which form part of this Offer Document

*"Application List"* : The list of applications for the subscription and/or purchase of the Placement Shares

*"Articles" or "Articles of Association"* : The articles of association of our Company, as amended, supplemented or modified from time to time

*"Associate"* : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more of the total votes attached to all the voting shares;

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more of the total votes attached to all the voting shares

*"Associated Company"* : In relation to a corporation, means:

(a) any corporation in which the corporation or its subsidiaries have, or the corporation and its subsidiaries together have, a direct interest of not less than 20.0% but not more than 50.0% of the total votes attached to all the voting shares; or

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## DEFINITIONS

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		(b) Any corporation, other than subsidiaries of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiaries, or the corporation together with its subsidiaries, is able to control or influence materially
<i>"Audit Committee"</i>	:	The audit committee of our company as at the date of this Offer Document, unless otherwise stated
<i>"Board" or "Board of Directors"</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>"Catalist"</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>"Catalist Rule" or "Catalist Rules"</i>	:	Any or all of the rules in the SGX-ST Listing Manual Section B: Rules of Catalist, as the case may be
<i>"Companies Act"</i>	:	Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
<i>"Controlling Shareholder"</i>	:	In relation to a corporation, means: <ul style="list-style-type: none"> <li>(a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or</li> <li>(b) a person who has an interest of 15.0% or more of the total votes attached to all the voting shares in a corporation, unless he does not exercise control over the corporation</li> </ul>
<i>"Convertible Loan"</i>	:	The instrument having an aggregate value of S\$850,000 issued by our Company to the Pre-IPO Investor which entitles the Pre-IPO Investor to convert at the option of the Pre-IPO Investor into 5,528,000 new Shares in our Company at a discount of 25.0% to the Issue Price pursuant to the terms of the Investment Agreement
<i>"DBSS"</i>	:	Design, build and sell scheme
<i>"Director"</i>	:	A director of our Company as at the date of this Offer Document
<i>"EC"</i>	:	Executive Condominium
<i>"Entity at Risk"</i>	:	(a) Our Company; (b) subsidiaries of our Company that are not listed on the SGX-ST or an approved exchange; or (c) an Associated Company that is not listed on the SGX-ST or an approved exchange, provided that our Group or our Group and our Interested Person(s), has control over the Associated Company
<i>"EPS"</i>	:	Earnings per Share



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## DEFINITIONS

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<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Offer Document, who are also key executives as defined under the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore, unless otherwise stated
<i>“FRS”</i>	:	Singapore Financial Reporting Standards
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“GDP”</i>	:	Gross Domestic Product
<i>“HY”</i>	:	Half year ended or, as the case may be, ending 30 June
<i>“Independent Directors”</i>	:	The independent, Non-executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Interested Person”</i>	:	(a) a Director, chief executive officer or Controlling Shareholder of the Company; or  (b) an Associate of any such Director, chief executive officer or Controlling Shareholder
<i>“Interested Person Transaction”</i>	:	Means a transaction between an Entity at Risk and an Interested Person
<i>“Investment Agreement”</i>	:	The investment agreement dated 15 December 2010 entered into between our Company and the Pre-IPO Investor pursuant to which the Pre-IPO Investor agreed to subscribe for the Convertible Loan on the terms therein
<i>“IPO”</i>	:	Initial Public Offering
<i>“Issue Price”</i>	:	S\$0.205 for each Placement Share
<i>“Latest Practicable Date” or “LPD”</i>	:	28 September 2011, being the latest practicable date before the lodgement of this Offer Document with the SGX-ST
<i>“Libra Performance Share Plan”</i>	:	Our Company’s performance share plan as described in the section entitled “The Libra Performance Share Plan” of this Offer Document
<i>“Listing”</i>	:	The listing of the Shares on Catalist
<i>“Management Agreement”</i>	:	The full sponsorship and management agreement between our Company, the Vendor and PPCF pursuant to which PPCF shall sponsor and manage the Listing, details as described in the sections entitled “Plan of Distribution” and “General and Statutory Information — Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value

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## DEFINITIONS

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<i>“NTA”</i>	:	Net tangible assets
<i>“New Shares”</i>	:	The 26,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Placement on the terms and conditions set out in this Offer Document
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Non-executive Directors”</i>	:	The non-executive Directors of our Company (including the Independent Directors) as at the date of this Offer Document, unless otherwise stated
<i>“Offer Document”</i>	:	This Offer Document dated 2 November 2011 issued by our Company in respect of the Placement
<i>“Performance Shares”</i>	:	The Shares transferred or new Shares which may be allotted and issued from time to time pursuant to the vesting of awards granted under the Libra Performance Share Plan
<i>“period under review”</i>	:	The financial years ended 31 December 2008, 2009 and 2010, and the six (6) months ended 30 June 2011
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company and the Vendor for subscription and/or purchase at the Issue Price subject to and on the terms and conditions set out in this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement entered into between our Company, the Vendor and the Placement Agent pursuant to which the Placement Agent shall procure subscriptions for and/or purchases of the Placement Shares at the Issue Price as described in the sections entitled “Plan of Distribution” and “General and Statutory Information — Management and Placement Arrangements” of this Offer Document
<i>“Placement Shares”</i>	:	The 31,000,000 Placement Shares which are the subject of the Placement, comprising 26,000,000 New Shares and 5,000,000 Vendor Shares
<i>“PPCF Shares”</i>	:	The 2,196,000 new Shares to be issued and allotted to PPCF by the Company as part of PPCF’s professional fees as the Manager and Sponsor
<i>“Pre-IPO Investor”</i>	:	Kerr Lay Kheng
<i>“Receiving Bank” or “Receiving Banker”</i>	:	DBS Bank Ltd.
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise implemented in connection with the Placement, more fully described in the section entitled “Restructuring Exercise” of this Offer Document

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## DEFINITIONS

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<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Directors, Chu Sau Ben, William Lee Kay Choon and our Executive Officer, Thia Meng Chng as described in the section entitled “Directors, Management and Staff — Service Agreements” of this Offer Document
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore, as amended, supplemented or modified from time to time
<i>“SGXNET”</i>	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company
<i>“Shareholder(s)”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholder” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Share Swap Agreement”</i>	:	The share swap agreement dated 4 October 2011 entered into between our Company and the shareholders of Kin Xin Engineering and Libra Engineering to acquire the entire issued share capital of Kin Xin Engineering and Libra Engineering pursuant to the Restructuring Exercise
<i>“Substantial Shareholders”</i>	:	Persons who have an interest in one or more voting shares, and the total votes attaching to that share or those shares, represent not less than 5.0% of the total votes attaching to all the voting shares in our Company
<i>“Vendor”</i>	:	Chu Sau Ben
<i>“Vendor Shares”</i>	:	The 5,000,000 issued and fully paid-up Shares owned by the Vendor for which the Vendor invites applications to purchase pursuant the Placement and on the terms and conditions set out in this Offer Document
<i>“William Lee Kay Choon”</i>	:	Lee Kay Choon, our Executive Director and Chief Executive Officer
<b><i>Currencies, Units and Others</i></b>		
<i>“MYR” and “RM”</i>	:	Malaysian Ringgit and Ringgit Malaysia respectively
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“US\$” and “US cents”</i>	:	United States dollars and cents respectively

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## DEFINITIONS

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### ***Units and Others***

“%” or “per cent.” : Per centum or percentage

“sq m” : Square metres

Any capitalised terms relating to the Libra Performance Share Plan which are not defined in this section of this Offer Document shall have the meanings ascribed to them as stated in Appendix E of this Offer Document.

The expression “subsidiaries” shall have the meaning ascribed to it in the SFR and the Companies Act.

The expression “Business Trust” has the same meaning as ascribed to it in Section 2 of the Business Trusts Act (Chapter 31A) of Singapore.

The expression “Entity” includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

References in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively to this Offer Document.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Form to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act, the SFA, the SFR or any statutory modification thereof and used in this Offer Document and the Application Form shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the SFR or any statutory modification thereto, as the case may be.

Any reference in this Offer Document and the Application Form to Shares being allotted and/or allocated to you includes allotment and/or allocation to CDP for your account.

Any reference to a time of day in this Offer Document and the Application Form is a reference to Singapore time unless otherwise stated.

Any reference in this Offer Document to “we”, “our”, “us” or their other grammatical variations is a reference to our Company, or our Group, or any member of our Group, as the context requires.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations commonly used in our industry. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms.

<i>“ACMV”</i>	:	Air-conditioning and mechanical ventilation
<i>“ACMV ductwork”</i>	:	ACMV distribution systems channelling the flow of air-conditioning or mechanical ventilation
<i>“ACMV insulation”</i>	:	ACMV ductwork thermal insulation
<i>“ACMV system”</i>	:	ACMV system, including ACMV ductwork, ACMV insulation, air-conditioning equipment, chilled water pipes and refrigerant copper pipes and mechanical ventilation systems
<i>“AHU”</i>	:	Air Handling Unit
<i>“CAD”</i>	:	Computer-aided design
<i>“diffusers”</i>	:	An air distribution outlet, generally located in the ceiling, comprising deflecting louvres to discharge supply air in various directions and planes and arranged to promote mixing of supply air with room air
<i>“DSC”</i>	:	Domestic sub-contractor who is appointed by the main contractor who is in turn appointed by the owner or the property developer
<i>“fibreglass”</i>	:	A material used in ACMV systems for thermal insulation
<i>“gasket”</i>	:	A mechanical seal that seals the gap between two ACMV ducts
<i>“grilles”</i>	:	A louvered or perforated panel used to cover an air duct opening which can be located in a wall, ceiling or floor
<i>“HUP”</i>	:	Hawker Centre Upgrading Programme
<i>“ISO 9001: 2008”</i>	:	A constituent part of the ISO9000 series which specifies the requirements for a quality management system for any organisation that needs to demonstrate its ability to consistently provide products that meet customer and applicable requirements and aim to enhance customer satisfaction
<i>“Lock Forming”</i>	:	A production phase in the ACMV production process whereby the sides of folded metal sheets are secured together by a lock forming machine
<i>“M&amp;E”</i>	:	The suite of mechanical and electrical engineering services which our Group provides, comprising electrical engineering, mechanical engineering, fire prevention and protection system, sanitary and plumbing systems



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## GLOSSARY OF TECHNICAL TERMS

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<i>“main contractor”</i>	:	Any construction entity which oversees all aspects of a construction project from planning, cost control and project management, and sub-contracts part or all of the work in a construction project to sub-contractors
<i>“NSC”</i>	:	Nominated sub-contractor, who is appointed directly by the owner or the property developer
<i>“quantity survey”</i>	:	The preparation of cost estimates, quantities, pricing and quotation for the project
<i>“rockwool”</i>	:	A material used in ACMV systems for thermal and noise insulation
<i>“sealant”</i>	:	A viscous material which changes state to become solid, once applied, and used to close small openings between ACMV ducts
<i>“sub-contractor”</i>	:	Any construction entity which contracts with another construction entity to perform part of or all of the work the latter has already contracted to do
<i>“variation costs”</i>	:	Costs incurred as a result of variation from the original project construction plans

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## CAUTIONARY NOTE ON FORWARD LOOKING STATEMENT

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by the Vendor, us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected trends in demand and costs;
- (c) expected industry trends;
- (d) anticipated expansion plans;
- (e) anticipated commencement and completion dates for projects; and
- (f) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions and the regulatory environment in Singapore in which we conduct business;
- (b) changes in currency exchange rates;
- (c) our anticipated growth strategies and expected internal growth;
- (d) changes in the availability and prices of construction materials and building parts which we require for the operation of our business;
- (e) changes in customers’ preferences;
- (f) changes in competitive conditions and our ability to compete under such conditions;
- (g) changes in our future capital needs and the availability of financing and capital to fund such needs; and
- (h) other factors beyond our control.

Some of these risk factors are discussed in more details under the section entitled “Risk Factors” of this Offer Document. All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

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## **CAUTIONARY NOTE ON FORWARD LOOKING STATEMENT**

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Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements which apply only as at the date of this Offer Document. Neither our Company, the Vendor, the Manager, Sponsor and Placement Agent, the Sub-Placement Agent nor any other person represents or warrants that our Group's actual future results, performance or achievements will be as discussed in those statements.

Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent, disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of the Offer Document but before the close of the Placement, our Company becomes aware of (a) a false or misleading statement or matter in the Offer Document; (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

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## **SELLING RESTRICTIONS**

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This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase our Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of our Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of our Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Vendor, the Manager, Sponsor and Placement Agent as well as the Sub-Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent.

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## DETAILS OF THE PLACEMENT

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### LISTING ON THE CATALIST

A copy of this Offer Document has been lodged with the SGX-ST, acting as agent on behalf of the Authority. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority does not imply that the SFA, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares (including the Vendor Shares) or the New Shares, being offered or in respect of which the Placement is made. We have not lodged this Offer Document in any other jurisdiction.

We have made an application to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued (including the Vendor Shares), the New Shares (together with the Vendor Shares, which are the subject of the Placement), as well as the Performance Shares on Catalist. Such permission will be granted when we have been admitted to Catalist. Acceptance of applications will be conditional upon, *inter alia*, the issue of the New Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares (including the Vendor Shares), the New Shares and the Performance Shares on Catalist. If the admission, listing and trading of our Shares already issued and the New Shares do not proceed or the said permission is not granted for any reason, monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, and the applicant will not have any claim whatsoever against us, the Vendor, the Manager, Sponsor and Placement Agent as well as the Sub-Placement Agent.

No Shares will be allotted and/or allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor to confirm that the Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has, in any way, considered the merits of the Shares or units of Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares (including the Vendor Shares), the New Shares or the Performance Shares.

We are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document, but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;



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## DETAILS OF THE PLACEMENT

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- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for and/or purchase the Placement Shares and:

- (a) where the Placement Shares have not been issued and/or transferred to the applicants, our Company and the Vendor shall:
  - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company (and on behalf of the Vendor) shall return all monies paid in respect of any application, without interest or a share of revenue or other benefit arising therefrom; or
- (b) where the Placement Shares have been issued and/or transferred to the applicants, our Company and the Vendor shall:
  - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, and provide the applicants with an option to withdraw their applications and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to our Company and/or the Vendor the Placement Shares, which they do not wish to retain title in; or

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## DETAILS OF THE PLACEMENT

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- (iii) treat the issue and/or sale of the Placement Shares as void, in which case the issue and/or sale of the Placement Shares shall be deemed void and our Company (and on behalf of the Vendor) shall return all monies paid in respect of any issue and/or sale of the Placement Shares, without interest or a share of revenue or other benefit arising therefrom.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this, whereupon our Company (and on behalf of the Vendor) shall, within seven (7) days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against our Company, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to our Company, whereupon our Company (and on behalf of the Vendor) shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue and/or transfer of those Placement Shares shall be deemed to be void, and he will not have any claim against our Company, the Vendor, the Manager, Sponsor and Placement Agent as well as the Sub-Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the “**Stop Order**”) to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, or (iii) does not, in the Authority’s opinion, comply with the requirements of the SFA.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued and/or transferred to the applicants, the applications for the Placement Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been issued and/or transferred to the applicants, the issue of the Placement Shares shall be deemed to be void and our Company (and on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Placement Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or a share of revenue or other benefit arising therefrom, and they will not have any claims against our Company, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent.

This Offer Document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and all expressions of opinion, intention and expectation in this Offer Document are fair and accurate in all material respects as at the date of this Offer Document and that there are no material

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## DETAILS OF THE PLACEMENT

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facts the omission of which would make any statements in this Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group.

Neither our Company, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares and the Placement Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor, the Manager, Sponsor and Placement Agent as well as the Sub-Placement Agent. Neither the delivery of this Offer Document and the Application Form nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and/or the Authority and/or the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. All applicants should take note of any such announcements, or supplementary or replacement offer document and, upon the release of such an announcement, or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription and/or purchase solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any other persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

**This Offer Document does not constitute an offer, solicitation or invitation of the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

Copies of this Offer Document and the Application Form may be obtained upon request, subject to availability during office hours, from:

**PrimePartners Corporate Finance Pte. Ltd.**  
20 Cecil Street  
#21-02 Equity Plaza  
Singapore 049705

**Asiasons WFG Securities Pte Ltd**  
5 Shenton Way  
#28-01 UIC Building  
Singapore 068808

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## DETAILS OF THE PLACEMENT

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A copy of this Offer Document is also available on the SGX-ST website <http://www.sgx.com>.

**The Placement will be open from 3 November 2011 to 10 November 2011.**

**The Application List will open at 10.00 a.m. on 3 November 2011 and will remain open until 12.00 noon on 10 November 2011 or for such further period or periods as our Directors and the Vendor may, in consultation with the Manager, Sponsor and Placement Agent as well as the Sub-Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.**

**Details of the procedures for application of the Placement Shares are set out in Appendix F of this Offer Document.**

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## DETAILS OF THE PLACEMENT

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### INDICATIVE TIMETABLE FOR LISTING

An indicative timetable on the trading of our Shares is set out below:

Indicative date/time	Event
3 November 2011, 10.00 a.m.	Open of Placement
10 November 2011, 12.00 noon	Close of Application List
15 November 2011, 9.00 a.m.	Commence trading on a “ready” basis
18 November 2011	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List will be on 10 November 2011, the date of admission of our Shares to Catalist will be 15 November 2011, the shareholding spread requirement of the SGX-ST will be complied with and the Placement Shares will be issued and fully paid-up prior to 15 November 2011.

The above timetable and procedures may be subject to such modification(s) as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in a local newspaper(s).

We will publicly announce the level of subscription and purchase and the results of the distribution of the Placement Shares pursuant to the Placement, as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

**You should consult the SGX-ST’s announcement on the “ready” trading date released on the Internet (at the SGX-ST website <http://www.sgx.com>) or the local newspapers, or check with your brokers on the date on which trading on a “ready” basis will commence.**

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## PLAN OF DISTRIBUTION

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The Placement is for 31,000,000 Placement Shares offered in Singapore and the Listing is managed and sponsored by PPCF.

Prior to the Placement, there has been no public market for our Shares. The Issue Price is determined by us and the Vendor, in consultation with the Manager, Sponsor and Placement Agent and the Sub-Placement Agent, taking into account, *inter alia*, prevailing market conditions and the estimated market demand for our Shares, determined through a book-building process. The Issue Price is the same for all Placement Shares and is payable in full on application.

Pursuant to the Management Agreement entered into between us, the Vendor and PPCF as set out in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, we and the Vendor have appointed PPCF and PPCF has agreed to manage and to be the full sponsor of the Listing.

The Placement Shares are made available to retail and institutional investors who may apply through their brokers or financial institutions by way of the Application Form. Applications for the Placement Shares may only be made by way of printed Application Form as described in Appendix F of this Offer Document.

Pursuant to the Placement Agreement entered into between us, the Vendor and the Placement Agent as set out in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, we have appointed PPCF as the Placement Agent and PPCF has agreed to procure subscriptions for and/or purchasers for the Placement Shares for a placement commission of 4.0% of the aggregate Issue Price payable to us and the Vendor in the proportion in which the Placement Shares are offered by our Company and the Vendor pursuant to the Placement. Subject to any applicable laws and regulations, the Company agrees that the Placement Agent shall be at liberty at its own expense to appoint one or more sub-placement agents under the Placement Agreement upon such terms and conditions as the Placement Agent may deem fit.

Subscribers and/or purchasers of the Placement Shares may be required to pay brokerage or selling commission of up to 1.0% of the Issue Price (and the prevailing goods & services tax thereon, if applicable) to the Placement Agent or the Sub-Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

None of our Directors or Substantial Shareholders intends to subscribe for and/or purchase the Placement Shares. As far as we are aware, none of our Independent Directors, the members of our Company’s management or employees intends to subscribe for and/or purchase more than 5.0% of the Placement Shares in the Placement.

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for and/or purchase more than 5.0% of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for and/or purchase Shares amounting to more than 5.0% of the Placement Shares. If such person(s) were to make an application for more than 5.0% of the Placement Shares pursuant to the Placement and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Catalist Rules.

No Shares shall be issued and allotted and/or allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document.

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## **PLAN OF DISTRIBUTION**

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### **INTERESTS OF MANAGER, SPONSOR AND PLACEMENT AGENT**

In the reasonable opinion of our Directors, the Manager, Sponsor and Placement Agent, PPCF, does not have a material relationship with our Company save as disclosed below and in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document:

- (a) PPCF is the Manager, Sponsor and Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist; and
- (c) Pursuant to the Management Agreement and as part of PPCF’s fees as the Manager and Sponsor, our Company issued and allotted to PPCF 2,196,000 new Shares, representing 3.0% of the issued share capital of our Company prior to the Placement, at the Issue Price for each Share. Upon completion of the relevant moratorium periods as set out in the section entitled “Shareholders — Moratorium” of this Offer Document, PPCF will be disposing of its relevant shareholding interests in our Company at its discretion.

### **INTERESTS OF SUB-PLACEMENT AGENT**

In the reasonable opinion of our Directors, the Sub-Placement Agent, Asiasons, does not have a material relationship with our Company save as Asiasons is the Sub-Placement Agent of the Placement and as disclosed in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document.



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## OFFER DOCUMENT SUMMARY

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*The following summary is qualified in its entirety by, and is subject to, the more detailed information (including the notes thereto) appearing elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. You should carefully consider all the information presented in this Offer Document, particularly the matters set out in the section entitled “Risk Factors” of this Offer Document before deciding to invest in our Shares.*

### OUR COMPANY

Our Company was incorporated in Singapore on 20 October 2010 under the Companies Act as a private company limited by shares under the name of “Libra Group Pte. Ltd.”. Our Company’s registration number is 201022364R.

Pursuant to the Restructuring Exercise as described in the section entitled “Restructuring Exercise” in this Offer Document, our Company became the holding company of our Group on 4 October 2011. Our Company was converted into a public limited company on 6 October 2011 and changed its name from “Libra Group Pte. Ltd.” to “Libra Group Limited”.

### OUR BUSINESS

Through its subsidiaries, Libra is principally engaged in the business of providing integrated M&E services as a sub-contractor, including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems as well as the manufacturing and sale of ACMV ducts and the trading of ACMV related products.

Our Group’s business can be categorised into two (2) segments as follows:

- M&E services, including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems (“**M&E Services**”); and
- Manufacturing and sale of ACMV ducts and trading of ACMV related products (“**Manufacturing**”).

Our customers for the provision of M&E Services include main contractors, property developers, statutory boards, listed companies and government bodies. Our major clients for our Manufacturing business segment mainly include main contractors and sub-contractors in the construction industry.

Please refer to the section entitled “General Information on our Company and our Group — Business Overview” of this Offer Document for more details.

### OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths are as follows:

- We have an established and recognised brand;
- We provide integrated solutions and customised ACMV ducts for our customers;
- Our production facility is well established in Singapore and can be expanded into Malaysia;
- We have an established track record and strong foothold in the construction industry;

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## OFFER DOCUMENT SUMMARY

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- We provide design-and-build services for the installation of ACMV systems and electrical systems;
- We have a strong focus on production efficiencies and production costs;
- We have established strong business relations with customers and suppliers; and
- We have a committed, qualified and experienced management team and support staff.

Please refer to the section entitled “General Information on our Company and our Group — Competitive Strengths” of this Offer Document for more details.

### OUR PROSPECTS

Our Directors believe that the prospects of our Group are encouraging for the following reasons:

- Key growth area in green built environment in which further construction demand will be generated and sustained as initiatives are introduced by the Singapore government to encourage the construction and upgrading of buildings to meet the minimum standards of environmental sustainability equivalent to the Green Mark Certified level.
- Construction demand in Singapore will continue to grow in 2011 and beyond. Singapore’s construction demand is forecasted to record between S\$22.0 billion to S\$28.0 billion worth of construction contracts in 2011 compared with S\$25.7 billion in 2010. Public sector demand for construction is likely to record an increase to between S\$12.0 billion to S\$15.0 billion, contributing about 55.0% of the overall construction demand while the private sector is expected to generate between S\$10.0 billion to S\$13.0 billion worth of construction contracts in 2011. The average construction demand for 2012 and 2013 has also been forecasted to range between S\$19.0 billion and S\$26.0 billion.
- Our Directors have identified Malaysia as one of the viable options for regional expansion as its economy continues to grow and construction activities keep pace with the growth in its economy and conducive policies under the 10<sup>th</sup> Malaysia Plan and the Economic Transformation Programme (“ETP”). Under the 10<sup>th</sup> Malaysia Plan, approximately RM230.0 billion have been allocated for construction-related activities. Together with the introduction of the ETP which will see the Malaysian government facilitating the promotion of private sector investments in the Malaysia economy, it is expected that there will be a sustained demand for the construction sector in Malaysia in 2011 and beyond.

A detailed discussion of our prospects is set out in the section entitled “General Information on our Company and our Group — Prospects” of this Offer Document.

### OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the continued growth of our business are as follows:

- Construction of factory and purchase of new equipment and machinery in Malaysia;
- Purchase of factory and office in Singapore;
- Obtain higher BCA financial grading;

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## OFFER DOCUMENT SUMMARY

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- Expansion of business into other areas of the construction industry;
- Undertake an increased proportion of projects as NSC; and
- Explore opportunities in mergers and acquisitions, joint ventures and strategic alliances.

A detailed discussion of our business strategies and future plans is set out in the section entitled “General Information on our Company and our Group — Business Strategies and Future Plans” of this Offer Document.

### OUR CONTACT DETAILS

Our Company’s registered office and principal place of business is located at 101 Defu Lane 10 Singapore 539222. Our Company’s telephone number is +65 6844 2683 and our facsimile number is +65 6844 4378. Our internet address is <http://www.libragroup.com.sg>. **Information contained in our website does not constitute part of this Offer Document.**

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## THE PLACEMENT

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<b>Placement Size</b>	:	31,000,000 Placement Shares, comprising 26,000,000 New Shares and 5,000,000 Vendor Shares. The New Shares which form part of the Placement will, upon issue and allotment, rank <i>pari passu</i> in all respects with our existing issued Shares.
<b>Issue Price</b>	:	S\$0.205 for each Placement Share, payable in full on application
<b>Purpose of the Placement</b>	:	<p>Our Directors consider that the listing and quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our business operations.</p> <p>The Placement will also provide the members of the public, our management, employees and business associates who have contributed to our success with an opportunity to participate in the equity of our Company. In addition, the proceeds of the issue of the New Shares will also provide us with, <i>inter alia</i>, additional working capital to finance our business expansion.</p>
<b>The Placement</b>	:	The Placement comprises a placement of 31,000,000 Placement Shares by way of placement, subject to and on the terms of this Offer Document.
<b>Listing Status</b>	:	Prior to the Listing, there had been no public market for our Shares. Our Shares will be quoted on Catalist, subject to admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.
<b>Risk Factors</b>	:	Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
<b>Use of Proceeds</b>	:	Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

## EXCHANGE RATES

The exchange rate<sup>(1)</sup> between MYR and S\$ as at the Latest Practicable Date is MYR2.4522 to S\$1.00.

The table below sets out the highest and lowest exchange rates between MYR and S\$1.00 in each of the six (6) completed months prior to the Latest Practicable Date. The table indicates how much MYR may be bought with S\$1.00.

	MYR: S\$1.00	
	Highest <sup>(1)</sup>	Lowest <sup>(1)</sup>
March 2011	2.3998	2.3878
April 2011	2.4331	2.3998
May 2011	2.4504	2.4219
June 2011	2.4612	2.4396
July 2011	2.4752	2.4468
August 2011	2.4863	2.4474
September 2011 <sup>(2)</sup>	2.4919	2.4444

The following table sets out, for each of the financial years indicated, the average and closing exchange rates between MYR and S\$. The average exchange rate is calculated by using the average of the exchange rates on the last day of each month during each financial year/period. Where applicable, the exchange rates in this table are used for the translation of our Group's financial statements disclosed elsewhere in this Offer Document.

	MYR: S\$1.00	
	Average <sup>(1)</sup>	Closing <sup>(1)</sup>
FY2008	2.3655	2.4067
FY2009	2.4263	2.4408
FY2010	2.3615	2.3952
HY2010	2.3594	2.3245
HY2011	2.4154	2.4558

The above exchange rates should not be construed as representations that the MYR amounts actually represent such S\$ amounts or could be converted into S\$, at the rate indicated, at any other rate or at all.

**Notes:**

(1) Source: The Authority.

(2) For the period from 1 September 2011 to the Latest Practicable Date.

The Authority has not provided its consent, for the purposes of Section 249 of the SFA, to the inclusion of the information extracted from the relevant reports and is therefore not liable for such information under Sections 253 and 254 of the SFA. While we have taken reasonable actions to ensure that the information from the relevant reports issued by the Authority is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such reports, neither we nor any party has conducted an independent review of the information contained in such reports nor verified the accuracy of the contents of the relevant information.

## SUMMARY FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, the “Independent Auditors’ Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010” and the “Independent Auditors’ Report on Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six months ended 30 June 2011” as set out in Appendices A and B respectively of this Offer Document.

(S\$'000)	Audited			Unaudited	
	FY2008	FY2009	FY2010	HY2010	HY2011
<b>Revenue</b>	<b>6,349</b>	<b>22,931</b>	<b>29,784</b>	<b>17,663</b>	<b>11,756</b>
Profit before tax <sup>(1)</sup>	972	2,060	4,360	2,655	1,162
<b>Profit for the year attributable to owners of the Company<sup>(1)</sup></b>	<b>828</b>	<b>1,761</b>	<b>3,701</b>	<b>2,234</b>	<b>935</b>
EPS (cents) <sup>(2)</sup>	1.12	2.39	5.02	3.03	1.27
Adjusted EPS (cents) <sup>(1)(3)</sup>	0.83	1.77	3.71	2.24	0.94

**Notes:**

- (1) Had the Service Agreements (set out in the section entitled “Directors, Management and Staff — Service Agreements” of this Offer Document) been in place since 1 January 2010, our combined profit before tax, profit for the year/period attributable to owners of the Company and EPS computed based on our post-Placement share capital of 99,724,000 Shares for FY2010 would have been approximately S\$4.31 million, S\$3.66 million and 3.67 cents respectively.
- (2) For comparative purposes, the EPS for the periods under review have been computed based on the profit for the year/period attributable to owners of the Company and the pre-Placement share capital of 73,724,000 Shares.
- (3) For comparative purposes, the adjusted EPS for the periods under review have been computed based on the profit for the year/period attributable to owners of the Company and the post-Placement share capital of 99,724,000 Shares.

(S\$'000)	Audited	Unaudited
	As at 31 December 2010	As at 30 June 2011
Non-current assets	2,016	1,995
Current assets	15,017	19,822
<b>Total assets</b>	<b>17,033</b>	<b>21,817</b>
Current liabilities	9,855	13,961
Non-current liabilities	591	530
<b>Total liabilities</b>	<b>10,446</b>	<b>14,491</b>
<b>Net assets</b>	<b>6,587</b>	<b>7,326</b>
<b>Total equity</b>	<b>6,587</b>	<b>7,326</b>
<b>Total liabilities and equity</b>	<b>17,033</b>	<b>21,817</b>
NTA per Share (cents) <sup>(1)(2)</sup>	8.93	9.94

**Notes:**

- (1) NTA is defined as total tangible assets less total liabilities.
- (2) The NTA per Share is computed based on the net tangible assets value and the pre-Placement share capital of 73,724,000 Shares.

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## RISK FACTORS

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*You should evaluate carefully each of the following risk factors and all of the other information set forth in this Offer Document before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in the value of our Shares.*

*You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties. If any of the following risk factors and uncertainties develops into actual events, our business, financial position or results of operations or cash flows could be materially and adversely affected. In such circumstances, the trading price of our Shares could decline and you may lose all or part of your investment. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgement have been set out below.*

### **RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY**

#### **We are dependent on the construction industry in Singapore, which is in turn dependent on the health of the local property market and general economy**

As we derive all our revenue from the construction industry in Singapore, we are exposed to the fluctuations of the construction industry in Singapore which is in turn dependent on the health of the property market and the general economy of Singapore. A downturn in the Singapore economy will dampen general sentiments in the property market in Singapore and reduce construction demand, which may invariably have a material adverse effect on our business and financial performance. In addition, this cyclical change in the construction industry may result in reduced number of projects available for tender and our profit margins may be eroded due to keener competition.

#### **The financial performance of our Group is subject to the continuity of our order book, changes in our customers’ demand for our products and downward price revisions**

As our construction business is undertaken on a project basis and such projects are non-recurring, it is critical that new projects of similar value and volume are secured on a continuous basis. In the event that we are unable to continually and consistently secure new and sizable projects, the financial performance of our Group will be adversely affected. For our construction business, revenue is generated by way of contracts secured through the competitive process of tendering and there is no guarantee that we will be able to secure tenders every time we place our bids. Therefore, there may be fluctuations in the number and value of projects we undertake each year, and accordingly, there is no assurance that we will be able to continuously secure new projects of similar value and volume.

Our Group’s manufacturing business is generally not protected by long-term or exclusive contracts with our customers. Our Group’s ability to secure new orders or renew existing contracts is dependent on our Group’s ability to maintain our price competitiveness, keep abreast with the latest technologies and adhere to high quality standards. There is no guarantee that our existing customers will continue to order products from us or that the level of their orders will be maintained, and if we are unable to secure sufficient additional orders from other customers, our business operations, financial performance and financial position will be adversely affected. As we do not enter into long-term contracts with our customers, selling prices for some of our existing products may be subject to downward price revisions due to, *inter alia*, price competition from other manufacturers. Our profit margins may be adversely affected as a result.



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## RISK FACTORS

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### **We do not enter into long-term supply contracts with our suppliers and fluctuations in raw material prices may affect our earnings**

Raw materials used in our business mainly include galvanised iron and stainless steel. Prices of these raw materials may fluctuate due to changes in the supply and demand conditions. We do not currently have a long-term supply contract with any of our suppliers for these raw materials. Any sudden shortage of supply or reduction in the allocation of supply to us from our suppliers may adversely affect our operations or result in us having to pay a higher price for these raw materials. In the event of any significant increase in the costs of raw materials and us failing to find a cheaper source of supply or being unable to pass on such increases in raw material prices to our customers, our results of operations and financial performance may be adversely affected.

### **Any cost overruns will adversely affect the financial performance of our Group**

Even though we carry out internal costing and budgeting estimates of labour and construction material costs based substantively on quotations given by suppliers and sub-contractors in our preparation of tenders for construction projects, there could be unforeseen circumstances arising in the course of the projects which may result in additional unanticipated costs over and above the contract value. Such unforeseen circumstances include adverse weather conditions, unanticipated constraints at work sites or increase in the cost of labour, construction materials, equipment and sub-contracting services. Such unforeseen circumstances may lead to cost overruns and our profit margin for the projects may be eroded. Accordingly, our Group's profitability and financial performance may be adversely affected.

### **Changes in government legislation, regulations or policies which affect the construction industry or the property market in Singapore may adversely affect our business operations and financial performance**

As the bulk of our revenue is from our construction business in Singapore, any changes in government legislation, regulations or policies affecting the construction industry or the property market in Singapore operations may have a negative effect on the demand for construction services and in turn could adversely affect our business operations. The compliance with such new government legislation, regulations or policies may also increase our costs, and any significant increase in such compliance costs may adversely affect our results of operations. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance.

Please refer to the section entitled "General Information on our Company and our Group — Licences, Permits, Approvals, Certifications and Government Regulations" of this Offer Document for further details.

### **We are subject to the non-renewal, non-granting or suspension of our licences or permits**

Our business activities in Singapore are regulated by the BCA and other regulatory authorities. The BCA and other regulatory authorities determine the criteria that must be met before they grant or renew licences and permits which are essential for our business and operations. Please refer to the section entitled "General Information on our Company and our Group — Licences, Permits, Approvals, Certifications and Government Regulations" of this Offer Document for more information on the list of regulations and licences that are required by our Group.

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## RISK FACTORS

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The renewal of our permits and licences is subject to compliance with the relevant regulations. There is no assurance that our licences or permits will be renewed upon expiry. In addition, any changes to the existing legislation and regulations may require us to apply for new licences and permits, and there is no assurance that we will be able to obtain these new licences and permits. Failure to renew or obtain or the withdrawal of such licences and permits may have an adverse impact on our operations and financial performance.

**Any shortage in the supply of foreign workers or increase in levy for foreign workers or any restriction on the number of foreign workers that we or our sub-contractors can employ for a project, will adversely affect our business operations and financial performance**

The construction industry is highly labour intensive. We and our sub-contractors rely almost exclusively on foreign labour for all our construction projects, as the supply of local labour is limited and the cost of local workers is high. Our business operations and financial performance are vulnerable to any shortage in the supply of foreign workers and any increase in the cost of foreign labour.

Any changes in the regulations of the foreign workers' countries of origin may affect the supply of foreign labour and cause disruptions to our business operations which may result in delays to our projects. The supply of foreign labour and the number of foreign workers that we and our sub-contractors can employ are further subject to the policies and regulations imposed by the MOM. For example, the MOM imposes a quota on the number of foreign workers that we and our sub-contractors can employ in respect of each of our projects, known as man-year entitlement ("MYE"). Depending on the requirements of our projects, the tightening of such quota on the number of foreign workers that we and our sub-contractors can employ could adversely affect our business operations and financial performance.

Most of our construction workers are foreign workers from India, Bangladesh, Myanmar, China, Malaysia and Thailand, who are subject to the foreign workers' levy and the administrative fees for work passes imposed by the Singapore government. Any increase in the foreign workers' levy and the administrative fees for work passes will result in an increase in our construction costs and such additional costs may affect the profitability of our Group. The Singapore government has announced in the Singapore Budget 2010 that there will be a gradual increase in foreign workers' levy every six (6) months from July 2010 to July 2012. Following the Singapore Budget 2010 announcement, the Singapore government announced on 21 February 2011 that foreign worker levy rates will be further raised every six (6) months from January 2012 to July 2013. The Singapore government has also on 3 October 2011 announced an increase in the administrative fees for most work passes, starting from 1 December 2011. Consequently, if we are unable to pass on such cost increases to our customers or find alternative sources of cheaper labour, our financial performance may be adversely affected.

**We will be affected by any disruption to our manufacturing facility**

Our business operations will be adversely affected by any disruption to our manufacturing facility, including, but not limited to, disruptions in the supply of utilities, machine malfunction, fire, natural disasters or other calamities which may result in significant damage to our machinery, equipment and/or major delays and disruptions to our operations. Although we have taken general insurance coverage in respect of our manufacturing facility, our existing general insurance coverage may not fully compensate us for actual losses, damages, claims and liabilities. In the event that our insurance policies cannot sufficiently cover our losses arising from the disruptions, our financial performance and financial position may be adversely affected.

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## RISK FACTORS

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### **Excessive warranty claims will adversely affect our financial performance and financial position**

Together with our suppliers, we typically provide limited defects liability warranty for our construction projects for a period of 12 to 18 months depending on the type of work we do, which may include the supply and installation of ACMV systems, fire alarms and fire protection systems and electrical systems. The limited defects liability covers defects of the products and materials used in the project. Rectification and repair works to be carried out by us that are covered by the warranty would not be chargeable to our customers. In the event that our suppliers are not able to perform their obligations under the warranty, we will be liable for the claims under the warranty. Excessive warranty claims for rectification and repair works may have an adverse effect on our financial performance and financial position.

### **We may be affected by accidents at our work sites or at our premises**

Accidents or mishaps may occur at our work sites or at our premises even though we have put in place certain safety measures. Such accidents or mishaps may severely disrupt our operations and lead to a delay in the completion of a project. In the event of such a delay, we could be liable for liquidated damages under the construction contract with our customers, resulting in an adverse and material effect on our financial performance. Further, we may be subject to personal injury claims from workers or other persons involved in such accidents or mishaps suffered by them, and any significant claims which are not covered by our insurance policies may materially and adversely affect our financial performance. In addition, any accidents or mishaps resulting in significant damage to our machinery, equipment or premises may have a significant adverse effect on our business, financial position and results of operations.

### **We may face liquidity and non-payment risks**

There is usually a lag time between any revenue recognised and actual receipt of payment from customers in the construction industry. Typically, invoices to customers are raised only when certification by the main contractors on the work done are received, which may take one (1) to two (2) months after the completion of work by our Group. In addition, all completed projects are subject to a retention amount, which typically accounts for approximately 5.0% of the value of the certified amount based on the contracts for the projects. Our customers are billed for the balance of the retention sum only upon the expiry of the defects liability period, which typically take 12 to 18 months from the completion of the projects. As at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011, our gross amount due from customers for contract work-in-progress amounted to approximately S\$1.7 million, S\$4.4 million, S\$10.3 million and S\$9.9 million respectively. For more details on our gross amount due from customers for contract work-in-progress, please refer to the section entitled “General Information on our Company and our Group — Credit Policy” of this Offer Document.

In the event that the main contractors fail to certify the work done in a timely manner or when customers fail to make timely payments to us or the customers default on their payments to us, due to unforeseen events or circumstances, we may encounter liquidity problems. In such events, we would have to make provisions for doubtful debts or to write off bad debts which may have an adverse impact on our financial performance.

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## RISK FACTORS

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### **We are subject to general safety regulations imposed by the MOM and affected by stop-work orders that are imposed on the main contractors**

The MOM places considerable emphasis on inculcating a culture of safety and health in all workplaces. The Workplace Safety and Health Act requires us to take reasonably practicable measures to ensure the safety and health of workers at our factory and at our work sites.

In the event that our factory or the work sites contravene the requisite safety and health standards imposed by the regulatory authorities, we could be fined by the regulatory authorities. In addition, in the event that the work sites of the main contractors in the projects that we are involved in contravene the requisite safety and health standards imposed by the regulatory authorities, these work sites may be issued with partial or full stop-work orders. As at the Latest Practicable Date, there is no subsisting stop-work order.

The issuance of such stop-work orders may severely disrupt our operations and lead to a delay in the completion of projects or products ordered by our customers or required in our projects. These circumstances may generate negative publicity and adversely affect our market reputation as well as cause a material adverse impact on our business, results of operations and financial position.

Please see the section entitled “General Information on our Company and our Group — Licences, Permits, Approvals, Certifications and Government Regulations” of this Offer Document for more information.

### **Overtime work in excess of permitted limits**

Due to frequent tight deadlines for our contracted works and the nature of the construction industry, our workers often put in overtime hours. We currently employ in excess of 100 workers and we have in place a system to monitor the overtime hours of our workers as well as potential breaches of regulatory thresholds for overtime work. Nonetheless, there may be instances where some of our workers inadvertently exceed 12 hours a day or 72 hours a month of overtime work, especially during peak periods.

In the event that disciplinary proceedings are undertaken by the regulatory authorities in Singapore or elsewhere relating to our use of foreign labour, and there are no suitable and timely replacements obtainable or if any penalties (financial or otherwise) are levied on us, our operations and financial performance may be adversely affected.

### **Our Group may be liable for past contraventions of statutory provisions for some aspects of its business operations**

Our Group has experienced past contraventions pertaining to various statutory provisions in relation to some aspects of its business operations. As at the Latest Practicable Date, all of these past contraventions have been rectified by our Group. Please refer to the section entitled “General Information on our Company and our Group — Licences, Permits, Approvals, Certifications and Government Regulations” of this Offer Document for further details.

The rectification actions may not exonerate our Group, our employees and/or the Directors from past contraventions of statutory provisions. Consequently, our Group may still be liable for statutory penalties including, *inter alia*, fines imposed by the relevant authorities for past contraventions of statutory provisions. In the event that the relevant authorities impose such statutory penalties on us, our financial position and performance may be adversely affected.

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## RISK FACTORS

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### **We are subject to intense competition and may not be able to maintain our competitiveness in the construction industry**

The construction industry is highly competitive. For our construction business, in order to secure tenders, we may have to bid aggressively and ensure that our service quality is high. If we are required to lower our bid price and yet offer additional services, we may incur higher operating costs and this will adversely affect our profit margins. In addition, we face competition from existing construction companies as well as new entrants to the construction industry. Some of these competitors may have larger financial resources that enable them to compete more efficiently and effectively than us. We may have to offer more competitive prices or try to offer higher quality services.

However, there is no assurance that we will be able to compete successfully with our existing and future competitors and that we will be able to adapt to new trends and conditions. In the event that we are unable to compete successfully against our competitors and to adapt to market conditions, our business, financial position and performance may be adversely affected.

### **We are dependent on certain key personnel for our continued success**

We believe our success to-date has been largely attributable to the contributions and expertise of our Executive Chairman, Chu Sau Ben and our Executive Director and Chief Executive Officer, William Lee Kay Choon, as well as our Executive Officers, many of whom have extensive experience in the construction industry. Chu Sau Ben and William Lee Kay Choon have, in aggregate, 38 years of experience in the construction industry. Our continued success will depend, to a large extent, on our ability to retain the services of our Executive Directors and our Executive Officers. The loss of the services of our Executive Directors or any of our Executive Officers without suitable and timely replacement, or the inability to attract and retain qualified personnel, may adversely affect our operations and hence our financial performance.

### **Our business, operations and prospects are subject to our ability to secure sufficient financial resources to fund our operations**

We are dependent on our ability to secure adequate financial resources to fund our operations. Our ability to secure adequate bank loans, hire purchase arrangements and other borrowings for our operations and expansion depends on a number of factors beyond our control, including, but not limited to, general economic and political conditions, the terms on which financial institutions are willing to extend credit to us, such as the quantum of the loan and interest rate of the loan and the time within which such loan is made available to us, and the availability of other sources of debt or equity financing. In the event that we are unable to secure adequate financial resources for our operations, our business may be adversely affected.

In view of the rapidly changing business requirements and market conditions, certain business opportunities that may increase our revenue may arise from time to time and we may be required to expand our capabilities and business through acquisitions, investments, joint-ventures and/or strategic partnerships with parties who are able to add value to our business. If such a situation arises, we may require additional funds to take advantage of these opportunities.

Such funding, if raised through the issuance of equity or securities convertible into equity, may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, resulting in a dilution of our shareholders' equity interest. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS may be diluted, and this could lead to a decline in the price of our Shares.

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## RISK FACTORS

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Alternatively, if our funding requirements are met by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to issue dividends or require us to seek consent for the issuance of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our growth plans;
- impose restrictions on the dilution or change in the shareholding of certain major shareholders of our Company;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry; and
- require us to dedicate a substantial portion of our cash flow from operations to payment of our debt, thereby reducing the availability of our cash flow to fund other capital expenditure, working capital requirements and other general corporate purposes.

While we have been able to borrow the funds necessary to finance our operations thus far, the current disruptions, volatility or uncertainty of the credit markets could limit our ability to borrow funds or cause our borrowings to be more expensive. As such, we may be forced to pay unattractive interest rates, thereby increasing our interest expense, decreasing our profitability and reducing our financial flexibility.

### **We may be affected by any changes in the general economic, regulatory, political and social conditions and developments globally and in Singapore**

Our business may be materially and adversely affected by local and global developments in relation to inflation, price of raw materials, bank interest rates, government policies and regulations and other conditions which may impact economic, regulatory, political and social stability globally and in Singapore. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations.

### **Our Group may be adversely affected by the uncertain global economic outlook**

Our business is susceptible to the general economic conditions in Singapore. Factors such as GDP growth, disposable income and unemployment rates, will affect the demand for construction activities which may indirectly affect our business operations.

Given the uncertainties of the future economic outlook, there is no assurance that we will be able to maintain or continue the rapid growth of our business, or that we will be able to react promptly to any changes in economic conditions. In the event that we fail to react promptly to the changing economic conditions, our performance and profitability could be adversely affected. There is also no assurance that the factors which have contributed to the success of our Group during the past few years will continue to occur in the future. Our financial performance, future plans and business operations may be adversely affected if these conditions deteriorate in the future.

### **We may be affected by terrorist attacks, natural disasters and other events beyond our control**

Terrorist attacks such as those that occurred in the United States of America and Indonesia, natural disasters and other events beyond our control that could occur in the markets in which we operate may lead to uncertainty in the economic outlook of these markets leading to an economic downturn. This will in turn have an adverse impact on the construction industry and our business.



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## RISK FACTORS

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Although such acts have not in the past targeted our assets or those of our customers, there can be no assurance that they will not do so in the future.

Our current insurance policies do not cover terrorist attacks. The consequences of any such terrorist attacks, natural disasters or other events beyond our control are unpredictable, and we are not able to foresee events of such nature, which could cause interruptions to parts of our business and have an adverse effect on our business operations and financial position.

**We may be affected by an outbreak of Influenza A (“H1N1”), avian influenza, severe acute respiratory syndrome (“SARS”) or any other contagious or virulent diseases**

In 2009, there was a global outbreak of a new strain of influenza, H1N1 which had affected more than 200 countries and overseas territories leading to over 18,000 deaths<sup>(1)</sup>. In the last few years, many parts of Asia suffered from an outbreak of avian influenza, while in 2003, there was an outbreak of SARS, a highly contagious form of atypical pneumonia. These outbreaks of infectious diseases seriously disrupted economic activities in afflicted countries. There can be no assurance that an outbreak of H1N1, avian influenza, SARS or any other contagious or virulent diseases, or the measures implemented by the governments of afflicted countries against such potential outbreaks, will not seriously interrupt our operations or those of our suppliers and customers. This may in turn have a material adverse effect on our results of operations.

In addition, the perception that there may be a recurrence of an outbreak of H1N1, avian influenza, SARS or other contagious or virulent diseases may have an adverse effect on the global economic conditions. This may in turn lead to a material adverse effect on our results of operations.

**Note:**

- (1) The information is derived from the website of the World Health Organisation (“WHO”), updated as at 30 June 2010. The WHO has disclaimed that as countries are no longer required to test and report individual cases, the number of cases reported may understate the actual number of cases.

The WHO has not consented to the inclusion of the above information in this Offer Document and is thereby not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors and the Vendor have taken reasonable actions to ensure that the relevant information have been reproduced in their proper form and context in this Offer Document, none of our Company, the Vendor, the Manager, Sponsor and Placement Agent, Sub-Placement Agent nor any other party, and their and our respective officers, agents and employees has conducted an independent review of or verified the accuracy of the above information.

**We may be involved in legal and other proceedings arising from our operations from time to time**

We may be involved from time to time in disputes pertaining to, *inter alia*, construction, remuneration and compensation issues with various parties in the construction industry. These disputes may lead to legal and other proceedings, and may cause us to suffer additional costs and delays. In addition, we may have disagreements with the authorities or other regulatory bodies in the course of our operations and this may cause us to be subject to administrative proceedings and unfavourable decrees that result in financial losses or a delay in the completion of our projects. Any such delays may affect our business and financial performance. Please refer to the section entitled “General and Statutory Information — Litigation” of this Offer Document for information on the legal proceedings which we are or previously were involved in the 12 months immediately preceding the date of lodgement of this Offer Document.



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## RISK FACTORS

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### **We may not be able to successfully implement our future plans**

We plan to expand our Group in accordance with our future plans as set out in the section entitled “General Information on our Company and our Group — Business Strategies and Future Plans” of this Offer Document. These future plans will require substantial capital expenditure and financial resources and will involve numerous risks including, but not limited to, the incurrence of working capital. There is no assurance that these plans will generate revenue commensurable with our investment costs. If we fail to generate a sufficient level of revenue or if we fail to manage our costs efficiently, we will not be able to recover our investment and our future financial performance and financial position may be adversely affected.

### **RISKS RELATING TO OUR OPERATION IN MALAYSIA**

#### **We are in the process of applying for the conversion of the use of the land in Malaysia from agricultural to industrial purposes and may not be able to obtain approval for the conversion**

We have acquired a piece of land which has a gross area of approximately 11,540 sq m in Malaysia. Please refer to the section entitled “General Information on our Company and our Group — Properties and Fixed Assets” of this Offer Document for more information on the land.

The land can currently be used only for agricultural purposes. As we intend to construct a factory on the land for the manufacturing of ACMV ducts and ACMV related products, we are in the process of applying for the conversion of the use of the land from agricultural to industrial purposes with the relevant authorities in Malaysia. In the event that we are unable to obtain the necessary approvals for the conversion, we may not be able to materialise our plan of constructing a factory and our business operations and financial performance may be adversely affected.

#### **Restrictions imposed by the Malaysian government on foreign investments may affect our Malaysian operations**

Prior to the announcement made by the Foreign Investment Committee (“**FIC**”) under the Prime Minister’s Department in June 2010, in Malaysia, the approval of the FIC is required, *inter alia*, for the following:

- (a) the acquisition of a substantial fixed asset by Malaysia incorporated companies in which foreign interest holds more than 50.0% of the voting shares or has management control;
- (b) the acquisition of any interest in a Malaysian company or business which will result in ownership or control passing to foreign interests; or
- (c) when a non-Malaysian or foreign company acquires or subscribes for 15.0% or more of the voting power of a company incorporated in Malaysia.

The June 2010 announcement repealed the FIC’s guidelines on the acquisition of equity stakes, mergers and takeovers with immediate effect. FIC’s approval would only be required for the acquisition of properties in excess of RM20.0 million from Bumiputra and the Malaysian government.

As the Malaysian economy is undergoing a period of development and modernisation, some degree of uncertainty exists as to whether and how the existing laws and regulations pertaining to foreign shareholding will evolve in the future. In the event that the laws and regulations in Malaysia are amended in the future to impose a more onerous regime on foreign investments, our Group’s business operations and financial performance may be adversely affected.

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## RISK FACTORS

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### **Changes in the social, political and economic conditions in Malaysia could affect our business**

We intend to establish a manufacturing facility under our subsidiary, Libra Engineering (Malaysia) for the production of ACMV ducts and ACMV related products in Malaysia in order to expand our manufacturing capabilities. There is no assurance that there will be no changes in the social, political and economic policies of the Malaysian government which may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions. In the event that the social, political and economic policies of the Malaysian government change, our operations may be adversely affected. There could also be an adverse effect on our Group's business and financial performance and position.

### **We may face uncertainties and risks associated with the expansion of our business overseas**

We have a subsidiary in Johor, Malaysia and intend to penetrate into the Malaysian market by intensifying our sales, marketing and business development activities in the Malaysian market. Such expansion involves numerous risks, including, but not limited to, incurring unexpected or additional costs which will affect our results of operations. There can be no assurance that we will be successful in our expansion plans. In the event we fail to manage our expansion efficiently, our business, profitability and financial performance may be adversely affected. For more details on our expansion plans, please refer to the section entitled "General Information on our Company and our Group — Business Strategies and Future Plans" of this Offer Document.

## **RISKS RELATING TO AN INVESTMENT IN OUR SHARES**

### **Investment in shares quoted on Catalist involves a higher degree of risk and can be less liquid than shares quoted on the SGX-ST Main Board**

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies, higher investment risk tends to be attached to such companies as compared to larger or more established companies listed on the SGX-ST Main Board. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the SGX-ST Main Board. Catalist was formed only in December 2007 and the future success and liquidity in the market of our Shares cannot be guaranteed.

### **There is no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares**

Prior to the Listing, there has been no public market for our Shares. Although we have applied to the SGX-ST for the dealing and quotation of our Shares on Catalist, there is no assurance that an active trading market for our Shares will develop or, if developed, will be sustained. There is also no assurance that the market price for our Shares will not decline below the Issue Price.

The Issue Price was determined after consultation between our Company, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent after taking into consideration, *inter alia*, market conditions and estimated market demand for our Shares. The Issue Price may not be indicative of the market price of our Shares after the completion of the Placement. Investors may not be able to resell their Shares at or above the Issue Price. The volatility in the trading price of our Shares may be caused by factors beyond our control and may be unrelated or disproportionate to our financial results.

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## RISK FACTORS

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### **Our share price may be volatile in future which could result in substantial losses for investors purchasing Shares pursuant to the Placement**

The market price of our Shares may fluctuate significantly and rapidly as a result of, *inter alia*, the following factors, some of which are beyond our control:

- Changes in general economic and stock market conditions;
- Changes in our operating results;
- Perceived prospects and future plans for our business and the general outlook of our industry;
- Changes in securities analysts' estimates of our financial performance and recommendations;
- Differences between our actual financial operating results and those expected by investors and securities analysts;
- Announcements by our competitors or ourselves of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- Our involvement in litigation; and
- Addition or loss of key personnel.

### **Future sale or issuance of Shares could adversely affect our Share price**

Any future sale, availability or issuance of a large number of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant amount of Shares in the market after the Placement, or the perception that such sales may occur could materially and adversely affect the market price of our Shares. These factors could also affect our ability to issue additional equity securities in future. Except as otherwise described in the section entitled "Shareholders — Moratorium" of this Offer Document, there are no restrictions on the ability of our Shareholders to sell their Shares either on the SGX-ST or otherwise.

### **Negative publicity which includes those relating to any of our Directors, Executive Officers or Substantial Shareholders may adversely affect our Share price**

Negative publicity or announcement relating to any of our Directors, Executives Officers or Substantial Shareholders may adversely affect the market perception or the share performance of our Company, whether or not it is justified. Some examples of these include unsuccessful attempts at joint ventures, acquisitions or takeovers, or involvement in bankruptcy proceedings.

### **We may require additional funding for our growth plans, and such funding may result in a dilution of Shareholders' investment**

We have estimated our funding requirements in order to implement our growth plans as set out in the section entitled "General Information on our Company and our Group — Business Strategies and Future Plans" of this Offer Document.

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## RISK FACTORS

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In the event that the costs of implementing such plans should exceed these estimates significantly or that we come across opportunities to grow through expansion plans which cannot be predicted at this junction, and our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements.

These additional funds may be raised by issuing equity or debt securities or by borrowing from financial institutions or from other sources. We cannot ensure that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. If we fail to obtain additional financing on terms that are acceptable to us, we will not be able to implement such plans fully. Such financing, even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. Further, in the event that we raise additional funds by way of a limited placement or by a rights offering or through the issuance of new Shares to new and/or existing shareholders after the Placement, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, or if any Shareholder is unable or unwilling to participate in such additional round of fund raising, in which case, our Shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our earnings per Share will be diluted, and this could cause a decline in our Share price.

### **Investors in our Shares would face immediate and substantial dilution in the NTA per Share and may experience future dilution**

The Issue Price of our Placement Shares is substantially higher than our Group's NTA per Share of 12.49 cents based on the post-Placement share capital and after adjusting for the conversion of the Convertible Loan and the estimated net proceeds due to our Company from the Placement. If we were liquidated immediately following this Placement, each investor subscribing to this Placement would receive less than the price they paid for their Shares. Please refer to the section entitled "Dilution" of this Offer Document for more information.

In addition, we may issue Performance Shares under our Libra Performance Share Plan. To the extent that such Performance Shares are issued, there may be further dilution to investors participating in the Placement. Please refer to the section entitled "The Libra Performance Share Plan" as well as "Appendix E — Rules of the Libra Performance Share Plan" of this Offer Document for more information.

### **Control by our Shareholders of our share capital after the Placement may limit your ability to influence the outcome of decisions requiring the approval of Shareholders**

After the completion of the Placement, our Substantial Shareholders, Chu Sau Ben and William Lee Kay Choon, will hold in aggregate approximately 61.2% of our issued share capital. As a result, these Substantial Shareholders will be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner which may not be in line with the interests of our public Shareholders. They will also have veto power in relation to any shareholder action or approval requiring a majority vote except in situations where they are required by the Catalist Rules, the SGX-ST or undertakings given by them to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders.

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## RISK FACTORS

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### **We may not be able to pay dividends in the future**

Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, and on regulatory, competitive, technical and factors such as general economic conditions, demand for and selling prices of our products and services and other factors exclusive to the construction industry. Any of these factors could have a material adverse effect on our business, financial position and results of operations, and hence there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Placement.

Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends we can declare and pay out.

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## ISSUE STATISTICS

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<b>ISSUE PRICE</b>	20.50 cents
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### NTA

NTA per Share based on the unaudited interim combined balance sheet of our Group as at 30 June 2011 after adjusting for the conversion of the Convertible Loan (the “**Adjusted NTA**”):

- |  |             |
|--|-------------|
| (a) before adjusting for the estimated net proceeds from the issue of New Shares and based on the pre-Placement share capital of 73,724,000 Shares | 11.09 cents |
| (b) after adjusting for the estimated net proceeds from the issue of New Shares and based on the post-Placement share capital of 99,724,000 Shares | 12.49 cents |

Premium of Issue Price over the Adjusted NTA per Share as at 30 June 2011:

- |  |        |
|--|--------|
| (a) before adjusting for the estimated net proceeds from the issue of New Shares and based on the pre-Placement share capital of 73,724,000 Shares | 84.85% |
| (b) after adjusting for the estimated net proceeds from the issue of New Shares and based on the post-Placement share capital of 99,724,000 Shares | 64.13% |

### EPS

Audited net EPS of our Group for FY2010 based on our Company's pre-Placement share capital of 73,724,000 Shares	5.02 cents
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Audited net EPS of our Group for FY2010 had the Service Agreements been in effect from the beginning of FY2010 and based on our Company's pre-Placement share capital of 73,724,000 Shares	4.96 cents
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### PRICE EARNINGS RATIO

Audited price earnings ratio based on the Issue Price and the audited net EPS of our Group for FY2010	4.08 times
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Audited price earnings ratio based on the Issue Price and the audited net EPS of our Group for FY2010 had the Service Agreements been in effect from the beginning of FY2010	4.13 times
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### NET OPERATING CASH FLOW<sup>(1)</sup>

Audited net operating cash flow per Share of our Group for FY2010 based on the pre-Placement share capital of 73,724,000 Shares	(1.87) cents
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## ISSUE STATISTICS

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Audited net operating cash flow per Share of our Group for FY2010 had the Service Agreements been in effect from the beginning of FY2010 and based on the pre-Placement share capital of 73,724,000 Shares (1.93) cents

### PRICE TO NET OPERATING CASH FLOW

Ratio of Issue Price to audited net operating cash flow per Share of our Group for FY2010 based on the pre-Placement share capital of 73,724,000 Shares N.A.<sup>(2)</sup>

Ratio of Issue Price to audited net operating cash flow per Share of our Group for FY2010 had the Service Agreements been in effect from the beginning of FY2010 and based on the pre-Placement share capital of 73,724,000 Shares N.A.<sup>(2)</sup>

### MARKET CAPITALISATION

Market capitalisation based on the Issue Price and post-Placement share capital of 99,724,000 Shares S\$20.44 million

#### Notes:

(1) Net operating cash flow refers to net cash used in operating activities.

(2) Not applicable.



## USE OF PROCEEDS AND LISTING EXPENSES

The net proceeds to be raised from the Placement (comprising New Shares and Vendor Shares), after deducting the estimated cash expenses in relation to the Placement of approximately S\$1.25 million will be approximately S\$5.11 million.

We will not receive any of the proceeds from the Vendor Shares sold by the Vendor in the Placement. The net proceeds attributable to the Vendor from the sale of Vendor Shares, after deducting the Vendor's share of the estimated cash expenses of approximately S\$0.20 million, will be approximately S\$0.83 million. The net proceeds to be raised by our Company from the issue of the New Shares (after deducting our share of the estimated cash expenses of approximately S\$1.05 million) will be approximately S\$4.28 million.

The following table sets out the breakdown of the use of proceeds to be raised by our Company:

Intended Use	Amount in Aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised by our Company (as a % of our Company's gross proceeds)
Construction of factory and purchase of new equipment and machinery in Malaysia	300	5.6%
Purchase of factory and office in Singapore	1,200	22.5%
Explore opportunities in mergers and acquisitions, joint ventures and strategic alliances	300	5.6%
Working capital <sup>(1)</sup>	2,480	46.5%
<b>Total</b>	<b>4,280</b>	<b>80.2%</b>

**Note:**

- (1) The amount intended to be allocated for working capital comprises S\$800,000 to be used for the purpose of increasing the share capital of Kin Xin Engineering in order to obtain a higher BCA financial grading. Please refer to the section entitled "General Information on our Company and our Group — Business Strategies and Future Plans" of this Offer Document for more details.

Further details of our use of proceeds may be found in the section entitled "General Information on our Company and our Group — Business Strategies and Future Plans" of this Offer Document.

The foregoing discussion represents our Company's best estimate of its allocation of the net proceeds of the Placement attributable to our Company based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to re-allocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that our Company decides to re-allocate such net proceeds for other purposes, our Company will publicly announce its intention to do so through an SGXNET announcement on the internet at the SGX-ST website, <http://www.sgx.com>. In addition, our Company will make periodic announcements on the use of the proceeds attributable to our Company from the Placement as and when the proceeds from the Placement are materially disbursed, and provide a status report on the use of the proceeds attributable to our Company from the Placement in our annual reports.

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## USE OF PROCEEDS AND LISTING EXPENSES

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Pending the deployment of the net proceeds from the issue of New Shares as aforesaid, the funds will be placed in short-term deposits or money making instruments as our Directors may, in their absolute discretion, deem fit.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Placement.

None of the proceeds of the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

### Listing Expenses

The aggregate estimated amount of expenses in relation to the Placement and the application for Listing, including the placement commission, management fees, legal and audit fees, fees payable to the SGX-ST and all other incidental expenses in relation to the Placement is approximately S\$1.70 million. The aggregate listing expenses will be borne by our Company and the Vendor in the Agreed Proportion.

A breakdown of these estimated expenses to be borne by our Company is as follows:

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Expenses borne by our Company	Estimated Amount (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised by our Company (as a % of our Company's gross proceeds)
Listing and application fees	34	0.6
Professional fees <sup>(1)</sup>	1,192	22.4
Placement commission <sup>(2)</sup>	213	4.0
Miscellaneous expenses	61	1.1
<b>Total</b>	<b>1,500</b>	<b>28.1</b>

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#### Notes:

- (1) Professional fees include approximately S\$0.45 million, which is part of the fee payable to the Manager and Sponsor pursuant to the Management Agreement which has been satisfied in full by the issuance and allotment to PPCF of 2,196,000 new Shares, representing 3.0% of the issued share capital of our Company prior to the Placement, at the Issue Price for each Share. For details, please refer to the section entitled "Shareholders" of this Offer Document.
- (2) The amount of placement commission per Placement Share, agreed upon between the Placement Agent and our Company is 4.0% of the Issue Price payable for each Placement Share. Please refer to the section entitled "General and Statutory Information — Management and Placement Arrangements" of this Offer Document for more details.

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## DIVIDEND POLICY

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Save for the declaration and payment of dividends amounting to S\$500,000 in December 2009 by Libra Engineering, of which S\$450,000 was paid to our Executive Chairman, Chu Sau Ben and S\$50,000 was paid to our Executive Director and Chief Executive Officer, William Lee Kay Choon, our Company and our subsidiaries have not declared or paid any dividends since their incorporation.

We currently do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general financial position, results of operations, capital requirements, cash flow, general business condition, our development plans and other factors as our Directors may deem appropriate (“**Dividend Factors**”).

We may declare an annual dividend subject to the approval of our Shareholders in a general meeting but the amount of such dividend shall not exceed the amount recommended by our Directors. Our Directors may also declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends out of our profits. For information relating to taxes payable on dividends, please refer to the section entitled “Taxation” of this Offer Document.

All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid up on each Shareholder’s Shares, unless the rights attaching to an issue of any Share provides otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference shall or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. The form, frequency and amount of future dividends will depend on the Dividend Factors.

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## SHARE CAPITAL

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Our Company (Company Registration Number: 201022364R) was incorporated in Singapore on 20 October 2010 under the Companies Act as a private company limited by shares under the name of “Libra Group Pte. Ltd.”. On 6 October 2011, our Company changed its name to “Libra Group Limited” in connection with its conversion into a public company limited by shares.

As at the date of incorporation, our issued and paid-up share capital was S\$100.00, comprising 100 ordinary shares. On 4 October 2011, our Company issued an aggregate of 999,900 new Shares at an issue price of S\$8.24 for each new Share to Chu Sau Ben and William Lee Kay Choon in consideration for the transfer by Chu Sau Ben and William Lee Kay Choon of the entire issued share capital of Kin Xin Engineering and Libra Engineering to our Company. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more details.

Pursuant to the extraordinary general meeting held on 4 October 2011, our Shareholders approved, *inter alia*, the following:

- (a) the conversion of our Company into a public limited company and the change of our name to “Libra Group Limited”;
- (b) the sub-division of each ordinary share in the existing issued share capital of our Company into 66 ordinary shares (“**Share Split**”);
- (c) the adoption of a new set of Articles of Association;
- (d) the allotment and issue of the New Shares which are the subject of the Placement which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares (the “**Issue of New Shares**”);
- (e) the approval of the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued pursuant to the Placement) on Catalist;
- (f) that authority be and is hereby given to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting to:
  - (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
  - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

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## SHARE CAPITAL

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- (B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (A)(ii) and/or (A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiry of the authority contained in this resolution), provided that:
- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustments shall be made in compliance 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 Articles of Association for the time being of our Company, does not exceed 100% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50% of the post-Placement issued share capital excluding treasury shares;
  - (ii) in exercising such authority, our 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 Articles of Association for the time being of our Company; and
  - (iii) unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.
- (g) the adoption of the Libra Performance Share Plan, details of which are set in the section entitled “The Libra Performance Share Plan” of this Offer Document, and set out in Appendix E entitled “Rules of the Libra Performance Share Plan” of this Offer Document.

For the purpose of this resolution, the “post-Placement issued share capital” shall mean the total number of issued Shares of our Company (excluding treasury shares) immediately after the Placement, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

Pursuant to an extraordinary general meeting held on 24 October 2011, our Shareholders approved the allotment and issue of 2,196,000 new Shares to PPCF in satisfaction of part of their fees as Manager and Sponsor and 5,528,000 new Shares to the Pre-IPO Investor pursuant to the conversion of the Convertible Loan.

As at the date of this Offer Document, there is only one (1) class of Shares in the capital of our Company, being the Shares. A summary of the Articles of Association of our Company relating to, among others, the voting rights and privileges of our Shareholders is set out in Appendix C entitled “Selected Extracts of our Articles of Association” of this Offer Document.

## SHARE CAPITAL

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$9,541,869 comprising 73,724,000 Shares. Upon the allotment and issue of New Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$14,364,609 comprising 99,724,000 Shares.

There are no founders, management, deferred or unissued Shares reserved for issuance for any purpose. The Placement Shares shall have the same interest and voting rights as our existing Shares that were issued prior to this Placement and there are no restrictions to the free transferability of our Shares.

No person has, or has the right to be given, an option to subscribe for or purchase any securities of our Company or our subsidiaries. No option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

Details of the changes in the issued and paid-up share capital of our Company since the date of incorporation and immediately after the Placement are set out below:

	Number of Issued Shares	Issued and paid-up share capital (S\$)
Issued and fully paid-up Shares at incorporation	100	100
Issue of 999,900 new Shares pursuant to the Restructuring Exercise	999,900	8,241,589
Post-Restructuring Exercise issued and paid-up share capital	1,000,000	8,241,689
Share Split	66,000,000	8,241,689
Conversion of the Convertible Loan	5,528,000	850,000
Issue of 2,196,000 new Shares to PPCF in satisfaction of management fees payable to PPCF as Manager and Sponsor	2,196,000	450,180
Pre-Placement issued and paid-up share capital	73,724,000	9,541,869
New Shares issued pursuant to the Placement	26,000,000	4,822,740 <sup>(1)</sup>
Post-Placement issued and paid-up share capital	99,724,000	14,364,609

**Note:**

(1) This takes into account the capitalisation of listing expenses of approximately S\$0.5 million.

The issued share capital and the shareholders' equity of our Company after adjustments to reflect the Restructuring Exercise, the Share Split, the conversion of the Convertible Loan, the issue of 2,196,000 new Shares to PPCF and the issue and allotment of the New Shares pursuant to the Placement are set forth below. This should be read in conjunction with the Independent Auditors' Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010 and the Independent Auditors' Report on the Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six (6) months ended 30 June 2011.

## SHARE CAPITAL

	As at Incorporation	After the Restructuring Exercise, Share Split, the conversion of the Convertible Loan, and the issue of 2,196,000 new Shares to PPCF	After the Placement
<b>Issued and fully paid-up shares (number of shares)</b>	100	73,724,000	99,724,000
Share capital (S\$)	100	9,541,869	14,364,609
Accumulated profits (S\$)	—	7,184,107 <sup>(1)</sup>	6,549,107 <sup>(2)</sup>
Merger reserve (S\$)	—	(7,441,589)	(7,441,589)
Foreign currency translation reserve (S\$)	—	20,259	20,259
<b>Total shareholders' equity (S\$)</b>	100	9,304,646	13,492,386

**Notes:**

(1) Based on the management accounts of our Group as at 31 August 2011.

(2) Includes the estimated listing expenses of approximately S\$0.6 million.

Save as disclosed above, there have been no other changes in the share capital of our Company since the date of its incorporation on 20 October 2010.

Save as set out in this section and in the following table, there was no change in the issued/registered share capital or the number and classes of shares of companies in our Group (other than our Company) since the date of its incorporation and up to the date of this Offer Document:

Date Of Issue	Number of Shares issued/Registered Share Capital Contributed	Subscription Price Per Share	Purpose of Issue or Investment	Resultant Paid-Up Share Capital/ Registered Share Capital
<u>Kin Xin Engineering</u>				
6 December 1997	2/S\$2	S\$1	Incorporation	S\$2
25 July 2005	250,000/S\$250,000	S\$1	Working capital	S\$250,002
25 July 2005	49,998/S\$49,998	S\$1	Working capital	S\$300,000
31 July 2006	200,000/S\$200,000	S\$1	Working capital	S\$500,000
<u>Libra Engineering</u>				
17 October 2005	1/S\$1	S\$1	Incorporation	S\$1
8 August 2008	269,999/S\$269,999	S\$1	Working capital	S\$270,000
8 August 2008	30,000/S\$30,000	S\$1	Working capital	S\$300,000
<u>Libra Engineering (Malaysia)</u>				
18 March 2010	2/RM2	RM1	Incorporation	RM2
16 July 2010	499,998/RM499,998	RM1	Working Capital	RM500,000

Save as disclosed in this section, no share in or debenture of our Company or our subsidiaries have been issued, or is proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, since the date of incorporation of our Company and our subsidiaries and up to the date of lodgement of this Offer Document.



## SHAREHOLDERS

### SHAREHOLDING AND OWNERSHIP STRUCTURE

The Directors and Substantial Shareholders of our Company and their respective shareholdings immediately before and after the Placement are summarised below:

	Before the Placement				After the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares ('000)	%	Number of Shares ('000)	%	Number of Shares ('000)	%	Number of Shares ('000)	%
<b>Directors</b>								
Chu Sau Ben <sup>(1)</sup>	59,400	80.6	—	—	54,400	54.6	—	—
William Lee Kay Choon	6,600	8.9	—	—	6,600	6.6	—	—
Yuen Sou Wai	—	—	—	—	—	—	—	—
Eng Meng Leong	—	—	—	—	—	—	—	—
Dr. Philip Tan Meng Ngee	—	—	—	—	—	—	—	—
<b>Other Shareholders</b>								
Chu Kee Yong <sup>(1)</sup>	—	—	59,400	80.6	—	—	54,400	54.6
Chu Fai Fong <sup>(1)</sup>	—	—	59,400	80.6	—	—	54,400	54.6
Chu Sew Ting <sup>(1)</sup>	—	—	59,400	80.6	—	—	54,400	54.6
Kerr Lay Kheng <sup>(2)</sup>	5,528	7.5	—	—	5,528	5.5	—	—
PPCF <sup>(3)</sup>	2,196	3.0	—	—	2,196	2.2	—	—
<b>Public</b>	—	—	—	—	31,000	31.1	—	—
<b>Total</b>	<b>73,724</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>99,724</b>	<b>100.0</b>	<b>—</b>	<b>—</b>

**Notes:**

- (1) Chu Kee Yong, Chu Fai Fong and Chu Sew Ting are the siblings of our Executive Chairman, Chu Sau Ben. Accordingly, they are each deemed to be interested in the shares of Chu Sau Ben. Please refer to the section entitled "Directors, Management and Staff — Related Employees" for more information.
- (2) Pursuant to the Investment Agreement entered into between the Company and the Pre-IPO Investor, Kerr Lay Kheng, on 15 December 2010, the Pre-IPO Investor agreed to subscribe to the Convertible Loan of S\$850,000 which may be converted at the option of the Pre-IPO Investor at the conversion price of 25.0% discount to the Issue Price and in accordance with the terms of the Investment Agreement. The Pre-IPO Investor exercised her right to convert the Convertible Loan on 25 October 2011. Accordingly, our Company has issued and allotted 5,528,000 new Shares to the Pre-IPO Investor.
- (3) Pursuant to the Management Agreement and as part of PPCF's fees as the Manager and Sponsor, our Company issued and allotted to PPCF 2,196,000 new Shares, representing 3.0% of the issued share capital of our Company prior to the Placement, at the Issue Price for each Share. Upon completion of the relevant moratorium periods as set out in the section entitled "Shareholders — Moratorium" of this Offer Document, PPCF will be disposing of its relevant shareholding interests in our Company at its discretion.

As at the Latest Practicable Date, our Executive Directors, Chu Sau Ben and William Lee Kay Choon are the sole shareholders of our Company.

The Pre-IPO Investor is not related to any of our Directors, Substantial Shareholders and Executive Officers or is acting as a nominee for our Directors, Substantial Shareholders and Executive Officers.

Save as disclosed in the section entitled "Directors, Management and Staff — Related Employees" of this Offer Document, there are no relationships among our Directors, Substantial Shareholders and Executive Officers.

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## SHAREHOLDERS

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Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there has been no change in the percentage ownership of Shares by our Directors and Substantial Shareholders since the incorporation of our Company and up to the date of this Offer Document.

The Shares held by our Directors and Substantial Shareholders do not carry voting rights that are different from the New Shares. Our Directors are not aware of any arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

As at the Latest Practicable Date, our Company has only one class of shares, being our Shares which are in registered form. There is no restriction on the transfer of fully paid ordinary shares in scripless form except where required by law or the Catalist Rules.

There has been no public takeover offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether jointly or severally by any other corporation, government or person.

Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares or debentures were issued or agreed to be issued by our Company for cash or for a consideration other than cash since the date of incorporation of our Company and up to the date of lodgement of this Offer Document.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

### SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Pursuant to the Investment Agreement, the Pre-IPO Investor exercised her right to convert the Convertible Loan at a discount of 25.0% to the Issue Price on 25 October 2011. The details of the conversion are as follows:

<b>Pre-IPO Investor</b>	<b>Number of Shares received after conversion</b>	<b>% of the post-Placement share capital</b>
Kerr Lay Kheng	5,528,000	5.5

Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there were no significant changes in the percentage of ownership of Shares in our Company between the date of incorporation of our Company on 20 October 2010 and the date of this Offer Document.

### VENDOR

The name of the Vendor and the number of Vendor Shares which he will offer pursuant to the Placement are set out below:

## SHAREHOLDERS

Name	Shares held immediately before the Placement		Vendor Shares offered pursuant to the Placement			Shares held after the Placement	
	Number of Shares ('000)	% of pre-Placement share capital	Number of Shares ('000)	% of pre-Placement share capital	% of post-Placement share capital	Number of shares	% of post-Placement share capital
Chu Sau Ben	59,400	80.6	5,000	6.8	5.0	54,400	54.6

## MORATORIUM

### Directors

As a demonstration of their commitment to our Company, the shareholders of our Company, namely Chu Sau Ben and William Lee Kay Choon, who holds 54.6% and 6.6% respectively of our Company's issued share capital immediately after the Placement, have undertaken to the Manager and Sponsor not to, amongst others, sell, transfer, assign, dispose of, realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholdings in our Company immediately after the Placement for a period of six (6) months commencing from our Company's date of admission to the Catalist ("**Initial Period**"), and for a period of six (6) months thereafter not to sell, transfer, assign, dispose of, realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of their respective shareholdings in our Company to below 50.0% of their original shareholdings in our Company.

### Pre-IPO Investor

The Pre-IPO Investor has undertaken not to sell, transfer, assign, dispose of, realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of all or any part of her shareholdings in our Company being the profit portion of her investment as at the date of our Company's admission to Catalist as set out below (the "**Pre-IPO Investor's Moratorium Shares**") for a period of 12 months from the date of our Company's date of admission to Catalist.

Pre-IPO Investor	Number of Pre-IPO Investor's Moratorium Shares	% of the post-Placement share capital
Kerr Lay Kheng	1,382,000	1.4

The number of Pre-IPO Investor's Moratorium Shares, being the profit portion of her investment, was calculated based on the difference between the Issue Price and the conversion price (being approximately S\$0.15), at which the Convertible Loan was converted into Shares of the Company pursuant to the Investment Agreement.

### Others

Pursuant to the Management Agreement and as part of PPCF's management fees as the Manager and Sponsor, our Company issued and allotted to PPCF 2,196,000 new Shares, representing 3.0% of the issued share capital of our Company prior to the Placement, at the Issue Price for each Share.

PPCF has undertaken not to sell, transfer, assign, dispose of, realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its shareholdings in our Company for the Initial Period and for a period of six (6) months after the Initial Period not to sell, transfer, assign, dispose of, realise, or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of its shareholdings in our Company to below 50.0% of its original shareholdings in our Company. Upon completion of the aforesaid relevant moratorium periods, PPCF will be disposing of its relevant shareholding interests in our Company at its discretion.

## CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the “Independent Auditors’ Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010” as set out in Appendix A of this Offer Document, the “Independent Auditors’ Report on the Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six months ended 30 June 2011” as set out in Appendix B of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document, shows our cash and cash equivalents, capitalisation and indebtedness:

- (a) as at 30 June 2011, based on our unaudited interim combined financial statements;
- (b) as at 31 August 2011, based on our unaudited consolidated management accounts as adjusted to give effect to the Restructuring Exercise, Share Split, the conversion of the Convertible Loan, the issue of 2,196,000 new Shares to PPCF; and
- (c) as adjusted to give effect to the application of the net proceeds from the Placement, after deducting estimated listing expenses related to the Placement.

(\$'000)	As at 30 June 2011	As at 31 August 2011	As adjusted
<b>Cash and cash equivalents</b>	2,776	1,350	5,630
<b>Indebtedness</b>			
<u>Current</u>			
Trust receipts	1,564	1,436	1,436
Obligations under finance leases	276	277	277
Convertible Loan	671	—	—
Term loans	2,143	1,920	1,920
	4,654	3,633	3,633
<u>Non-current</u>			
Obligations under finance leases	462	416	416
	462	416	416
<b>Total indebtedness</b>	5,116	4,049	4,049
<b>Total shareholders’ equity<sup>(1)</sup></b>	7,326	9,305	13,492
<b>Total capitalisation and indebtedness</b>	12,442	13,354	17,541

**Note:**

(1) Include share capital, foreign currency translation reserve, merger reserve and accumulated profits.

As at the Latest Practicable Date, there were no material changes to our capitalisation and indebtedness as disclosed above.

As at the Latest Practicable Date, the total banking facilities available to our Group amounted to approximately S\$5.2 million and RM0.3 million, of which S\$2.0 million remained unutilised.

## CAPITALISATION AND INDEBTEDNESS

### Banking Facilities

As at the Latest Practicable Date, our Group's banking facilities from financial institutions were as follows:

Financial Institutions	Nature of Facility	Amount of Facility available as at the Latest Practicable Date	Utilised Amount as at the Latest Practicable Date	Unutilised Amount as at the Latest Practicable Date	Interest rates	Maturity Profile
DBS Bank Ltd	Account receivable purchase facility	S\$1,500,000	—	S\$1,500,000	6.50%	Repayable on demand
ETHOZ Capital Ltd	Term loan	S\$224,925	S\$224,925	—	3.75%	Repayable on 28 May 2014
Malayan Banking Berhad	Local Enterprise Finance Scheme	S\$119,313	S\$119,313	—	5.50%	Repayable on 18 October 2012
Malayan Banking Berhad	LIS facility	S\$800,000	S\$770,442	S\$29,558	7.25%	Repayable on demand
Malayan Banking Berhad	LIS facility	S\$500,000	—	S\$500,000	7.25%	Repayable on demand
ORIX Capital Limited	Term loan	S\$199,174	S\$199,174	—	3.75%	Repayable on 10 January 2014
ORIX Leasing Singapore Limited	Working capital facility	S\$148,538	S\$148,538	—	6.50%	Repayable on 7 February 2013
ORIX Leasing Singapore Limited	Bridging loan	S\$186,668	S\$186,668	—	6.00%	Repayable on 17 January 2013
ORIX Leasing Singapore Limited	Bridging loan	S\$236,916	S\$236,916	—	6.25%	Repayable on 27 August 2012
ORIX Capital Limited	Term loan	S\$192,290	S\$192,290	—	3.50%	Repayable on 7 December 2013
ORIX Leasing Singapore Limited	Working capital facility	S\$378,252	S\$378,252	—	7.00%	Repayable on 7 June 2012
Oversea-Chinese Banking Corporation ("OCBC")	Business term loan	S\$7,280	S\$7,280	—	10.88%	Repayable on 11 December 2011
Public Islamic Bank Berhad	Term financing	RM282,844	RM282,844	—	1.25% above base financing rate	Repayable on 21 January 2026
Standard Chartered Bank	Banking facility	S\$700,000	S\$693,754	S\$6,246	7.50% to 10.00%	Repayable on demand
<b>Total</b>		S\$5,193,356 and RM282,844	S\$3,157,552 and RM282,844	S\$2,035,804		

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## CAPITALISATION AND INDEBTEDNESS

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As at the Latest Practicable Date, we have utilised approximately S\$3.2 million and RM0.3 million of our banking facilities, which comprise mainly treasury and banking loans, term loans, credit facilities and business receivable financing facilities for the purpose of working capital.

Save as disclosed, we do not have any committed borrowing facilities.

As at the Latest Practicable Date, we were not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Group's financial position and results of business operations, or the investments of our Shareholders.

Chu Sau Ben and William Lee Kay Choon have, jointly or severally, provided securities and/or guarantees for certain banking facilities extended to our Group. Please refer to the section entitled "Interested Person Transactions — On-Going Interested Person Transactions" of this Offer Document for further details.

### Operating Lease Commitments

Our Group has entered into commercial leases for the rental of office premises and staff accommodation for foreign workers. As at 31 August 2011 and the Latest Practicable Date, the future minimum lease payable under the non-cancellable operating leases are as follows:

(S\$)	31 August 2011	Latest Practicable Date
Within 1 year	644,041	586,189
After 1 year but within 5 years	—	—
	644,041	586,189

### Capital Commitments

Our Group has no material capital commitments as at the Latest Practicable Date.

### Contingent Liabilities

As at the Latest Practicable Date, to the best of our knowledge, information and belief, we are not aware of any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

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## WORKING CAPITAL

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The Company financed its operations through both internal and external sources. Our internal sources of funds comprise cash generated from our operating activities. Our external sources of funds comprise mainly banking facilities from financial institutions, credit granted by suppliers and capital investment from Shareholders.

Our Group had cash and cash equivalents of approximately S\$0.2 million, S\$0.7 million, S\$0.4 million and S\$2.8 million as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 respectively.

In FY2010, the net cash used in our Group's operating activities was approximately S\$1.4 million, mainly due to an increase in gross amount due from customers for contract work-in-progress. In HY2011, our Group generated net cash flow of approximately S\$0.7 million from our operating activities. As at 30 June 2011, our Group recorded positive working capital of approximately S\$5.9 million.

As at the Latest Practicable Date, our Group had cash and cash equivalents of approximately S\$1.5 million and total banking facilities of S\$5.2 million and RM0.3 million, of which S\$3.2 million and RM0.3 million was utilised, or 39.2% of the total banking facilities remained unutilised.

Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group's net positive working capital as at 30 June 2011, positive cash flows from operating activities in HY2011, our banking facilities and our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account our Group's net positive working capital as at 30 June 2011, positive cash flows from operating activities in HY2011, our banking facilities and our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.



## DILUTION

Dilution is the amount by which the Issue Price paid by the subscribers and/or purchasers of our Shares in the Placement exceeds our NTA per Share immediately after the Placement. Our NTA per Share as at 30 June 2011, after adjusting for the conversion of the Convertible Loan but before adjusting for the estimated net proceeds due to our Company from the Placement and based on the pre-Placement issued and paid-up share capital of 73,724,000 Shares was 11.09 cents.

Pursuant to the Placement in respect of 26,000,000 New Shares at the Issue Price, our NTA per Share as at 30 June 2011, after adjusting for the conversion of the Convertible Loan and the estimated net proceeds due to our Company from the Placement and based on the post-Placement issued and paid-up share capital of 99,724,000 Shares would have been 12.49 cents. This represents an immediate increase in NTA per Share of 1.40 cents to our existing Shareholders and an immediate dilution in NTA per Share of 8.01 cents or approximately 39.07% to our new public investors.

The following table illustrates the dilution per Share as at 30 June 2011:

	Cents
Issue Price	20.50
NTA per Share adjusted for the Convertible Loan and based on the pre-Placement share capital of 73,724,000 Shares	11.09
Increase in NTA per Share attributable to existing Shareholders	1.40
NTA per Share after the Placement	12.49
Dilution in NTA per Share to new public investors	8.01
Dilution in NTA per Share to new public investors (%)	39.07

The following table summarises the total number of Shares issued by us to our existing Shareholders from the date of the incorporation of our Company to the date of lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to the new public investors who subscribe for and/or purchase the Placement Shares pursuant to the Placement.

	Number of Shares	Total consideration (S\$)	Average effective cash cost per Share (cents)
<b>Existing shareholders</b>			
Chu Sau Ben	59,400,000	7,417,520	12.49
William Lee Kay Choon	6,600,000	824,169	12.49
Kerr Lay Kheng <sup>(1)</sup>	5,528,000	850,000	15.38
PPCF <sup>(2)</sup>	2,196,000	450,180	20.50
<b>New public investors</b>	31,000,000	6,355,000	20.50

**Notes:**

- (1) Pursuant to the Investment Agreement entered into between the Company and the Pre-IPO Investor, Kerr Lay Kheng on 15 December 2010, the Pre-IPO Investor agreed to subscribe for the Convertible Loan of S\$850,000 which may be converted at the option of the Pre-IPO Investor at the conversion price of 25.0% discount to the Issue Price and in accordance with the terms of the Investment Agreement. The Pre-IPO Investor exercised her right to convert the Convertible Loan on 25 October 2011. Accordingly, our Company has issued and allotted 5,528,000 new Shares to the Pre-IPO Investor.
- (2) Pursuant to the Management Agreement and as part of PPCF's fees as the Manager and Sponsor, our Company issued and allotted to PPCF 2,196,000 new Shares, representing 3.0% of the issued share capital of the Company prior to the Placement, at the Issue Price for each Share. Upon completion of the relevant moratorium periods as set out in the section entitled "Shareholders — Moratorium" of this Offer Document, PPCF will be disposing of its relevant shareholding interests in our Company at its discretion.

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## RESTRUCTURING EXERCISE

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Our Group was formed through the Restructuring Exercise which involved acquisitions and rationalisation of our corporate and shareholding structure. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of our Group for the purposes of the Placement. Pursuant to the Restructuring Exercise, our Company became the holding company of our Group. The Restructuring Exercise involved the following transactions:

**(a) Incorporation of our Company**

Our Company was incorporated in Singapore on 20 October 2010 as an investment holding company of our Group with an initial paid-up capital of S\$100.00 comprising 100 ordinary shares of S\$1.00 for each ordinary Share. Our Company's initial shareholders were Chu Sau Ben and William Lee Kay Choon.

**(b) Transfer of the entire equity interest in Libra Engineering (Malaysia) to Libra Engineering**

On 8 June 2011, our Executive Directors, Chu Sau Ben and William Lee Kay Choon transferred 450,000 and 50,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering (Malaysia), comprising the entire equity interest in Libra Engineering (Malaysia) to Libra Engineering.

**(c) Acquisition of the entire equity interest in Libra Engineering and Kin Xin Engineering**

On 4 October 2011, our Company entered into a Share Swap Agreement with our Executive Directors, Chu Sau Ben and William Lee Kay Choon. Pursuant to the Share Swap Agreement, our Company acquired from Chu Sau Ben and William Lee Kay Choon 270,000 and 30,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering, comprising the entire equity interest in Libra Engineering, for an aggregate purchase consideration of approximately S\$2.7 million. The purchase consideration was based on the unaudited NAV of Libra Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

Further to the Share Swap Agreement, our Company also acquired from Chu Sau Ben and William Lee Kay Choon 450,000 and 50,000 ordinary shares respectively in the issued and paid-up share capital of Kin Xin Engineering, comprising the entire equity interest in Kin Xin Engineering, for an aggregate purchase consideration of approximately S\$5.5 million. The purchase consideration was based on the unaudited NAV of Kin Xin Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

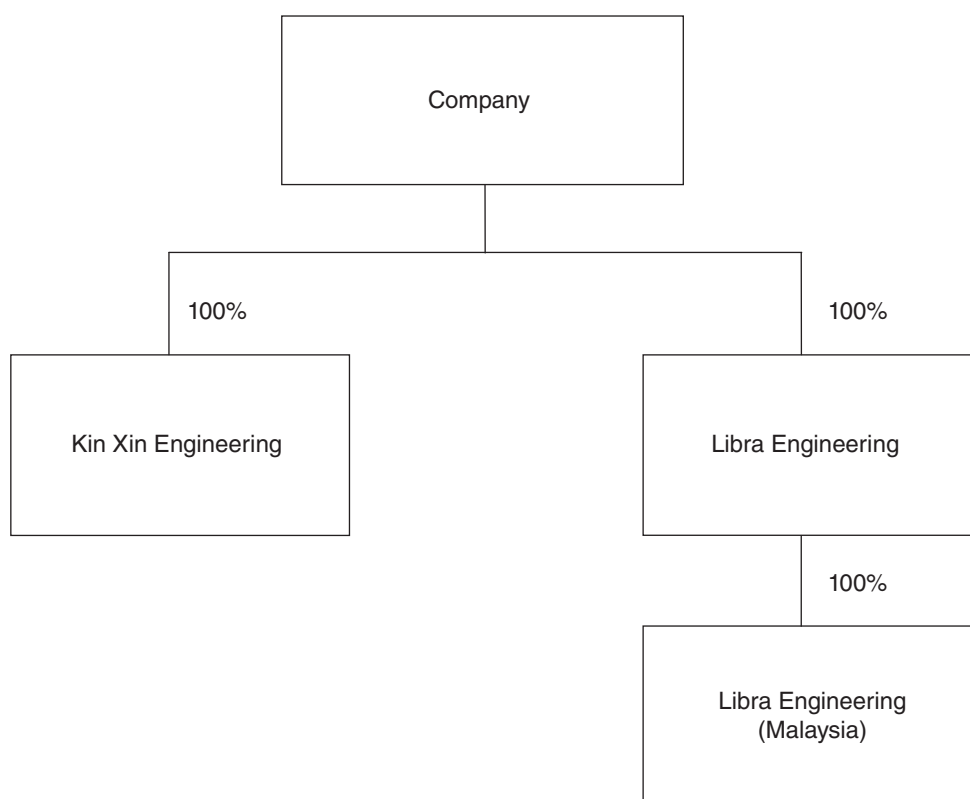
The purchase consideration for the entire equity interest in Libra Engineering was satisfied by the allotment and issuance of 337,466 and 37,496 new Shares, and the purchase consideration for the entire equity interest in Kin Xin Engineering was satisfied by the allotment and issuance of 562,444 and 62,494 new Shares, credited as fully paid to Chu Sau Ben and William Lee Kay Choon respectively. Following the said acquisition, Libra Engineering and Kin Xin Engineering became our wholly-owned subsidiaries.

**(d) Issue of shares in our Company**

On 25 October 2011, our Company issued 5,528,000 Shares to the Pre-IPO Investor for a consideration of S\$850,000, pursuant to the Investment Agreement signed between our Company and the Pre-IPO Investor.

## GROUP STRUCTURE

Our Group structure immediately after the Restructuring Exercise and as at the date of this Offer Document is as follows:



The details of our subsidiaries are as follows:

Company	Date and Place of Incorporation	Principal Business Activities/ Principal Place of Business	% Ownership Interest held by our Company
Kin Xin Engineering	6 December 1997 Singapore	M&E services including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems/Singapore	100
Libra Engineering	17 October 2005 Singapore	Manufacturing and sale of ACMV ducts, and trading of ACMV related products/Singapore	100
Libra Engineering (Malaysia) <sup>(1)</sup>	18 March 2010 Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products/Malaysia	100

**Note:**

(1) Libra Engineering (Malaysia) is a wholly-owned subsidiary of Libra Engineering and is currently dormant.

Save as disclosed above, our Group does not have any Subsidiaries or Associated Companies.

Our subsidiaries are not listed on any stock exchange.

## SELECTED COMBINED FINANCIAL INFORMATION

The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position”, the “Independent Auditors’ Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010” and the “Independent Auditors’ Report on the Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six months ended 30 June 2011” as set out in Appendices A and B respectively of this Offer Document.

A summary of the financial information of our Group in respect of the financial years ended 31 December 2008, 2009 and 2010, and the six months ended 30 June 2010 and 2011 is set out below:

### Results of operations of our Group

(\$'000)	← Audited →			← Unaudited →	
	FY2008	FY2009	FY2010	HY2010	HY2011
<b>Revenue</b>	6,349	22,931	29,784	17,663	11,756
Cost of sales	(4,042)	(17,439)	(20,399)	(12,626)	(8,104)
<b>Gross profit</b>	2,307	5,492	9,385	5,037	3,652
Other income	495	325	118	62	249
Administrative expenses	(1,751)	(3,635)	(4,936)	(2,360)	(2,511)
Finance costs	(79)	(122)	(207)	(84)	(228)
<b>Profit before tax<sup>(1)</sup></b>	972	2,060	4,360	2,655	1,162
Income tax expense	(144)	(299)	(659)	(421)	(227)
<b>Profit net of tax<sup>(1)</sup></b>	828	1,761	3,701	2,234	935
Profit for the year/period attributable to owners of the Company	828	1,761	3,701	2,234	935
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation	—	—	7	(1)	19
<b>Total comprehensive income attributable to owners of the Company</b>	828	1,761	3,708	2,233	954
EPS (cents) <sup>(2)</sup>	1.12	2.39	5.02	3.03	1.27
Adjusted EPS (cents) <sup>(1)(3)</sup>	0.83	1.77	3.71	2.24	0.94

**Notes:**

- (1) Had the Service Agreements (as set out in the section entitled “Directors, Management and Staff — Service Agreements” of this Offer Document) been in effect since 1 January 2010, our audited combined profit before tax, profit for the year/period attributable to owners of the Company and adjusted EPS computed based on our post-Placement share capital of 99,724,000 Shares for FY2010 would have been approximately S\$4.31 million, S\$3.66 million and 3.67 cents respectively.
- (2) For comparative purposes, the EPS for the periods under review have been computed based on the profit for the year/period attributable to owners of the Company and the pre-Placement share capital of 73,724,000 Shares.
- (3) For comparative purposes, the adjusted EPS for the periods under review have been computed based on the profit for the year/period attributable to owners of the Company and the post-Placement share capital of 99,724,000 Shares.

## SELECTED COMBINED FINANCIAL INFORMATION

### Financial Position of our Group

(S\$'000)	Audited As at 31 December 2010	Unaudited As at 30 June 2011
<b>ASSETS</b>		
<b>Non-current asset</b>		
Property, plant and equipment	2,016	1,995
<b>Current assets</b>		
Gross amount due from customers for contract work-in-progress	10,252	9,883
Inventories	249	209
Prepaid operating expenses	187	264
Trade and other receivables	3,936	6,690
Cash and cash equivalents	393	2,776
	15,017	19,822
<b>Total assets</b>	17,033	21,817
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Gross amount due to customers for contract work-in-progress	53	191
Trade and other payables	4,827	7,296
Other liabilities	1,100	565
Loans and borrowings	3,012	4,654
Derivative	—	462
Income tax payable	863	793
	9,855	13,961
<b>Net current assets</b>	5,162	5,861
<b>Non-current liabilities</b>		
Loans and borrowings	532	462
Deferred tax liabilities	59	68
	591	530
<b>Total liabilities</b>	10,446	14,491
<b>Net assets</b>	6,587	7,326
<b>Equity attributable to owners of the Company</b>		
Share capital	1,015	800
Foreign currency translation reserve	7	26
Accumulated profits	5,565	6,500
<b>Total equity</b>	6,587	7,326
<b>Total equity and liabilities</b>	17,033	21,817

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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The following summary financial information should be read in conjunction with the full text of this Offer Document, including the sections entitled "Selected Combined Financial Information", the "Independent Auditors' Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010" and the "Independent Auditors' Report on the Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six months ended 30 June 2011" as set out in Appendices A and B respectively of this Offer Document.

### OVERVIEW

#### Revenue

Our Group, through our subsidiary, Kin Xin Engineering, is engaged in the business of providing integrated M&E services as a sub-contractor, including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems as well as sanitary and plumbing systems. Our other subsidiary, Libra Engineering, is principally engaged in the manufacturing and sale of ACMV ducts and the trading of ACMV related products. The business activities of our Group can therefore be segregated into two (2) segments, namely M&E Services and Manufacturing.

Revenue derived from the M&E Services segment accounted for approximately 73.5%, 86.5%, 80.9%, 87.3% and 79.8% of our Group's total revenue for FY2008, FY2009, FY2010, HY2010 and HY2011 respectively, while the revenue derived from Manufacturing accounted for the remaining revenue. We derive all of our revenue in Singapore and our revenue is denominated in S\$.

Revenue from projects is recognised by reference to the stage of completion of the projects as at the end of the reporting period. The stage of completion of a project is determined by reference to the proportion of contract costs incurred for work performed to-date, as compared to the estimated total contract costs. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised which are recoverable.

Revenue from the manufacturing and sale of ACMV ducts and the trading of ACMV related products is recognised upon the transfer of significant risk and rewards of ownership of the goods to our customers. 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.

Our revenue is mainly dependent on the following factors:

- (a) our ability to secure projects and the size of the projects that we secure;
- (b) speed of the construction activities of the projects;
- (c) variation orders arising from additional works which are not included in the original specifications of the contracts. Our Group will only recognise the variation orders approved by our customers;
- (d) our ability to manufacture based on customers' requirements on a timely basis;
- (e) changes in government legislations which affect the construction industry or the property market in Singapore;
- (f) the outlook of the construction industry in Singapore, which is in turn dependent on the health of the local property market and the general economy; and
- (g) our ability to compete effectively with our competitors.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

### **Cost of sales**

Our Group recognises construction contract costs and costs of finished goods in the period in which they are incurred.

Our Group's cost of sales comprised raw material cost, sub-contractor costs, direct labour cost and other project overheads incurred during the period. Cost of sales accounted for approximately 63.7%, 76.0%, 68.5%, 71.5% and 68.9% of our revenue for FY2008, FY2009, FY2010, HY2010 and HY2011 respectively. Our cost of sales is dependent on the following factors:

- (a) changes in prices of raw materials i.e. galvanised iron and stainless steel;
- (b) our ability to control the efficiency in the utilisation of raw materials;
- (c) changes in labour costs;
- (d) changes in project progress schedules and consequential cost overruns in the event of project delays;
- (e) changes in variation orders; and
- (f) changes in government regulations and requirements.

### **Gross profit and gross profit margin**

Gross profit is determined after deducting the cost of sales from our revenue. Hence the key determinants of gross profit are the revenue generated from our projects and sale of ACMV ducts and ACMV related products and the cost of sales.

Our gross profit margins were approximately 36.3%, 24.0%, 31.5%, 28.5% and 31.1% in FY2008, FY2009, FY2010, HY2010 and HY2011 respectively. The gross profit margins relating to M&E Services were approximately 29.9%, 14.9%, 27.6%, 24.1% and 27.5% in FY2008, FY2009, FY2010, HY2010 and HY2011 respectively while the gross profit margins for Manufacturing were approximately 20.1%, 20.1%, 26.1%, 26.0% and 26.0% in FY2008, FY2009, FY2010, HY2010 and HY2011 respectively.

### **Other income**

Other income comprised mainly (i) sales of scrap material; (ii) compensation from legal claims; (iii) rental income; (iv) gain on disposal of property, plant and equipment; (v) write back of accrued operating expenses; and (vi) other miscellaneous income. Other income was approximately S\$0.5 million, S\$0.3 million, S\$0.1 million, S\$0.1 million and S\$0.2 million in FY2008, FY2009, FY2010, HY2010 and HY2011 respectively. Other income accounted for approximately 7.8%, 1.4%, 0.4%, 0.4% and 2.1% of our revenue for FY2008, FY2009, FY2010, HY2010 and HY2011 respectively.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Administrative expenses

Administrative expenses comprised mainly (i) personnel expenses; (ii) professional fees; (iii) depreciation of property, plant and equipment; (iv) operating lease expenses; (v) insurance premiums; (vi) upkeep of motor vehicles expenses; (vii) utilities expenses; and (viii) other miscellaneous expenses. Our total operating expenses represented 27.6%, 15.9%, 16.6%, 13.4% and 21.4% of our total revenue in FY2008, FY2009, FY2010, HY2010 and HY2011 respectively.

### Finance costs

Finance costs comprised mainly interest expenses on (i) obligations under finance leases; (ii) term loans; (iii) trust receipts; and (iv) Convertible Loan. It also includes bank charges on factoring facilities and other miscellaneous bank charges. Finance costs accounted for approximately 1.2%, 0.5%, 0.7%, 0.5% and 1.9% of our revenue in FY2008, FY2009, FY2010, HY2010 and HY2011 respectively.

### Income tax expense

Our overall effective tax rate was 14.8%, 14.5%, 15.1%, 15.9% and 19.5% for FY2008, FY2009, FY2010, HY2010 and HY2011 respectively. The Singapore statutory corporate tax rate for FY2008 was 18.0% and for FY2009 to HY2011, the statutory corporate tax rates were 17.0%. Our effective tax rates in FY2008, FY2009 and FY2010 were lower than the Singapore statutory tax rates. In FY2008, our Group utilised tax losses which were carried over from prior years while our Group enjoyed non-taxable income from the Jobs Credit Scheme in FY2009 and FY2010 and tax deductions under the Productivity and Innovation Credit in FY2010 and HY2011 respectively.

## RESULTS OF OPERATIONS

### Breakdown of our past performance by business segments and geographical markets

A breakdown of our revenue, gross profit and gross profit margin by business segments for the financial years or periods under review is as summarised below:

#### Revenue

	FY2008		FY2009		FY2010		HY2010		HY2011	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
M&E Services	5,948		23,574		24,090		15,426		9,379	
Manufacturing	2,288		8,209		8,527		4,113		3,203	
	8,236		31,783		32,617		19,539		12,582	
Less: Inter-segment sales	(1,887)		(8,852)		(2,833)		(1,876)		(826)	
<b>Revenue</b>	<b>6,349</b>		<b>22,931</b>		<b>29,784</b>		<b>17,663</b>		<b>11,756</b>	
<i>Comprising:</i>										
M&E Services	4,664	73.5	19,834	86.5	24,089	80.9	15,426	87.3	9,377	79.8
Manufacturing	1,685	26.5	3,097	13.5	5,695	19.1	2,237	12.7	2,379	20.2

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### Gross profit

	FY2008		FY2009		FY2010		HY2010		HY2011	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
M&E Services	1,776	77.0	3,504	63.8	6,656	70.9	3,711	73.7	2,577	70.6
Manufacturing	460	20.0	1,647	30.0	2,223	23.7	1,070	21.2	832	22.8
	2,236	97.0	5,151	93.8	8,879	94.6	4,781	94.9	3,409	93.4
Add: Inter-segment adjustments	71	3.0	341	6.2	506	5.4	256	5.1	243	6.6
<b>Gross profit</b>	<b>2,307</b>	<b>100.0</b>	<b>5,492</b>	<b>100.0</b>	<b>9,385</b>	<b>100.0</b>	<b>5,037</b>	<b>100.0</b>	<b>3,652</b>	<b>100.0</b>

### Gross profit margin

(%)	FY2008	FY2009	FY2010	HY2010	HY2011
M&E Services	29.9	14.9	27.6	24.1	27.5
Manufacturing	20.1	20.1	26.1	26.0	26.0
<b>Overall gross profit margin</b>	<b>36.3</b>	<b>24.0</b>	<b>31.5</b>	<b>28.5</b>	<b>31.1</b>

Our operations are based in Singapore and we derived all our revenue and profits from Singapore operations for the financial years or periods under review. We have not begun operations in Malaysia. Hence, a segmentation of our financial performance by geographical markets is not meaningful.

## REVIEW OF PAST PERFORMANCE

### FY2009 vs FY2008

#### Revenue

Our revenue increased by approximately 263.5% or S\$16.6 million from S\$6.3 million in FY2008 to S\$22.9 million in FY2009 due to the growth of both our M&E Services segment and Manufacturing segment.

The increase in revenue from our M&E Services segment from approximately S\$4.7 million in FY2008 to S\$19.8 million in FY2009 was mainly attributable to contracts secured in FY2008 but largely executed in FY2009, which included the provision of various M&E Services during the construction of an integrated resort at Marina Bay, a food centre at Queen Street, a business park in Jurong and a condominium development at Kim Seng Road. In addition, there was work done on projects which were secured in FY2009, which included an educational institution in Bukit Batok, a sub-station of a chemical plant in Jurong and a shopping mall in Orchard.

Revenue from our Manufacturing segment increased by approximately S\$1.4 million from S\$1.7 million in FY2008 to S\$3.1 million in FY2009. The increase was due to the increased demand from existing customers as well as orders from new customers due to our enhanced standing in the industry.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Cost of sales

Cost of sales increased by approximately S\$13.4 million or 335.0% from S\$4.0 million in FY2008 to S\$17.4 million in FY2009. Cost of sales was 76.0% of our revenue in FY2009 compared to 63.7% of revenue in FY2008. The increase was mainly due to increase in the usage of construction materials and raw materials for manufacturing, increasing by approximately S\$7.7 million from S\$1.2 million in FY2008 to S\$8.9 million in FY2009. This was in line with the increase in the number of projects which were larger in scale, thus requiring more materials. We had also increased our headcount with the increase in the number of projects, resulting in an increase in direct staff costs of S\$0.6 million.

The increase in M&E Services undertaken in FY2009 had resulted in an increase in the amount of works being sub-contracted out and an increase in direct overheads. Sub-contract works incurred increased by S\$4.3 million to S\$5.3 million in FY2009. The increase in direct overheads of S\$0.8 million was mainly due to increase in the hiring of crane, forklifts and other machineries as well as the purchase of construction tools and accessories.

### Gross profit and gross profit margin

Our Group's overall gross profit increased by approximately S\$3.2 million or 139.1% from approximately S\$2.3 million in FY2008 to approximately S\$5.5 million in FY2009 whereas gross profit margin decreased from 36.3% in FY2008 to 24.0% in FY2009. The decrease in gross profit margin was mainly attributable to our M&E Services segment in which gross profit margin decreased from 29.9% in FY2008 to 14.9% in FY2009. The gross profit margin for Manufacturing remained constant at 20.1% in FY2008 and FY2009.

Despite the increase in gross profit for our M&E Services from S\$1.8 million in FY2008 to S\$3.5 million in FY2009, gross profit margin in this segment decreased in FY2009 as we had lowered our mark-ups particularly in tenders for bigger projects to provide competitive quotes to secure these contracts and build up our Group's portfolio so as to obtain future business opportunities.

### Other income

Our other income decreased by approximately S\$0.2 million or 40.0% from S\$0.5 million in FY2008 to S\$0.3 million in FY2009. In FY2008, there were legal fees amounting to S\$0.3 million reimbursed arising from a legal suit won by our Company against one of our customers for default payment on work done on the project which did not recur in FY2009. The decrease in other income in FY2009 was partially offset by increase in income from sales of scrap metal, rental income, gain on disposal of property, plant and equipment and grant income from the Jobs Credit Scheme by approximately S\$0.1 million in FY2009.

### Administrative expenses

Our administrative expenses, increased by approximately S\$1.8 million or 100.0% from S\$1.8 million in FY2008 to S\$3.6 million in FY2009.

The increase was mainly due to administrative staff costs which increased by approximately S\$1.1 million from S\$1.1 million in FY2008 to S\$2.2 million in FY2009. Our Group had increased our headcount in FY2009 in order to cope with the increased business activities during FY2009.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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The increase in administrative expenses in FY2009 was also due to bad debts written off amounting to S\$0.3 million and operating lease expenses which increased by S\$0.2 million as our Group relocated our operations, as well as transport related expenses which increased by S\$0.2 million which was in line with the increase in our fleet of motor vehicles.

### Finance costs

Finance costs increased marginally from approximately S\$0.08 million in FY2008 to approximately S\$0.1 million in FY2009. This marginal increase was due to the rise in hire purchase interest arising from the payment of the full year interest in FY2009 for finance lease agreements which were taken up in FY2008 as well as new ones executed in FY2009 for purchase of motor vehicles, factory equipment and plant and machinery.

### Profit before tax

Profit before tax increased by approximately S\$1.1 million or 110.0% from S\$1.0 million in FY2008 to S\$2.1 million in FY2009 as a result of the increase in gross profit of approximately S\$3.2 million which was partially offset by a decrease in other income of approximately S\$0.2 million as well as a combined increase in administrative expenses and finance costs of approximately S\$1.9 million.

### Income tax expense

Income tax expense increased from S\$0.1 million in FY2008 to S\$0.3 million in FY2009. Our effective income tax rates remained relatively the same at around 14.8% to 14.5% in FY2008 and FY2009, which were lower than the Singapore statutory corporate tax rates of 18.0% in FY2008 and 17.0% in FY2009. In FY2008, our Group had utilised tax losses which were carried over from prior years and in FY2009, our Group enjoyed non-taxable income from the Jobs Credit Scheme.

## **FY2010 vs FY2009**

### Revenue

Our revenue increased by approximately S\$6.9 million or 30.1% from S\$22.9 million in FY2009 to S\$29.8 million in FY2010. This increase was attributable to the increase in revenue from M&E Services of approximately S\$4.3 million and the increase in revenue from Manufacturing segment of approximately S\$2.6 million.

The increase in revenue from M&E Services segment from approximately S\$19.8 million in FY2009 to S\$24.1 million in FY2010 was mainly attributable to contracts secured in the previous financial year but largely executed in FY2010, which included the provision of various M&E Services to a hotel at Merchant Road and Keng Cheow Street and a museum at Marina Bay. In addition, there were works done on projects secured in FY2010 which included a spa and gym at Marina Bay and a factory at Loyang Crescent.

Revenue from Manufacturing increased by approximately S\$2.6 million from S\$3.1 million in FY2009 to \$5.7 million in FY2010 due to the recovery of the economy in FY2010 leading to a corresponding increase in demand for construction activities.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Cost of sales

Cost of sales increased by S\$3.0 million or 17.2% from S\$17.4 million in FY2009 to S\$20.4 million in FY2010. Cost of sales was 68.5% of revenue in FY2010 as compared to 76.0% in FY2009. The increase in costs of sales was mainly attributable to the increase in direct materials and direct staff costs of S\$2.8 million and S\$1.3 million respectively. The on-going projects involving the provision of various M&E services brought forward from FY2009 such as a hotel at Merchant Road and Keng Cheow Street and a museum at Marina Bay and the new projects secured in FY2010 such as a spa and gym at Marina Bay and a factory at Loyang Crescent resulted in higher construction materials costs incurred in FY2010. We had also increased our headcount with the increase in the number of projects and provision of M&E Services at labour intensive projects in Marina Bay, resulting in an increase in direct staff costs of S\$1.3 million.

The increase in direct materials and direct staff costs were offset by the decrease in sub-contract costs and direct overheads. Sub-contract costs decreased by S\$0.8 million from S\$5.3 million in FY2009 to S\$4.5 million in FY2010 while direct overheads decreased by S\$0.3 million from S\$1.2 million in FY2009 to S\$0.9 million in FY2010. The decrease in sub-contract costs was mainly due to the increase in employment of our direct headcount (which led to a corresponding increase in direct staff costs) and machinery in FY2010. The decrease in direct overheads in FY2010 was mainly due to the reduction in cost of construction tools and accessories as such purchases for M&E Services projects brought forward from FY2009 had already largely been made in FY2009.

### Gross profit and gross profit margin

Our Group's overall gross profit increased by S\$3.9 million or 70.9% from S\$5.5 million in FY2009 to S\$9.4 million in FY2010 and the gross profit margin increased from 24.0% in FY2009 to 31.5% in FY2010. The increase in gross profit and gross profit margin was mainly attributable to cost savings efforts by our Group to improve our project management process.

### Other income

Our other income decreased by S\$0.2 million or 66.7% from S\$0.3 million in FY2009 to S\$0.1 million in FY2010. This was due to (i) decrease in income generated from the sales of scrap metal; (ii) loss of rental income due to cessation of rental agreement; (iii) one-time recognition of gain on disposal of property, plant and equipment in FY2009; and (iv) decrease in grant income from Jobs Credit Scheme and other miscellaneous income.

### Administrative expenses

Administrative expenses increased by S\$1.3 million or 36.1% from S\$3.6 million in FY2009 to S\$4.9 million in FY2010.

The increase was mainly due to the increase in administrative staff cost, listing expenses and professional fees recognised in FY2010. Our Group had employed more managerial level personnel to better manage our business operations. Listing expenses and professional fees were incurred for the purpose of our Group's listing plans. There was also an increase in other miscellaneous administrative expenses amounting to S\$0.2 million which was in line with the increase in revenue.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Finance costs

Finance costs increased by S\$0.1 million from S\$0.1 million in FY2009 to S\$0.2 million in FY2010 mainly due to an increase in the usage of trust receipts facilities in FY2010.

### Profit before tax

Profit before tax increased by approximately S\$2.3 million or 109.5% from S\$2.1 million in FY2009 to S\$4.4 million in FY2010 as a result of an increase in gross profit of approximately S\$3.9 million which was partially offset by a decrease in other income of approximately S\$0.2 million as well as an increase in administrative expenses and finance costs of approximately S\$1.3 million and S\$0.1 million respectively.

### Income tax expense

Income tax expense increased from S\$0.3 million in FY2009 to S\$0.7 million in FY2010. Even though our effective income tax rate increased from 14.5% in FY2009 to 15.1% in FY2010, our effective income tax rates in FY2009 and FY2010 were lower than the Singapore statutory corporate tax rate of 17.0% in FY2009 and FY2010. Our Group had enjoyed non-taxable income from the Jobs Credit Scheme in FY2009 and FY2010 and tax deductions made under the Productivity and Innovation Credit in FY2010.

## **HY2010 vs HY2011**

### Revenue

Our total revenue decreased by approximately S\$5.9 million or 33.3% from S\$17.7 million in HY2010 to S\$11.8 million in HY2011 mainly as a result of the cooling measures imposed by the government on the property sector which slowed down construction activities and correspondingly, decreased the demand for M&E Services. Arising thereon, this resulted in the decrease in revenue from our M&E Services segment of approximately S\$6.0 million which was offset by the slight increase in revenue of S\$0.1 million from our Manufacturing segment.

Revenue generated from our M&E Services segment decreased from approximately S\$15.4 million in HY2010 to S\$9.4 million in HY2011 as we secured projects of a smaller scale as compared to higher value projects secured in the previous years such as the projects at Marina Bay (which had been completed in FY2010). Notable on-going projects in HY2011 included the provision of M&E Services for the construction of a shopping mall at Bukit Panjang, a condominium at Ang Mo Kio and a hawker centre in Toa Payoh.

### Cost of sales

Cost of sales decreased by approximately S\$4.5 million or 35.7% from S\$12.6 million in HY2010 to S\$8.1 million in HY2011. Cost of sales was 68.9% of our revenue in HY2011 compared to 71.5% of our revenue in HY2010. The decrease was mainly attributable to the decrease in purchases made by both M&E Services and Manufacturing segments amounting to a total decrease of S\$2.2 million.

The decrease was also contributed by decreases in direct staff costs, sub-contract costs and direct overheads amounting to S\$0.8 million, S\$1.4 million and S\$0.1 million respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### Gross profit and gross profit margin

Our Group's overall gross profit decreased by approximately S\$1.5 million or 29.4% from S\$5.1 million in HY2010 to S\$3.6 million in HY2011. However our gross profit margin increased from 28.5% in HY2010 to 31.1% in HY2011. The increase in gross profit margin was mainly attributable to M&E Services whose gross profit margin increased from 24.1% in HY2010 to 27.5% in HY2011. Our gross profit margin for Manufacturing remained constant at 26.0% in HY2010 and HY2011.

Our Group had been successfully building our portfolio in M&E Services over the last few years. In HY2011, our Group shifted our focus to secure higher margin projects. Despite the reduction in revenue in HY2011, our Group enjoyed an increase in the gross profit margin from 28.5% in HY2010 to 31.1% in HY2011.

### Other income

Our other income increased by S\$0.2 million from S\$0.1 million in HY2010 to S\$0.3 million in HY2011. The increase was mainly due to the write-back of accrued operating expenses of approximately S\$0.1 million and the refund of legal fees paid in the prior period of approximately S\$0.1 million.

### Administrative expenses

Administrative expenses increased by approximately S\$0.1 million or 4.2% from S\$2.4 million in HY2010 to S\$2.5 million in HY2011 due to the fair value loss on Convertible Loan of approximately S\$0.2 million. The fair value loss recognised in HY2011 was offset by the decrease in consultancy and professional fees of approximately S\$0.1 million.

### Finance costs

Finance costs increased by approximately S\$0.1 million from S\$0.1 million in HY2010 to S\$0.2 million in HY2011. This was mainly attributable to the interest expense arising from the Convertible Loan amounting to S\$0.1 million in HY2011.

### Profit before tax

Profit before tax decreased by approximately S\$1.5 million or 55.6% from S\$2.7 million in HY2010 to S\$1.2 million in HY2011 as a result of a reduction in the gross profit of approximately S\$1.5 million in HY2011.

The decrease in profit before tax was also due to one-off expenses arising from our Group's listing plans in HY2011 such as the fair value loss on the Convertible Loan, listing expenses and interest expense arising from the Convertible Loan amounting to an aggregate approximately S\$0.2 million. However, the increase in other income amounting to S\$0.2 million in HY2011 had partially offset the increase in administrative expenses.

### Income tax expense

Income tax expense decreased from S\$0.4 million in HY2010 to S\$0.2 million in HY2011. However, our effective income tax rate increased from 15.9% in HY2010 to 19.5% in HY2011. It was mainly due to higher tax deductions under the Productivity and Innovation Credit in HY2010 as compared to HY2011.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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### REVIEW OF FINANCIAL POSITION

#### Non-current assets

As at 31 December 2010, our non-current assets, which comprised only property, plant and equipment of approximately S\$2.0 million, accounted for approximately 11.8% of our total assets.

As at 30 June 2011, our non-current assets remained constant at approximately S\$2.0 million, representing approximately 9.1% of our total assets.

#### Current assets

As at 31 December 2010, our current assets of S\$15.0 million accounted for approximately 88.2% of our total assets. Our current assets comprised gross amount due from customers for contract work-in-progress of S\$10.3 million, inventories of S\$0.2 million, prepaid operating expenses of S\$0.2 million, trade and other receivables of S\$3.9 million, and cash and cash equivalents of S\$0.4 million.

As at 30 June 2011, our current assets increased by approximately S\$4.8 million to S\$19.8 million, representing 90.9% of our total assets. The increase in our current assets was attributable to:

- (a) increase in trade and other receivables of approximately S\$2.7 million due to higher level of certification and invoicing for project work performed up to 30 June 2011 as compared to 31 December 2010;
- (b) increase in cash and cash equivalents of approximately S\$2.4 million due to net proceeds from loans and borrowings amounting to S\$1.7 million and net cash generated from operating activities of S\$0.7 million; and
- (c) increase in prepaid operating expenses of approximately S\$0.1 million mainly due to prepaid insurance premiums for the motor vehicles and security bonds workers as well as deferred transaction costs in relation to our Listing.

The increase in current assets was partially offset by a decrease in gross amount due from customers for contract work-in-progress amounting to S\$0.4 million. The decrease reflects higher level of certification and invoicing for project work performed.

#### Current liabilities

As at 31 December 2010, our current liabilities of S\$9.9 million accounted for 94.3% of our total liabilities. Our current liabilities comprised gross amount due to customers for contract work-in-progress of S\$0.1 million, trade and other payables of S\$4.8 million, other liabilities of S\$1.1 million, loans and borrowings of S\$3.0 million and income tax payable of S\$0.9 million.

As at 30 June 2011, our current liabilities increased by S\$4.1 million to S\$14.0 million, representing 96.3% of our total liabilities. The increase in current liabilities was attributable to:

- (a) proceeds from loans and borrowings amounting to S\$4.6 million;
- (b) increase in trade and other payables of S\$2.5 million mainly due to increase in trade payables to suppliers, professional fees payable for the Listing as well as operating expenses payable;

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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- (c) recognition of derivative financial instrument and the corresponding fair value adjustment of approximately S\$0.5 million arising from the Convertible Loan; and
- (d) increase in gross amount due to customers for contract work-in-progress of S\$0.1 million.

The increase in current liabilities was partially offset by the following:

- (a) decrease in other liabilities of S\$0.5 million mainly due to decrease in accrued salaries and bonuses;
- (b) repayment from loans and borrowings amounting to S\$3.0 million; and
- (c) decrease in income tax payable of approximately S\$0.1 million.

### Non-current liabilities

As at 31 December 2010, total non-current liabilities which comprised loans and borrowings and deferred tax liabilities amounted to an aggregate of approximately S\$0.6 million or 5.7% of our total liabilities.

Non-current liabilities decreased slightly by S\$0.1 million to S\$0.5 million mainly due to a repayment of loans and borrowings of \$0.1 million as at 30 June 2011.

### Equity attributable to equity holders of the Company

As at 31 December 2010, our total equity amounted to S\$6.6 million comprising mainly S\$1.0 million of share capital and S\$5.6 million of accumulated profits.

As at 30 June 2011, total equity increased by S\$0.7 million to S\$7.3 million. The increase was mainly due to profit for the six (6) months ended 30 June 2011 amounting to approximately S\$0.9 million. This was offset by a decrease in share capital of S\$0.2 million due to the Restructuring Exercise in which Libra Engineering (Malaysia) became a subsidiary of Libra Engineering. Please refer to the section entitled "Restructuring Exercise" of this Offer Document for more information.

## LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group financed its operations through both internal and external sources. Internal sources of funds comprise cash generated from our Group's operating activities. External sources of funds comprise mainly banking facilities from financial institutions, credit granted by suppliers and capital investment from Shareholders. The principal uses of these cash sources are to finance purchases of materials and construction tools and equipment, capital expenditures and administrative expenses.

The following table sets out a summary of our Group's cash flows for FY2008, FY2009, FY2010 and HY2011.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(S\$'000)	FY2008	FY2009	FY2010	HY2011
Net cash from/(used in) operating activities	(83)	1,162	(1,378)	743
Net cash from/(used in) investing activities	(355)	(268)	(614)	(28)
Net cash from/(used in) financing activities	322	(437)	1,686	1,668
Net increase/(decrease) in cash and cash equivalents	(116)	457	(306)	2,383
Cash and cash equivalents at the beginning of the year/period	358	242	699	393
Cash and cash equivalents at the end of the year/period	242	699	393	2,776

### FY2008

In FY2008, our Group used net cash in operating activities of approximately S\$0.08 million, which was a result of operating cash flows before working capital changes of approximately S\$1.36 million, adjusted for net working capital outflows of approximately S\$1.34 million as well as interest and income tax paid amounting to approximately S\$0.10 million. Our working capital outflows were due to the following:

- (a) an increase in gross amount due from customers for contract work-in-progress amounting to approximately S\$0.82 million;
- (b) an increase in inventories of approximately S\$0.06 million;
- (c) an increase in prepaid operating expenses of approximately S\$0.02 million;
- (d) an increase in trade and other receivables of approximately S\$0.61 million;
- (e) a decrease in trade and other payables of approximately S\$0.21 million; and
- (f) a decrease in other liabilities of approximately S\$0.07 million.

The above working capital outflows were partially offset by an increase in gross amount due to customers for contract work-in-progress amounting to approximately S\$0.45 million.

Net cash used in investing activities amounted to approximately S\$0.35 million, which was attributable to purchase of property, plant and equipment.

Net cash generated from financing activities amounted to approximately S\$0.32 million, which was due to net proceeds from loans and borrowings of approximately S\$0.02 million as well as an increase in paid-up capital by approximately S\$0.30 million.

As at 31 December 2008, our cash and cash equivalents were S\$0.24 million.

### FY2009

In FY2009, our Group generated net cash from operating activities of approximately S\$1.16 million, which was a result of operating cash flows before changes in working capital of approximately S\$2.60

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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million, adjusted for net working capital outflows of approximately S\$1.20 million as well as interest and income tax paid amounting to approximately S\$0.24 million. Our working capital outflows were mainly due to the following:

- (a) an increase in gross amount due from customers for contract work-in-progress amounting to approximately S\$2.68 million;
- (b) an increase in prepaid operating expenses of approximately S\$0.03 million;
- (c) an increase in trade and other receivables of approximately S\$1.70 million; and
- (d) a decrease in gross amount due to customers for contract work-in-progress amounting to approximately S\$0.93 million.

The above working capital outflows were partially offset by:

- (a) an increase in trade and other payables of approximately S\$3.29 million; and
- (b) an increase in other liabilities of approximately S\$0.85 million.

Net cash used in investing activities amounted to approximately S\$0.27 million, which was mainly attributable to the purchase of property, plant and equipment of approximately S\$0.35 million and offset by proceeds from disposal of property, plant and equipment of approximately S\$0.08 million.

Net cash used in financing activities amounted to approximately S\$0.44 million, which was due to dividend paid to equity holders of approximately S\$0.50 million. This was offset by net proceeds from loans and borrowings amounting to approximately S\$0.06 million.

As at 31 December 2009, our cash and cash equivalents were S\$0.70 million.

### **FY2010**

In FY2010, our Group used net cash in operating activities of approximately S\$1.38 million, which was a result of operating cash flows before changes in working capital of approximately S\$5.18 million, adjusted for net working capital outflows of approximately S\$6.29 million as well as interest and income tax paid amounting to approximately S\$0.27 million. Our working capital outflows were due to the following:

- (a) an increase in gross amount due from customers for contract work-in-progress amounting to approximately S\$5.90 million;
- (b) an increase in prepaid operating expenses of approximately S\$0.39 million;
- (c) a decrease in gross amount due to customers for contract work-in-progress of approximately S\$0.02 million; and
- (d) a decrease in trade and other payables of approximately S\$0.10 million.

The above working capital outflows were partially offset by:

- (a) a decrease in inventories of approximately S\$0.02 million; and
- (b) a decrease in trade and other receivables of approximately S\$0.10 million.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION**

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Net cash used in investing activities amounted to approximately S\$0.61 million, which was mainly attributable to the purchase of property, plant and equipment of approximately S\$0.11 million and the purchase of a freehold land of approximately S\$0.50 million.

Net cash generated from financing activities amounted to approximately S\$1.68 million, which was due to net proceeds from loans and borrowings amounting to approximately S\$1.47 million. The increase in paid-up capital by approximately S\$0.21 million also contributed to the net cash from financing activities.

As at 31 December 2010, our cash and cash equivalents were S\$0.39 million.

### **HY2011**

In HY2011, our Group generated net cash from operating activities of approximately S\$0.74 million, which was a result of operating cash flows before changes in working capital of approximately S\$1.73 million, adjusted for net working capital outflow of approximately S\$0.58 million as well as interest and income tax paid amounting to approximately S\$0.41 million. Our working capital outflows were due to the following:

- (a) an increase in prepaid operating expenses of approximately S\$0.18 million;
- (b) an increase in trade and other receivables of approximately S\$3.01 million; and
- (c) a decrease in other liabilities of approximately S\$0.40 million.

The above working capital outflows were partially offset by:

- (a) a decrease in gross amount due from customers for contract work-in-progress of approximately S\$0.37 million;
- (b) a decrease in inventories of approximately S\$0.04 million;
- (c) an increase in gross amount due to customers for contract work-in-progress of approximately S\$0.14 million; and
- (d) an increase in trade and other payables of approximately S\$2.47 million.

Net cash used in investing activities amounted to approximately S\$0.03 million, which was attributable to the purchase of property, plant and equipment.

Net cash generated from financing activities amounted to approximately S\$1.67 million, which was due to net proceeds from loans and borrowings.

As at 30 June 2011, our cash and cash equivalents were S\$2.78 million.

### **INFLATION**

Our financial performance for the period under review was not materially affected by inflation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### CAPITAL EXPENDITURE AND DIVESTMENTS

The capital expenditure and divestments made by our Group in the last three (3) financial years ended 31 December 2008, 2009 and 2010, six months ended 30 June 2011 and for the period from 1 July 2011 up to the Latest Practicable Date were as follows:

(S\$'000)	FY2008	FY2009	FY2010	HY2011	From 1 July 2011 to the Latest Practicable Date
<b><u>Expenditure</u></b>					
Land	—	—	500	—	—
Computer	9	15	34	14	—
Furniture and fittings	96	52	20	2	—
Motor vehicles	110	576	—	92	—
Office equipment	11	28	15	2	1
Renovation	30	55	11	—	—
Factory equipment	36	17	4	—	3
Plant and machinery	800	90	30	—	—
<b>Total</b>	1,092	833	614	110	4
<b><u>Divestments</u></b>					
Land	—	—	—	—	—
Computers	—	—	—	—	1
Furniture and fittings	—	—	—	2	—
Motor vehicles	—	101	—	—	—
Office equipment	—	—	—	7	—
Renovation	—	—	—	—	—
Factory equipment	—	—	—	—	—
Plant and machinery	—	—	—	—	—
<b>Total</b>	—	101	—	9	1

The above capital expenditure were primarily financed by finance leases and bank borrowings except for computers, furniture and fittings, office equipment and renovation, which were financed by internally generated cash resources. The capital expenditure for property, plant and equipment by means of finance leases for FY2008, FY2009, FY2010 and HY2011 were approximately S\$0.7 million, S\$0.5 million, S\$nil and S\$0.1 million respectively. The capital expenditure for the purchase of land in FY2010 of S\$0.5 million was financed by bank borrowings.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

### FOREIGN EXCHANGE MANAGEMENT

#### Accounting Treatment of Foreign Currencies

Transactions in foreign currencies are measured in the respective functional currencies of our 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 at historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transactions.

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.

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

Our Group has elected to recycle the accumulated exchange differences in the foreign currency translation reserve that arises from the direct method of consolidation, which is the method our Group uses to complete its consolidation.

#### Foreign Exchange Exposure

The proportions of our revenue and purchases denominated in S\$ and foreign currencies were as follows:

Percentage of revenue denominated in (%)	FY2008	FY2009	FY2010	HY2011
S\$	100.0	100.0	100.0	100.0
	100.0	100.0	100.0	100.0

Percentage of purchases denominated in (%)	FY2008	FY2009	FY2010	HY2011
S\$	100.0	99.3	97.0	96.0
MYR	—	0.7	2.9	4.0
US\$	—	—	0.1	—
	100.0	100.0	100.0	100.0



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Percentage of expenses denominated in (%)	FY2008	FY2009	FY2010	HY2011
S\$	100.0	100.0	99.5	99.3
MYR	—	—	0.5	0.7
	100.0	100.0	100.0	100.0

To the extent that our purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and payment, we will be exposed to adverse fluctuations of the MYR and US\$ against the S\$, which will adversely affect our earnings.

Our Group had minimal net foreign exchange exposure for FY2008, FY2009, FY2010 and HY2011.

We do not currently have a formal hedging policy although we may, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations. We will also put in place, where necessary, procedures to hedge our exposure to foreign currency fluctuations. Such procedures will be reviewed and approved by our Audit Committee and our Board.

### SIGNIFICANT ACCOUNTING POLICY CHANGES

The accounting policies have been consistently applied by our Group during the financial years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011, except for the changes in accounting policies discussed below.

Our Group has adopted the following standards and interpretations mandatory for annual periods beginning on or after 1 January 2008, 2009, 2010 and 2011.

- INT FRS 108 Scope of FRS 102, *Share-based Payment*
- INT FRS 107 Applying the Restatement Approach under FRS 29, *Financial Reporting in Hyperinflationary Economies*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 110 *Interim Financial Reporting and Impairment*
- FRS 1 *Presentation of Financial Statements* (Revised)
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment — Vesting Conditions and Cancellations*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- INT FRS 118 *Transfers of Assets from Customers*
- Amendments to FRS 27 *Consolidated and Separate Financial Statements*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Item*
- Revised FRS 103 *Business Combinations*
- Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*
- INT FRS 117 *Distributions of Non-cash Assets to Owners*
- Improvements to FRSs issued in 2009
- Amendment to FRS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
- Amendments to FRS 101 *Disclosures for First Time Adopters: Limited Exemptions from Comparative FRS 107*
- INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*
- Revised FRS 24 *Related Party Disclosures*
- Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*
- INT FRS 115 *Agreements for the Construction of Real Estate*
- Improvement to FRSs issued in 2010:
  - (a) Transition requirements for amendments arising as a result of FRS 27 *Consolidated and Separate Financial Statements*
    - (i) FRS 21 *The Effects of Changes in Foreign Exchange Rates*
    - (ii) FRS 28 *Investments in Associates*
    - (iii) FRS 31 *Interest in Joint Ventures*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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- (b) Amendments to FRS 1 *Presentation of Financial Statements*
- (c) Amendments to FRS 34 *Interim Financial Reporting*
- (d) Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards*
- (e) Amendments to FRS 103 *Business Combinations*
- (f) Amendments to FRS 107 *Financial Instruments: Disclosures*
- (g) Amendments to INT FRS 113 *Customer Loyalty Programmes*

Except for the revised FRS 24, our Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

### Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. Our Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of our Group when implemented in FY2011.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### HISTORY

The establishment of our Group can be traced back to the incorporation of Kin Xin Engineering on 6 December 1997 with two (2) initial subscribers, one of whom was our Executive Chairman, Chu Sau Ben's family member. Chu Sau Ben joined Kin Xin Engineering as its operations manager at the time of its incorporation, and brought with him his vast and extensive experience in the ACMV business in Singapore. As a sub-contractor for construction projects, the main business of Kin Xin Engineering then was the installation of ACMV insulated ducts in Singapore. In 1998, Kin Xin Engineering clinched ACMV insulation projects at, amongst others, a branch of a major local bank located at Chancery Hill Road and condominium projects at Hillview and Choa Chu Kang.

By tapping into his extensive experience in the ACMV business, Chu Sau Ben was able to identify a strong market demand for, and the potential for growth of, the business of supplying and installation of ACMV ductwork, chilled water pipes and refrigerant copper pipes. Kin Xin Engineering then expanded its business in this direction and progressively undertook projects of increasing scale and value as a sub-contractor for both public and private sectors customers over the years. From 2000 to 2003, Kin Xin Engineering was awarded a number of projects for the supply and installation of ACMV ductwork and refrigerant copper pipes which included a condominium project at Rivervale Crescent, four secondary schools and a primary school at Kent Ridge, Yio Chu Kang Road, Chong Boon Road, Ang Mo Kio and Balestier Road.

Our Group continued to expand our clientele base and in 2004, Kin Xin Engineering successfully tendered for and was awarded a project for the supply and installation of ACMV ductwork and chilled water pipes at a water reclamation plant at Changi.

In 2005, Chu Sau Ben was issued and allotted shares in Kin Xin Engineering and appointed Managing Director of Kin Xin Engineering. This year also saw the further strengthening of the management team of Kin Xin Engineering with the arrival of William Lee Kay Choon, who was responsible for overseeing the operations of Kin Xin Engineering and its expansion. William Lee Kay Choon brought with him his extensive experience and expertise in the M&E industry. The strengthening of the management team and the injection of relevant industry experience allowed Kin Xin Engineering to expand its scope of services as a sub-contractor in the M&E industry, which included the supply and installation of ACMV systems. This allowed us to secure and undertake more significant projects. Our Group was further awarded contracts to supply and install certain components of the ACMV system at a medical centre in Novena Point and at a government hospital at Outram Road, as well as the supply and installation of mechanical ventilation system at a project at Block 32 New Market Road.

In tandem with the development and expansion of Kin Xin Engineering, our Group also began to develop its ACMV ducts manufacturing capability in response to the increasing number of projects which involved ACMV ductwork. Chu Sau Ben identified the synergy in the manufacturing of ACMV ducts and the supply of and installation of these ducts for our customers. Libra Engineering was thus incorporated on 17 October 2005 to undertake the ACMV duct manufacturing component of our business. Since its incorporation, the main business of Libra Engineering is in the manufacturing of ACMV ductwork. Following the incorporation of Libra Engineering, our Group is able to realise the synergy identified by Chu Sau Ben whereby our Group is able to provide the integrated service of manufacturing, supply and installation of ACMV ductwork to our customers.

The remaining shareholding in Kin Xin Engineering was transferred to Chu Sau Ben in 2006.

In 2007, in its bid to offer a wider range of services to its customers, our Group, through Kin Xin Engineering, began to offer the services of supplying and installation of fire alarms and fire protection systems, electrical systems as well as sanitary and plumbing systems. Kin Xin Engineering was

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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awarded its first contract to supply and install the electrical system and fire alarm system for the upgrading of a hawker centre in Ang Mo Kio. Kin Xin Engineering also supplied and installed the insulated ducts manufactured by Libra Engineering for the same project. This project is one of the many projects undertaken by our Group which demonstrates our Group's capability in providing the supply and installation of ACMV ducts, along with other products.

In 2008, we were awarded a contract for ACMV works, as well as electrical and fire alarm works at Queen Street under the HUP. We were also awarded a project to supply and install ACMV ductwork at a business park in Jurong, as well as projects involving residential condominiums at Jalan Datoh and Kim Seng Road.

In August 2008, William Lee Kay Choon became a shareholder of Kin Xin Engineering and Libra Engineering and was appointed an executive director in both companies. In the same year, Ti Tiong Kwee joined Kin Xin Engineering as a Project Manager and was transferred to Libra Engineering as its Business Manager in April 2009. Our team was further strengthened when Thia Meng Chng joined Kin Xin Engineering as our Chief Financial Officer in April 2010. Under the leadership of Chu Sau Ben, our staff strength grew from 5 in 1997 to 197, inclusive of our senior management team as well as our foreign employees, as at the Latest Practicable Date.

In 2009, in order to provide a more comprehensive one-stop service to our customers, Libra Engineering started trading ACMV related accessories, including gaskets, sealants, grilles and diffusers, fibreglass, rockwool and flexible ducts, which are used in residential, commercial and industrial construction projects.

To cope with the increasing demand for our ACMV services, we expanded into Malaysia with the incorporation of Libra Engineering (Malaysia) in March 2010, with a view to increasing our ACMV duct manufacturing capacity and lowering our production costs. In March 2010, we acquired a piece of land of approximately 11,540 sq m in Pontian, Johor Bahru, where we plan to build our second production facility. The larger space afforded by this piece of land will increase our manufacturing output and efficiency.

With our established track record, we have also managed to secure projects of larger contract values in recent years. Our recent projects involved four sub-contracting works to provide ACMV ductwork and pipework for various facilities of a large scale integrated resort in Marina Bay, worth a total of approximately S\$17.0 million.

In 2010, our Group was awarded projects in the capacity of a NSC for the first time. Such projects include condominiums at Sommerville Road and Ang Mo Kio Central and a sports complex at Bukit Panjang.

In August 2010, Kin Xin Engineering successfully acquired L5 financial gradings in the air-conditioning, refrigeration and ventilation works category and also in the integrated building services category. Our financial gradings in electrical engineering, plumbing and sanitary works and fire protection systems categories were also similarly upgraded to L4, L2 and L1 respectively in August 2010.

As part of our Restructuring Exercise undertaken in connection with the Listing which resulted in the formation of our Group, Libra Group Pte. Ltd. was incorporated in Singapore on 20 October 2010 under the Companies Act as a private company limited by shares.

In the same year, we were awarded contracts as sub-contractors for the installation of air-conditioning, fire protection and fire alarms and electrical systems for a commercial development at Bukit Panjang and the installation of smoke ductworks for a shopping mall at Katong.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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In 2011, we secured contracts in the installation of ACMV and electrical systems for industrial projects at Tai Seng Link and the provision of mechanical ventilation systems for a factory at Yishun Avenue 6.

We have also in 2011 successfully secured contracts as sub-contractors in numerous residential projects, including the installation of electrical systems for a condominium project in East Coast and a luxury condominium project in the Central Business District. We are also involved in the installation of ACMV systems for condominium projects at Spottiswoode Park Road and in Serangoon.

On 2 June 2011, we have obtained the builder's licence — General Builder Class I by the BCA which allows us to be a builder for construction projects.

On 4 October 2011, pursuant to the Restructuring Exercise, our Company became the holding company of our wholly-owned subsidiaries, Kin Xin Engineering, Libra Engineering and Libra Engineering (Malaysia).

In the span of less than 14 years, we have grown from a small ACMV insulation company to a Group capable of offering integrated M&E Services, including the contracting and installation of fire alarms and fire protection systems, electrical systems, ACMV systems, sanitary and plumbing systems and the manufacturing and sale of ACMV ducts and trading of ACMV related products for a wide range of commercial, industrial, residential and government-related projects.

### INDUSTRY OVERVIEW

#### The Building and Construction Sector

##### Singapore

The Singapore construction industry is generally linked to the macro-economic conditions affecting Singapore.

The Singapore economy rebounded in 2010 by growing 14.5%, reversing the contraction of 0.8% in 2009. Despite the improvement in the Singapore economy in 2010, the construction sector expanded at a lower rate of 6.1% as compared to the rate of 17.0% in 2009. However, strong construction demand in the private sector drove the overall construction demand in 2010 to increase by 14.0% to S\$25.7 billion. Total construction output (payment made for work done) declined by 12.9% to S\$27 billion in 2010, due to the completion of the two (2) integrated resorts in Singapore.

The BCA had in 2010, introduced a S\$250 million Construction Productivity and Capability Fund to assist the construction industry in improving productivity and strengthening capability through the upgrading of the workforce, adoption of improved technology and the development of construction engineering capability.

In the first quarter of 2011, the Singapore economy continued to grow, albeit by a slower pace of 8.3% on a year-on-year basis compared to the growth of 12.0% in the preceding quarter. In spite of the lower growth in the Singapore economy and a contraction of 2.0% in the final quarter of 2010, the construction sector grew by 2.4% on a year-on-year basis.

##### Malaysia

Similar to the construction industry in Singapore, the construction industry in Malaysia is largely linked to the macroeconomic conditions of Malaysia. The construction sector registered a strong growth of 8.7% for the first quarter of 2010 and is expected to grow 5.6% per annum in line with Malaysia's GDP forecast for 2011 to 2012, supported by robust economic growth and government spending.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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The construction sector in Malaysia recorded an increase in total construction demand from RM74.1 billion in 2009 to RM75.6 billion in 2010. Despite a substantial decrease in construction demand from the public sector of RM15.1 billion, construction demand from the private sector increased by approximately RM16.6 billion, contributing to the marginal rise in total construction demand in 2010.

Further, according to the KPMG's 2010 Global Construction Survey, respondents to the survey remain optimistic about the construction industry around the world.

### Sources:

*Unless expressly stated below, the information set out in this section entitled "General Information on our Company and our Group — Industry Overview" are extracted from the websites of the Building and Construction Authority ([www.bca.gov.sg](http://www.bca.gov.sg)), Ministry of National Development ([www.mnd.gov.sg](http://www.mnd.gov.sg)), the Ministry of Trade and Industry Singapore ([www.mti.gov.sg](http://www.mti.gov.sg)), the Housing & Development Board ([www.hdb.gov.sg](http://www.hdb.gov.sg)), the CIDB Malaysia Official Portal ([www.cidb.gov.my](http://www.cidb.gov.my)), and the Malaysian Ministry of Works ([www.kkr.gov.my](http://www.kkr.gov.my)).*

*The Building and Construction Authority, the Ministry of National Development, the Ministry of Trade and Industry Singapore, the Housing & Development Board, the CIDB Malaysia Official Portal and the Malaysian Ministry of Works, whose websites or publications containing information (the "relevant information") upon which certain statement(s) (the "relevant statement(s)") in this section are based, have not consented to the inclusion of the relevant information and are therefore not liable for the relevant statement(s) under Sections 253 and 254 of the Securities and Futures Act.*

*While our Directors and the Vendor have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper form and context, we have not verified the accuracy of the relevant information.*

## BUSINESS OVERVIEW

### Overview of our Business

Through our subsidiaries, our Group is principally engaged in the business of providing integrated M&E services as a sub-contractor, including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems as well as the manufacturing and sale of ACMV ducts and the trading of ACMV related products.

### Our Business Segments

Our Group's business can be categorised into two (2) segments as follows:

- M&E services, including the contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems ("**M&E Services**"); and
- manufacturing and sale of ACMV ducts and the trading of ACMV related products ("**Manufacturing**").

### M&E Services

Our Group, through our subsidiary, Kin Xin Engineering, started out in the business of installing ACMV insulated ducts in Singapore as a DSC. It has now expanded to include additional M&E activities, specialising in the supply and installation of ACMV systems, fire alarms and fire protection systems, electrical systems as well as sanitary and plumbing systems for residential, commercial and industrial buildings in Singapore. This wide range of services allows us to provide comprehensive one-stop service for our customers. In 2010, our Group began to undertake projects as NSC.

Our customers include main contractors, property developers, statutory boards, listed companies and government bodies.

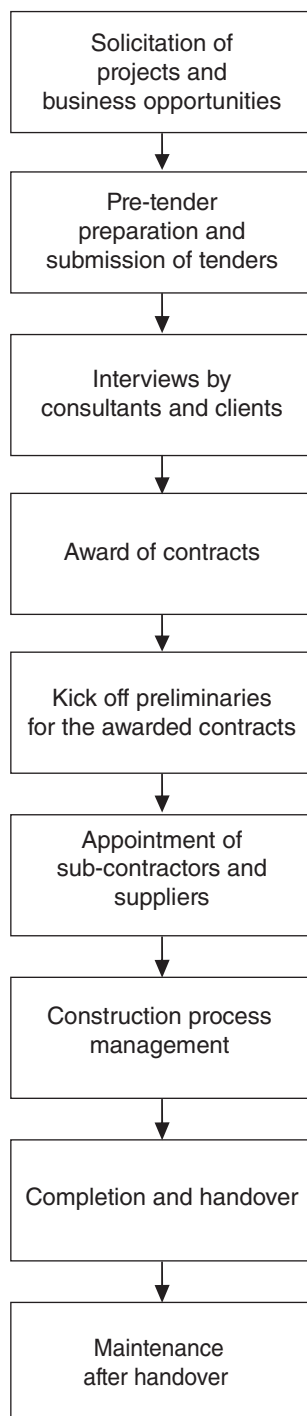


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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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A diagrammatical depiction of the operation process for our M&E Services is as follows:



(a) Solicitation of projects and business opportunities

We secure our projects and business opportunities through public and closed tenders and by capitalising on our Directors' network of business partners and consultants from existing and past projects. Information on public tenders are generally available in the mass media such as industrial publications, newspapers and internet notices. Participation in closed tenders are at the invitation of either the developer or the appointed project consultant.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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(b) Pre-tender preparation and submission of tenders

In preparing for a tender, we will first ascertain our current project commitments, available resources such as machinery and manpower and the amount of resources required to complete the project within the timeframe stipulated by the developer or the main contractor.

We will then proceed to review the relevant documents to understand the specific requirements and the complexity of the project and will clarify any ambiguities by submitting queries to the developer or the appointed project consultant.

We will then determine the internal costing and budgetary estimates of labour and material costs by obtaining quotations from sub-contractors and the relevant suppliers, who were selected based on their track record and competitiveness in terms of their pricing. After finalising the tender price, we will submit the tender documents which may typically include drawings, sketches and programmes.

(c) Interviews by consultants and clients

In the event that our tender has been shortlisted, the consultants or clients may request for us to attend tender interviews to clarify certain issues such as pricing, materials and construction methods. In addition, there may be negotiations to finalise the terms of the tender before the contract is awarded.

(d) Award of contracts

Contracts are typically awarded within a month from the interview with consultants and clients and subsequently, an official letter of award will be issued by the client(s).

(e) Kick-off preliminaries for the awarded contracts

Upon the award of a contract, we will assemble a project team, usually comprising the project manager, project engineers and site supervisors, depending on the size, complexity and requirements of the awarded project. The project team is responsible for the formulation of the project execution plan which would set out the functions and responsibilities of the parties involved, plant and equipment utilisation requirements, manpower and construction schedules as well as the budget and costing for the projects. This would ensure the timely completion and delivery of projects with high quality standard required by our clients. We also work closely with the main contractor's representative to ensure that work co-ordination is seamless.

If necessary, we will apply for the relevant permits, approvals and licenses from the authorities, as required by the projects.

(f) Appointment of sub-contractors and suppliers

We may require sub-contractors and suppliers for our projects. We will select these sub-contractors and suppliers from a list of our pre-approved sub-contractors and suppliers which have met our requisite performance, delivery and quality standards set by our Group.

Sub-contractors and suppliers are chosen based on their track record, the quality of performance and products and competitiveness in terms of their pricing.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

(g) Construction process management

Our project manager, project engineers and site supervisors monitor the progress of construction and undertake appropriate quality planning and measures, including planning, supervising, inspecting, recording and reporting, to ensure optimum results. We may outsource labour intensive installation of electrical systems to electrical sub-contractors while we provide the equipment and the necessary supervision and inspection.

(h) Completion and handover

Upon completion of the project, we will conduct all the necessary inspections, checks and commissioning to ensure compliance with the relevant code of practice. Thereafter, the main contractor's representative and the owner's representative will sign off on the testing form, affirming the acceptance and satisfactory condition of the work done. We will then officially hand over the completed project to the client.

(i) Maintenance after handover

Typical construction contracts include a defects liability period of 12 to 18 months during which we will be responsible for rectifying and repairing any defects found in the projects. During the defects liability period, for both NSC and DSC works, the clients will hold retention sums of approximately 2.5% to 5.0% of the contract value.

The major M&E projects which have been completed by our Group in the last three (3) financial years and our major projects that are currently in progress are set out below:

### Major Completed Projects

Description of works	Commencement	Completion
Pipeworks for a 9-storey hotel development in Changi	April 2007	March 2008
ACMV works for an 8-storey warehouse in Toa Payoh	May 2007	February 2008
Ductwork for a 30-storey condominium development at Kim Seng Road	January 2008	June 2010
Ductwork for a hotel development in Marina Bay	May 2008	April 2010
ACMV, electrical and fire alarm works at Queen Street under HUP	October 2008	October 2009
Ductwork for a 36-storey condominium development at Jalan Dato	October 2008	June 2010
ACMV works for a 7-storey commercial building at Havelock Road	December 2008	June 2009
ACMV ductwork and pipework for an educational institution in Bukit Batok	February 2009	February 2010
ACMV works for a 3-storey factory at Tuas Avenue 11	March 2009	September 2009
Ductwork for smoke control system of a shopping mall at Orchard Road	March 2009	January 2010
ACMV works for the sub-station of a chemical plant in Jurong	April 2009	April 2011
Electrical, ACMV, plumbing and other works for a 7-storey hotel and office development at Merchant Road and Keng Cheow Street	August 2009	December 2010
ACMV ductwork and pipework for a museum at Marina Bay	October 2009	March 2011
ACMV ductwork and pipework for a park at Marina Bay	October 2009	November 2010
ACMV works for a condominium development at Scotts Square	October 2009	March 2011

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

Description of works	Commencement	Completion
ACMV, electrical and fire alarm works for a 5-storey condominium development at Sommerville Road	January 2010	April 2011
ACMV works for a 12-storey factory at Kallang Pudding Road	March 2010	March 2011
Electrical and mechanical ventilation works at Clementi Avenue 3 under the HUP	April 2010	October 2010
Mechanical ventilation, kitchen exhaust and electrical works at Upper Cross Street under the HUP	May 2010	December 2010
Ductwork, electrical and pipework for a factory at Loyang Crescent	May 2010	December 2010
Pipeworks for a 9-storey hotel development in Changi	November 2010	March 2011
Split units installation for a park, spa and gym at Marina Bay	November 2010	March 2011

### Major Projects Currently in Progress

Description of works	Commencement	Expected Completion
Electrical works for a 34-storey condominium development at Ang Mo Kio Avenue 8	June 2010	January 2013
ACMV works for a 36-storey condominium development at Spottiswoode Park Road	November 2010	December 2013
M&E and electrical works for a 3-storey commercial development at Bukit Panjang	November 2010	November 2011
ACMV works at four (4) blocks of 18-storey and one (1) block of 17-storey (468 units) residential development at Serangoon Avenue 3	November 2010	November 2013
ACMV and electrical works at Lorong 8 Toa Payoh under the HUP	November 2010	December 2011
ACMV and electrical works for a 6-storey warehouse development at Tai Seng Link	December 2010	November 2011
Electrical works for a 62-storey condominium development at Enggor Street in Tanjong Pagar	January 2011	December 2013
Electrical works for a 5-storey condominium development at Lorong N Telok Kurau	January 2011	June 2012
Smoke control ductwork for a shopping mall in Orchard	June 2011	June 2012
ACMV system installation for an 8-storey factory in Yishun	May 2011	April 2012
ACMV works for 13 blocks of 5-storey residential buildings at Canberra Drive	July 2011	November 2012
ACMV works for a 33-storey condominium development in Ardmore Park	September 2011	December 2012
ACMV works for a factory at Jalan Tukang	September 2011	July 2012

### Manufacturing

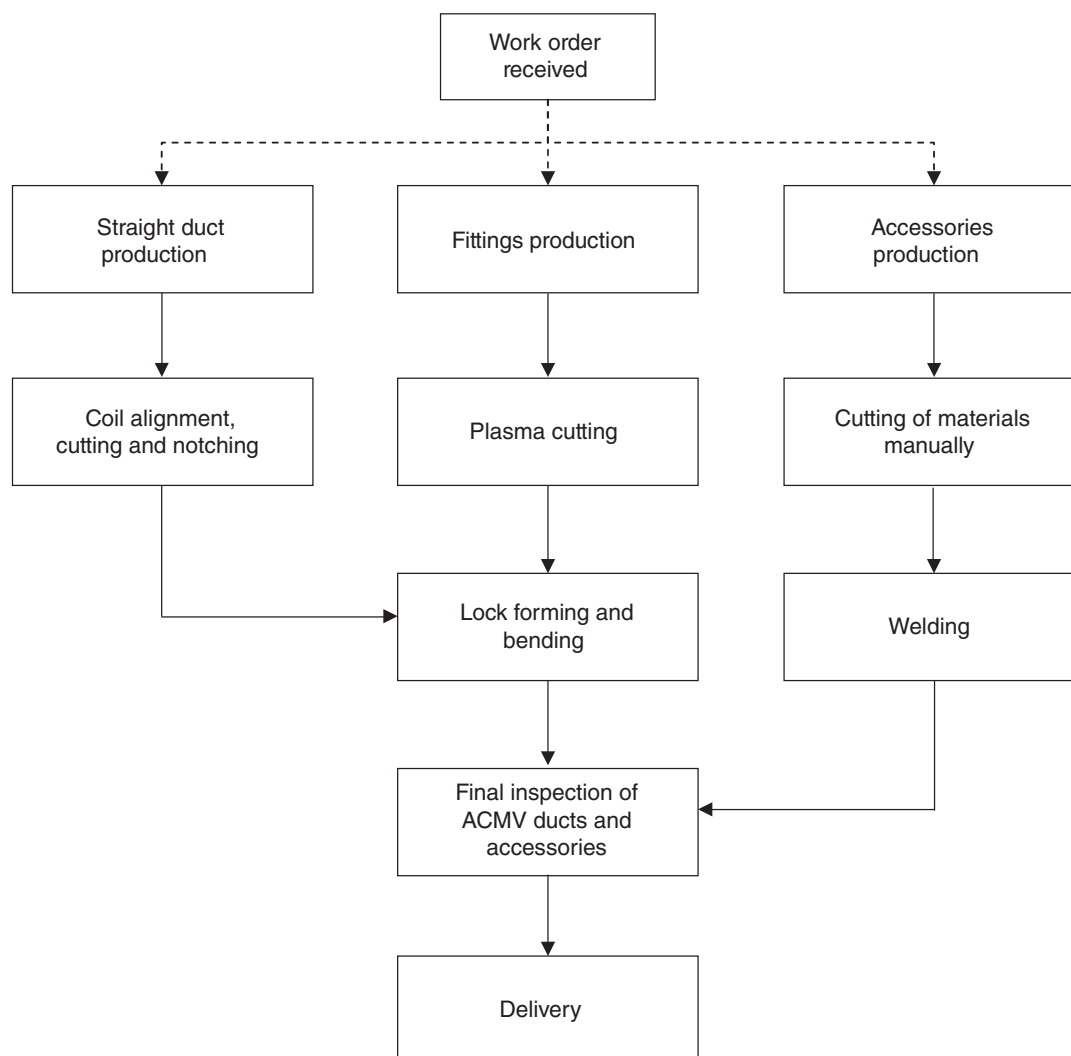
Our Group, through its subsidiary, Libra Engineering started manufacturing ACMV ducts in October 2005. We are currently manufacturing the ACMV ducts for use in our Group's construction projects and also for sale to third party contractors.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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We are able to customise ACMV ducts based on the requirements of our projects and specifications from third party contractors. A summary of the principal steps involved in the manufacturing of our ACMV ducts is as follows:



Upon receiving the confirmed work orders from our customers, our production supervisor distributes the work to the appropriate production section team leaders to produce the straight ducts, fittings and accessories respectively. A brief description of the production process for the various products is as follows:

### (a) Straight duct production

Straight ducts are the main products of Libra Engineering. Our production team makes use of our metal folding machine (the “**Autofold Machine**”) to produce the straight ducts. The coil of the relevant type of metal is loaded and aligned and the dimension and quantity of the straight ducts are keyed into the computer of the Autofold Machine, according to the work order. The Autofold Machine then automatically produces the straight ducts by cutting, notching and bending the metal sheet and performing lock forming and final bending. The finished ducts are placed at the finished product area for final inspection and delivery.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### (b) Fittings production

The fittings production process for irregular ducts such as elbow 'S' bends and reducers differs from straight duct production process. The operator initiates the fittings process by keying in the input of the shapes of the fittings to be cut into the computer based on the work order. This is electronically transmitted to the plasma cutting machine. The fittings are cut to exact specifications using a plasma torch. The plasma cutting team then labels the fittings according to the drawings provided to them by the operator. The half finished fittings are then handed over to the fitting team to perform lock forming and bending. On completion, the fittings are placed at the finished product area for final inspection and delivery.

### (c) Accessories production

For accessories such as access doors, silencers and volume control dampers, the production supervisor instructs the accessories and welding team leader to prepare and cut the material manually according to the work order. The accessories team works closely with the welding team to perform the necessary welding and final assembly process. The finished product is then labelled and placed at the finished product area for final inspection and delivery.

Our major clients include mainly main contractors and sub-contractors in the construction industry.

Trading of ACMV related products involves the trading of gaskets tape, acrylic sealants, grilles and diffusers, fibreglass, rockwool and flexible ducts, which is mainly carried out by Libra Engineering.

The use of ACMV related products is common among commercial, industrial and government buildings and our main clients include main contractors and sub-contractors in the construction industry. Libra Engineering also supply these ACMV related products to Kin Xin Engineering for use in its construction projects.

## PRODUCTION FACILITIES AND CAPACITY

Our administrative headquarters and factory are located in 101 Defu Lane 10. The administrative and factory building occupies approximately 3,900 sq m of land and the built-up area of the factory building is approximately 1,481 sq m.

Our factory, under Libra Engineering, currently has two (2) production lines with a production capacity of approximately 731,825 sq m of straight ducts and fittings per annum.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

The maximum production capacity, actual production output and utilisation rates for the period under review are as follows:

Products	Maximum production capacity <sup>(1)</sup> (sq m)			Actual production output (sq m)			Utilisation rate <sup>(2)</sup> (%)					
	FY2008	FY2009	FY2010	FY2008	FY2009	FY2010	FY2008	FY2009	FY2010	FY2011	FY2010	FY2011
Straight ducts	127,750	474,500	474,500	237,250	84,777	331,579	335,745	118,862	66.4	69.9	70.8	50.1
	94,900	257,325	257,325	128,663	58,454	193,620	193,589	70,636	61.6	75.2	75.2	54.9
Fittings												
Total	222,650	731,825	731,825	365,913	143,231	525,199	529,334	189,498	64.3	71.8	72.3	51.8

## Notes:

(1) Our maximum production capacities are estimated based on the following assumptions:

- (i) All production lines run for a total of 13 hours per day (two (2) operating shifts) and for 365 days per annum; and
- (ii) No allowances for breakdown.

(2) Utilisation rate is calculated based on our actual production output divided by our estimated maximum production capacity.

The fluctuations in the utilisation rates of our production facilities over the period under review were consistent with the fluctuations in the revenue of the Manufacturing segment. We intend to increase our production capacity with a planned second production facility in Pontian, Johor Bahru, Malaysia. For more details, please refer to the section entitled “General Information on our Company and our Group — Business Strategies and Future Plans” of this Offer Document.



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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### QUALITY MANAGEMENT

Our Group places strong emphasis on quality control to ensure that the quality of our projects comply with the relevant regulations and requirements, as we believe that the quality of our projects are crucial to our continued growth, reputation and market standing.

#### M&E Services

Our Group has established a strict set of environmental, health and safety management policies which applies to our project managers or supervisors, foreign workers and sub-contractors for all projects. These policies cover all stages of our projects, from the point when we receive the raw materials from our suppliers to the point of completion of the projects. In addition, all environmental aspects and occupational health safety hazards which are within our control or under our management, as well as those that we cannot control or directly manage but are expected to affect our projects, are covered in these policies.

In Kin Xin Engineering, quality management of each of our projects is undertaken by the respective project managers or supervisors who ensure that our quality control policies and procedures are adhered to and implemented.

#### Manufacturing

We have successfully established a work flow system in our factory that allows for products to be manufactured efficiently by dividing our employees into various teams responsible for different production processes.

We ensure that raw materials used for the manufacturing of our products meet our stringent requirements by only purchasing from suppliers who have been assessed and approved by our purchasing department. Goods received from approved suppliers are further inspected before our storeman accepts delivery and any raw materials that do not meet our exact specifications are immediately rejected.

We have purchased the necessary machinery and equipment to ensure that our quality standards are met. In addition, operators of these machinery and equipment are given appropriate training before they are assigned to the job.

We currently have two (2) quality management staff in Libra Engineering to ensure that our finished products meet the stringent requirements of our customers. Approved products are affixed with our quality checked stamps before they are delivered to our customers.

As a testament to our quality commitment, both our operating subsidiaries, Kin Xin Engineering and Libra Engineering, have obtained various quality certifications and accreditations.

Kin Xin Engineering has been awarded the ISO 9001:2008 certification and the bizSAFE Level 4 certification while Libra Engineering has been awarded ISO 9001:2008 certification.

Please refer to the section entitled “General Information on our Company and our Group — Licences, Permits, Approvals, Certifications and Government Regulations” of this Offer Document for more information and details of our other certifications.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

### OUR MAJOR CUSTOMERS

Our major customers contributing 5.0% or more of our Group's total revenue for FY2008, FY2009, FY2010 and HY2011 are set out below:

Customers	Services/ Products provided	As a percentage (%) of our Group's total revenue			
		FY2008	FY2009	FY2010	HY2011
Trane Singapore	ACMV works	23.8	0.5	0.3	—
Comfort Management Pte Ltd	ACMV works	8.7	1.3	2.2	0.2
Great Resources M&E Contractor Pte Ltd	ACMV ductworks	7.6	2.7	5.3	2.1
V.Spec Engineering & Supplies Pte. Ltd.	ACMV system installation	6.4	2.2	0.4	—
Willy Air-Con & Engineering Pte Ltd	AHU replacement	5.5	—	—	— <sup>(1)</sup>
Shin Nippon Air Technologies Co, Ltd	ACMV ductwork and system installation	5.5	41.1	9.1	—
Progen Pte Ltd	ACMV ductwork and pipework	—	18.4	2.1	0.1
King Wan Construction Pte. Ltd.	ACMV ductwork and system installation	4.4	7.7	8.1	1.5
Evervast Construction Pte. Ltd.	ACMV works, electrical and fire alarm works, M&E works	4.2	7.5	1.5	2.9
CCM Industrial Pte. Ltd.	Electrical, ACMV, plumbing and M&E services	—	4.4	25.8	1.4
L & K Engineering Co., Ltd (Singapore Branch)	ACMV ductwork and pipework, and split units installation	—	0.7	16.7	3.2
Newcon Builders Pte. Ltd.	M&E works	—	1.1	—	44.0
Kurihara Kogyo Co. Ltd.	Electrical works	—	—	—	12.8

**Note:**

(1) The figure is insignificant.

Due to the nature of our business, revenue contribution from our customers varied from year to year and we may not generate similar projects in terms of size and scope with the same customers year-on-year.

Save as disclosed above, there was no other customer whose revenue contribution accounted for more than 5.0% of our revenue in FY2008, FY2009, FY2010 and HY2011.

We have not entered into any long-term contracts with these customers. To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of the major customers listed above.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

None of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in the abovementioned customers.

### OUR MAJOR SUPPLIERS AND/OR SUB-CONTRACTORS

Our major suppliers and/or sub-contractors accounting for 5.0% or more of our Group's total purchases for FY2008, FY2009, FY2010 and HY2011 are set out below:

Suppliers and/ or Sub-contractors	Materials/ Services supplied	As a percentage (%) of our Group's total purchases			
		FY2008	FY2009	FY2010	HY2011
Hiap Soon & Company (Private) Limited	Galvanised iron coil	49.3	19.2	22.0	18.3
HS Development <sup>(1)</sup>	Sub-contractor for electrical services	3.8	8.7	0.3	—
Rich Engineering Pte. Ltd.	Sub-contractor for plumbing and sanitary works	—	1.1	5.8	0.8
Cappitech Engineering Pte. Ltd.	Air-conditioning equipment	—	2.8	5.7	2.6
Mitsubishi Electric Asia Pte Ltd	Mitsubishi air-conditioning system	—	—	— <sup>(2)</sup>	9.4
Tai Sin Electric Limited	Electrical materials	2.1	2.0	3.0	9.4
RICO Engineering Works Pte Ltd	Sub-contractor for fire protection works	—	0.2	3.5	9.2

#### Notes:

(1) HS Development, previously known as Libra Power Pte. Ltd., was incorporated by our Executive Directors, Chu Sau Ben and William Lee Kay Choon, to sub-contract the electrical systems aspect of our Group's projects as well as to repair and maintain the production machines. As at the Latest Practicable Date, HS Development is dormant and the Directors have made the relevant application to strike off HS Development.

(2) The figure is insignificant.

Our Group's purchases from Hiap Soon & Company (Private) Limited ("**Hiap Soon**"), as a percentage of total purchases, decreased from 49.3% in FY2008 to 18.3% in HY2011. While our purchases in absolute figures from Hiap Soon increased throughout FY2009, FY2010 and HY2011, our Group's total purchases had also increased. As a result, our percentage of purchases from Hiap Soon for the period under review was comparatively lower.

Our Group's purchases from HS Development, as a percentage of total purchases, decreased over the years as our Group gradually reduced the sub-contracting of electrical work to HS Development and undertook the electrical work ourselves. Please refer to the section entitled "Interested Person Transactions — Past Interested Person Transactions" of this Offer Document for more details.

Our Group's purchases from Rich Engineering Pte. Ltd., as a percentage of total purchases, increased from 1.1% in FY2009 to 5.8% in FY2010 as we sub-contracted part of the plumbing and sanitary work of a major project to them to be more cost-effective.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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Our Group's purchases from Cappitech Engineering Pte. Ltd. ("**Cappitech**"), as a percentage of total purchases, also increased over the years from 2.8% in FY2009 to 5.7% in FY2010 mainly due to customers who requested for a particular brand of air-conditioning equipment for their projects which is carried by Cappitech.

Our Group made our first purchase from Mitsubishi Electric Asia Pte Ltd ("**Mitsubishi**") in 2010, mainly attributable to our customers' specific requirement for Mitsubishi's air-conditioning system.

Tai Sin Electric Limited ("**Tai Sin**") supplies us with electrical materials for our projects. Our subsidiary, Kin Xin Engineering increased its purchases from Tai Sin over the years, as a percentage of total purchases, from 2.1% in FY2008 to 9.4% in HY2011, in line with the increase in the number of projects requiring the supply and installation of electrical systems.

The sub-contracting works to RICO Engineering Works Pte Ltd ("**RICO**") increased, as a percentage of total purchases, from 0.2% in FY2009 to 9.2% in HY2011 as we sub-contracted the fire protection installation component of our projects to RICO.

We do not enter into any long-term agreements or arrangements with any one of our suppliers and sub-contractors as this would provide us with the flexibility to evaluate and select more suppliers and/or sub-contractors who are able to provide higher quality work at competitive prices.

Save as disclosed above, there was no other supplier and/or sub-contractor whose sales to us accounted for more than 5.0% of our purchases in FY2008, FY2009, FY2010 and HY2011.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of the major suppliers and/or sub-contractors listed above.

None of our Directors or Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the abovementioned major suppliers and/or sub-contractors.

### CREDIT POLICY

#### Gross amount due from customers for contract work-in-progress

Gross amount due from customers for contract work-in-progress comprise the following items:

- (a) Estimated percentage of work that is completed by our Group for on-going projects, which are subject to certification or approval by the main contractors. The certification process usually takes 30 to 60 days. Our customers are invoiced only when our Group receives the certification for work completed from the main contractors;
- (b) Estimated percentage of completed work on variation orders to our contracted projects. Our customers are invoiced for work done on variation orders only upon certification for work completed for the variation orders for the contracted projects by our Group; and
- (c) Retention amount of completed projects, which typically amounts to approximately 5.0% of the value of completed projects. Our customers are invoiced only upon the expiry of the defects liability period, which is usually 12 to 18 months from the completion of the projects.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

Gross amount due from customers for contract work-in-progress as at 31 December 2008, 31 December 2009, 31 December 2010 and 30 June 2011 were as follows:

(S\$'000)	2008	As at 31 December 2009	2010	As at 30 June 2011
Gross amount due from customers for contract work-in-progress	1,668	4,354	10,252	9,883

Gross amount due from customers for contract work-in-progress increased from S\$1.7 million as at 31 December 2008 to S\$4.4 million as at 31 December 2009, in line with the increase in our Group's revenue for FY2009. Gross amount due from customers for contract work-in-progress further increased to S\$10.3 million and S\$9.9 million as at 31 December 2010 and 30 June 2011 respectively due to the retention amount of two (2) significantly large M&E Services projects that were completed in FY2010.

### Credit terms offered to our customers

Our Group typically grants credit terms of 30 to 90 days to our customers, depending on the size of the projects or contracts, our customers' creditworthiness and payment history. In the event that any of our customers do not pay within the granted credit period, our finance staff will send out reminder letters and statement of accounts to these customers on a monthly basis. Legal options may be sought if the reminder letters and statement of accounts are proven unsuccessful.

### Trade receivables' turnover days

Our trade receivables' turnover days for FY2008, FY2009, FY2010 and HY2011 were as follows:

	FY2008	FY2009	FY2010	HY2011
Trade receivables' turnover days <sup>(1)</sup>	97	44	46	79

#### Note:

(1) Trade receivables' turnover days is computed as follows:

$$\frac{\text{Average trade receivables balances}}{\text{Revenue}} \times \text{Number of days}$$

Where:

"Average trade receivables balances" is based on the average of the opening and closing trade receivables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

In FY2008, due to the global financial crisis, our customers took longer time in making payments to us resulting in the trade receivables' turnover days of 97 days. Our trade receivables' turnover days improved to 44 days and 46 days in FY2009 and FY2010 respectively as the economy improved and our customers made payments more promptly. Notwithstanding that our trade receivables' turnover days increased to 79 days in HY2011, of which approximately 73.5% in value of our trade receivables balance as at 30 June 2011 were current with trade receivables ageing of 0 to 30 days.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

The trade receivables for our Group as at 30 June 2011 amounted to approximately S\$6.5 million. The trade receivables ageing profile for our Group as at 30 June 2011 were as follows:

(S\$'000)	Total	0 to 30 days	31 to 60 days	61 to 90 days	More than 90 days
Gross trade receivables	6,686	4,792	339	238	1,317
Less: Allowance for impairment	(163)	—	—	—	(163)
Net trade receivables	6,523	4,792	339	238	1,154

We monitor all outstanding trade receivables closely and make specific provision in the event the recovery of any trade receivables appears doubtful. The quantum of such provision is dependent on the duration for which the trade receivables are overdue as well as our assessment on the likelihood that such trade receivables may be unrecoverable.

The charges relating to our allowance for doubtful trade receivables for FY2008, FY2009, FY2010 and HY2011 were as follows:

(S\$'000)	FY2008	FY2009	FY2010	HY2011
Allowance for doubtful trade receivables	—	270	113	47

Save for FY2008, we had allowance for doubtful trade receivables of approximately S\$0.3 million, S\$0.1 million and S\$0.05 million in FY2009, FY2010 and HY2011 respectively, which were mainly due to legal disputes with two (2) customers who were unable to settle their outstanding amounts due to us for an extended period of time.

### Credit terms granted by our suppliers and/or sub-contractors

Payment terms granted by our suppliers and/or sub-contractors vary depending on, *inter alia*, our relationship with the suppliers and/or sub-contractors as well as the size of the projects. Typical credit terms granted by our suppliers and/or sub-contractors range from 30 days to 90 days. Our trade payables' turnover days for FY2008, FY2009, FY2010 and HY2011 were as follows:

	FY2008	FY2009	FY2010	HY2011
Trade payables' turnover days <sup>(1)</sup>	139	64	79	118

#### Note:

(1) Trade payables' turnover days is computed as follows:

$$\frac{\text{Average trade payables balances}}{\text{Cost of sales}} \times \text{Number of days}$$

Where:

"Average trade payables balances" is based on the average of the opening and closing trade payables balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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The decrease in trade payables' turnover days from 139 days in FY2008 to 64 days in FY2009 was mainly due to faster repayment to the creditors. Our major suppliers during FY2008 had provided us with longer credit terms in view of the large projects we were able to secure during the year. Similarly, the increase in the trade payables' turnover days from 64 days in FY2009 to 79 days and 118 days in FY2010 and HY2011 respectively were due to better credit terms accorded to us.

### INVENTORY MANAGEMENT

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 by purchase costs on a first-in first-out basis for the raw materials. 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 the estimated costs necessary to make the sale.

Our inventory turnover days for FY2008, FY2009, FY2010 and HY2011 were as follows:

	FY2008	FY2009	FY2010	HY2011
Inventory turnover days <sup>(1)</sup>	73	11	8	9

**Note:**

(1) Inventory turnover days is computed as follows:

$$\frac{\text{Average inventory balances}}{\text{Purchases of raw materials}} \times \text{Number of days}$$

Where:

"Average inventory balances" is based on the average of the opening and closing inventory balances for the relevant financial year/period.

"Number of days" is defined as the number of calendar days in the relevant financial year/period.

As we only commence manufacturing of ACMV ducts upon receiving orders from our customers, we typically keep only a nominal inventory to meet the needs of our Manufacturing and M&E Services business segments.

### SALES AND MARKETING

Our Executive Directors, Chu Sau Ben and William Lee Kay Choon, are the key drivers in charge of formulating and planning the marketing strategies and activities of our Group. Our marketing strategy is primarily based on our ability to consistently deliver quality projects on time and establish strong working relationships with customers and suppliers, thereby ensuring that our business will continue to grow through referrals and recommendations.

For Libra Engineering, Chu Sau Ben and William Lee Kay Choon are supported by our Business Manager, Ti Tiong Kwee and a sales and marketing team. We are also able to market products manufactured by Libra Engineering as we specify the use of these products in our tenders for projects and utilise these products in our contracted projects. Libra Engineering also provides after-sales services for its products.



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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### INSURANCE




We have taken up workmen's compensation insurance, public liability insurance and contractors' all risk insurance in connection with our projects and based on our contract requirements.

For our office and factory premises, we have maintained equipment all risks insurance policies which cover such premises for losses or damages. We have also procured hospitalisation and surgical insurance for our employees.

Our Directors believe, having considered the risk levels and the cost of procuring insurance for certain risks associated with our business, that the insurance policies taken up by our Group are adequate for our business operations. We periodically review the insurance coverage of our Group and will consider taking up additional insurance, if necessary.

### INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group owns the following trademark:

Trademarks	Registered Owner	Place of Registration	Class	Date of Registration
	Libra Engineering	Singapore	06 <sup>(1)</sup>	15 March 2010
	Libra Engineering	Singapore	17 <sup>(2)</sup>	15 March 2010
	Libra Engineering	Singapore	17 <sup>(2)</sup>	15 March 2010

**Notes:**

- (1) Common metals and their alloys; metal building materials; transportable buildings of metal; materials of metal for railway tracks; non-electric cables and wires of common metal; ironmongery, small items of metal hardware; pipes and tubes of metal; safes; goods of common metal not included in other classes; ores.
- (2) Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal.

To the best of our Directors' knowledge and belief, our Company is not aware of any third party that is currently using a trademark similar to the foregoing trademark in the country in which such trademarks are registered or for which registration have been applied.

Save as disclosed above, our Group does not own or use any trademark, patent or other intellectual property which are material to our business or profitability.

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

### LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND GOVERNMENT REGULATIONS

To the best of our knowledge, our Group has obtained all necessary licences, permits, approvals and certifications required for our business and operations, as disclosed below. As at the Latest Practicable Date, except as disclosed herein and in the sections entitled “Risk Factors” of this Offer Document and “Description of Relevant Laws and Regulations” as set out in Appendix D of this Offer Document, our business and operations are not subject to any special legislation or regulatory controls which have a material effect on our business and operations other than those generally applicable to companies and businesses operating in Singapore.

Please refer to the section entitled “Description of Relevant Laws and Regulations” as set out in Appendix D of this Offer Document for a summary of the relevant laws and regulations in Singapore and Malaysia applicable to us.

The following are the main licences, permits, approvals and certifications that are essential for the business operations of our Group:

Licences, permits, approvals and certifications	Administrative body	Issued to	Date of expiry
Certificate of Registration (ME01 and ME02)	The Singapore Contractors Association Ltd	Kin Xin Engineering	31 December 2011
Certificate of Registration conferring ISO 9001: 2008 status	Guardian Independent Certification Ltd	Kin Xin Engineering	30 March 2013
Certificate of Registration conferring ISO 9001: 2008 status	Guardian Independent Certification Ltd	Libra Engineering	22 April 2013
ME01 Air-conditioning, Refrigeration & Ventilation Works L5 Grade	BCA	Kin Xin Engineering	1 May 2014
ME01 Air-Conditioning, Refrigeration & Ventilation Works L1 Grade	BCA	Libra Engineering	1 May 2012
ME05 Electrical Engineering L4 Grade	BCA	Kin Xin Engineering	1 May 2014
ME05/Electrical Engineering Grading L1 Grade	BCA	Libra Engineering	1 May 2012
ME06 Fire Prevention & Protection Systems L1 Grade	BCA	Kin Xin Engineering	1 May 2014
ME12 Plumbing & Sanitary Works L2 Grade	BCA	Kin Xin Engineering	1 May 2014
ME15 Integrated Building Services L5 Grade	BCA	Kin Xin Engineering	1 May 2014
Safety Management Assessment Scheme Certificate (ME01 & ME02)	SC2 Pte Ltd	Kin Xin Engineering	31 December 2012
Builder's Licence — General Builder Class 1	BCA	Kin Xin Engineering	1 June 2014
Class Three Surface Spread of Flame — British Standard 476: Part 7: 1997	TÜV SÜD PSB Pte. Ltd.	Libra Engineering	No expiry

## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

Licences, permits, approvals and certifications	Administrative body	Issued to	Date of expiry
UL-94: 1997 — V-0 Classification: Test for flammability of plastic materials for parts in devices and appliances — 20 mm Vertical Burning Test	TÜV SÜD PSB Pte. Ltd.	Libra Engineering	No expiry
bizSAFE Level 4	Workplace Safety and Health Council	Kin Xin Engineering	14 September 2013

As at the Latest Practicable Date, none of the aforesaid licences, permits, approvals and certifications have been suspended, revoked or cancelled and to the best of our Directors' knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits, approvals and certificates to be suspended, revoked or cancelled, as the case may be, or any applications for, or renewal of, any of these licences, permits, approvals and certifications to be rejected by the relevant authorities.

Besides having to obtain all necessary licences, permits, approvals and certifications required for our business and operations, our Group is required to comply with all environmental regulations and to ensure prompt payment of goods and services tax ("**GST**"), income tax, central provident fund ("**CPF**") contributions and foreign worker levy.

### GST

Since the incorporation of our subsidiaries and up to the Latest Practicable Date, Kin Xin Engineering and Libra Engineering had been fined on numerous occasions for the late submission and payment of GST for the period from 1 October 2007 to 31 March 2011 and 1 July 2008 to 31 December 2010 respectively. Kin Xin Engineering had settled the outstanding GST of approximately S\$1.1 million and paid a late payment penalty of approximately S\$62,993 by 1 June 2011. Libra Engineering had settled the outstanding GST of approximately S\$0.3 million and paid a late payment penalty of approximately S\$16,907 by 21 February 2011. As at the Latest Practicable Date, there were no outstanding GST amounts owing from our Group to IRAS. The management of the Company has since taken the relevant steps and procedures to prevent such recurrence of late submission and payment of GST in the future.

### Income tax

Since the incorporation of our subsidiaries and up to the Latest Practicable Date, Kin Xin Engineering had been fined for the late submission and payment of income tax for the year of assessment 2007, 2008, 2009 and 2010 while Libra Engineering had been fined for the late submission and payment of income tax for the years of assessment 2007 and 2008. Kin Xin Engineering had settled the outstanding income tax of approximately S\$0.2 million and paid a late payment penalty of approximately S\$7,477 with IRAS by 1 July 2011. Libra Engineering had settled the outstanding income tax of approximately S\$26,274 and paid a late payment penalty of approximately S\$1,498 with IRAS by 17 August 2009. As at the Latest Practicable Date, there was no outstanding income tax owing from our Group to IRAS. The management of the Company has since taken the relevant steps and procedures to prevent such recurrence of late submission and payment of income tax in the future.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### CPF contributions

Since the incorporation of our subsidiaries and up to the Latest Practicable Date, Kin Xin Engineering and Libra Engineering had each been fined on three (3) occasions in 2009, 2010 and 2011 for the late payment of CPF contributions. Kin Xin Engineering had settled the outstanding CPF contributions of approximately S\$48,582 and paid a late payment penalty of approximately S\$196 to the CPF board by 30 June 2011. Libra Engineering had settled the outstanding CPF contributions of approximately S\$16,964 and paid a late payment penalty of approximately S\$108 to the CPF board by 17 July 2011. As at the Latest Practicable Date, there were no late CPF amounts owing from our Group to the CPF board. The management of the Company has since taken the relevant steps and procedures to prevent such recurrence of late payment of CPF contributions in the future.

### Foreign worker levy

Since the incorporation of our subsidiaries and up to the Latest Practicable Date, Kin Xin Engineering had been fined on one (1) occasion in 2009 for the late payment of foreign worker levy. Kin Xin Engineering had settled the outstanding foreign worker levy of approximately S\$26,300 and paid a late payment penalty of approximately S\$360 to the MOM on 17 February 2009. As at the Latest Practicable Date, there was no outstanding late foreign worker levy owing from our Group to the MOM. The management of the Company has since taken the relevant steps and procedures to prevent such recurrence of late payment of foreign worker levy in the future.

Save as disclosed above, to our best knowledge, our Company and our subsidiaries have not breached any environmental, GST, income tax, CPF and foreign worker levy regulations.

## RESEARCH AND DEVELOPMENT

The nature of our business does not require us to carry out any significant research and development activities.

However, our staff continually update themselves on new developments in the industry. Our staff also attend relevant courses organised by the BCA on construction methodology and design to keep abreast with the latest developments. For more information, please refer to the section entitled “General Information on our Company and our Group — Staff Training” of this Offer Document.

## SEASONALITY

Due to the nature of our business which is project-based, we have not observed any significant seasonal trends during the period under review. Our Directors believe that there is no apparent seasonality factor affecting the construction industry. However, our business may be affected by policies which may be introduced by the government from time to time and fluctuations in demand within the construction industry.

## STAFF TRAINING

Our Group believes that our employees are an invaluable asset to our Group and key to our future growth. We believe that it is essential that our employees are equipped with the relevant knowledge, skill and technical know-how. Therefore, we provide orientation programmes and on-the-job training for our new staff, under the close supervision of the project manager-in-charge. In addition, given the competitive nature of the construction industry, we have to focus on improving efficiency, which is achieved by regular internal and external training for our employees so as to maximise their productivity and efficiency.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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The need for training for all employees in the fast changing environment, which is regularly assessed by our Directors and department managers, arises when:

- the employee's job description or responsibilities change due to job enrichment or job enlargement;
- new technology, equipment or machinery is introduced;
- our management system is updated or changed; or
- there are changes in laws and regulations which affect our Group's operations.

In addition, we provide various types of training programmes for our employees according to their job scopes and functions. Such training includes courses on workplace safety, construction safety, human resources, working skills upgrades and the relevant statutory requirements and building regulations as required by the industry and the relevant authorities. In addition, supervisory and senior executives are further sent for external training courses and seminars on operations supervision and management development.

Since most of our training is conducted in-house and comprises mainly on-the-job training, the expenses incurred in relation to external staff training for each of the last three (3) financial years ended 31 December 2008, 2009 and 2010 and for the six (6) months ended 30 June 2011 were immaterial.

### COMPETITION

We operate in a highly competitive environment and we are subject to intense competition from existing players and new entrants to the industry.

For our M&E Services business in Singapore, we face competition from both local and foreign construction and M&E companies. To the best of our knowledge, we consider the following to be our main competitors:

<b><u>Business segment</u></b>	<b><u>Main competitors</u></b>
M&E Services	King Wan Construction Pte. Ltd. Dai-Dan Co., Ltd. Kurihara Kogyo Co. Ltd.
Manufacturing	Paw Leck Engineering Pte Ltd Splendid Engineering Pte Ltd Linair Technologies Limited

To the best of our Directors' knowledge, there are no published statistics that can be used to accurately measure our market share of the construction business in Singapore.

### COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have enabled and will continue to enable us to harness the growth potential and to compete effectively in the construction industry in Singapore:

#### **We have an established and recognised brand**

With over 13 years of experience in the ACMV business, our Group has established our brand name in Singapore. Our Group has generated goodwill and built up a reputation for delivering quality services and products in the construction industry and a strong branding for the ACMV related products.

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## **GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP**

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We place strong emphasis on the quality and standards of our services and products. In July 2009 and November 2009, we obtained fire test certificates for our products from TÜV SÜD PSB Pte. Ltd.. We obtained our ISO 9001:2008 Certification in April 2010. These certifications are a testament to the quality of our products.

Since the establishment of our subsidiary, Libra Engineering in 2005, our Group has established a good reputation for the manufacturing and sale of ACMV ducts as well as the trading of ACMV related products. Our Directors believe that we are one of the three (3) largest manufacturers of ACMV ducts in Singapore.

In addition, the business of our subsidiaries are complementary — Kin Xin Engineering specialises in M&E Services and our various M&E Services projects use ACMV ducts and ACMV related products procured from Libra Engineering. This allows us to continually strengthen our brand name. We believe that our continued efforts to maintain the quality and standard of our services and products will enable us to be more competitive.

### **We provide integrated solutions and customised ACMV ducts for our customers**

We provide a comprehensive range of services and integrated solutions as a sub-contractor to cater to the specific and different needs of the different market segments including condominiums, offices, hotels, schools, commercial and industrial buildings and residential households. Our customers are well-served by our range of products and services including the supply and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems. In addition, our ability to manufacture customised ACMV ducts allows us to pass on any cost savings to our customers. The synergistic effect of our vertically-integrated business model and operations gives us a competitive advantage over our competitors.

Our Directors believe that our ability to provide quality, prompt and diverse range of products and services ensures that we are not overly dependent on a single project category or customer source for our revenue and allows us to expand our market coverage by retaining existing customers and attracting new ones.

### **Our production facility is well established in Singapore and can be expanded into Malaysia**

We have the relevant expertise in the manufacturing of customised ACMV ducts as we have been manufacturing ACMV ducts in Singapore since 2005. Revenue from the manufacturing and sale of ACMV ducts had increased significantly from S\$1.7 million in FY2008 to S\$5.7 million in FY2010. For HY2011, our Group achieved S\$2.4 million revenue from the manufacturing and sale of ACMV ducts. We believe that we will be able to leverage on our expertise and experience of our senior management team to replicate our production process in countries outside Singapore, enabling us to control our costs more effectively. We plan to establish a factory in Johor Bahru, Malaysia, where we have acquired a plot of land. This would provide us with a competitive edge over existing and new companies in the construction industry in Singapore. Please refer to the section entitled “General Information of our Company and our Group — Business Strategies and Future Plans” of this Offer Document for further information on our plan to construct a factory in Malaysia.

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## **GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP**

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### **We have an established track record and strong foothold in the construction industry**

We believe that we have established our reputation as a reliable and proven contractor in the construction industry. Our established track record has enabled us to gain our customers' confidence in our services and this is evident from the continuing business relationships we have with the professionals and other construction companies. The reliability of our services, our technical expertise, our products and our ability to deliver quality projects promptly at competitive prices have also ensured that we have repeat businesses, recommendations and referrals from customers. Please refer to the section entitled "General Information of our Company and our Group — Business Overview" of this Offer Document for further information on our completed and on-going projects.

### **We provide design-and-build services for the installation of ACMV systems and electrical systems**

We believe that our capability to formulate detailed design-and-build plans and recommend modifications to the ACMV systems and electrical systems by our in-house design-and-build team, which comprise qualified engineers and project managers, allows us to ensure that our client's costs are minimised and our costs are more effectively controlled. After the design-and-build plans are approved and endorsed by a professional engineer, we will install our ACMV systems and electrical systems in accordance with the approved and endorsed plans. Over the years, we have successfully completed various projects in accordance with the plans we have formulated. This reduces our reliance on external third parties and enables us to ensure that our resources are efficiently utilised. Accordingly, we are able to offer a comprehensive suite of services to our customers at a more cost competitive pricing than our peers.

### **We have a strong focus on production efficiencies and production costs**

Our strong focus on production efficiencies and production costs allows us to produce higher quality ACMV ducts and allows our custom manufactured ACMV ducts to maintain a competitive edge over similar products in the construction industry.

We have been moving towards greater automation for our production facilities by equipping our factory with more automated machinery and equipment which allow for greater productivity and efficiency in our production process and reduce the quantity of defective products. Coupled with our usage of galvanised iron coils instead of galvanised iron sheets, we are able to reduce material wastage, thereby resulting in more cost savings for our Group.

### **We have established strong business relations with customers and suppliers**

We believe that cultivating and maintaining excellent business relations with customers and suppliers is critical to our success. We are committed to consistently deliver our products and services to the satisfaction of our customers and to build up strong relationships with our suppliers. To this end, we have maintained good relationships with our customers and suppliers by delivering quality services, completing projects on time and making regular visits and having periodic meetings with our customers and suppliers.

In addition, we seek to continuously improve our service standards and operating efficiency. As a result, we have built strong business relations with customers and suppliers which generate a regular flow of repeat business.



## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

### We have a committed, qualified and experienced management team and support staff

Our success is supported by our committed, qualified and experienced management team, led by our Executive Chairman, Chu Sau Ben and our Executive Director and Chief Executive Officer, William Lee Kay Choon, who have a combined experience of 38 years in the construction industry. Their extensive experience in the construction industry enables our Group to identify new opportunities and grow. This gives us an advantage over competitors and new startups.

Our management team is supported by a pool of committed staff including engineers and site coordinators. We encourage continuous professional development, and our management team attend frequent training and educational programmes to update themselves on management techniques and the latest market developments pertaining to our business. We also place strong emphasis on training programmes for our employees to ensure that they are updated on the latest safety and building regulations and technological development. For more information, please refer to the sections entitled “General Information of our Company and our Group — Staff Training” and “Directors, Management and Staff” of this Offer Document.

### PROPERTIES AND FIXED ASSETS

#### Properties

The following table sets out all the properties leased by our Group as at the Latest Practicable Date.

Tenant/ Lessee	Location	Approximate Gross Floor Area (sq m)	Tenure	Monthly Rental (S\$)	Description of Use	Lessor/ Sublessor
Kin Xin Engineering	101 Defu Lane 10 Level 1 Singapore 539222	1,481	1 year from 15 August 2011 to 14 August 2012	45,000	Main office/ Factory space	Master Systems Management Pte Ltd
Kin Xin Engineering	101 Defu Lane 10 Level 3 Singapore 539222	446	1 year from 15 August 2011 to 14 August 2012	5,750	Main Office	Master Systems Management Pte Ltd

The following table sets out the property owned by our Group as at the Latest Practicable Date.

Location	Description of Use	Approximate Gross Area (sq m)	Tenure
Land held under title GM 642, Lot 5281 Mukim Jeram Batu, Pontian District, Johor Malaysia	Agricultural <sup>(1)</sup>	11,540	Freehold

#### Note:

- (1) Our Group is in the process of applying for the conversion of the use of the land from agricultural to industrial purposes with the relevant authorities in Malaysia. In the event that we are unable to obtain the necessary approvals for the conversion, we may not be able to materialise our plan of constructing a factory and our business operations and financial performance may be adversely affected. However, we are confident of securing an alternative location to establish our factory in Malaysia.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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Our fixed assets comprise computers, renovation, furniture and fittings, office equipment, factory equipment, motor vehicles, plant and machinery and land had a net book value of approximately S\$1.94 million as at the Latest Practicable Date.

To the best of our Directors' knowledge and belief, there are no regulatory requirements that may materially affect our Group's utilisation of tangible fixed assets.

### PROSPECTS

Our Directors are confident of our Group's growth potential and that, barring any unforeseen circumstances, the prospects of our Group are encouraging for the following reasons:

#### **Key growth area — green built environment and buildings<sup>(1)(2)</sup>**

The Inter-Ministerial Committee for Sustainable Development (the “**IMCSD**”) unveiled its blueprint for Singapore's sustainable development for the next 10 to 20 years in April 2009, placing great emphasis on the need to make existing and new buildings more energy sufficient. The IMCSD targeted for 80.0% of the buildings in Singapore to achieve the BCA Green Mark Certified rating by 2030.

In conjunction with the blueprint of the IMCSD, the BCA introduced its Second Green Building Masterplan (the “**BCA Masterplan**”), a roadmap that sets out specific initiatives to achieve a truly sustainable built environment in Singapore by 2030. The BCA Masterplan covers the following three (3) development areas: (i) New Buildings; (ii) Existing Buildings; and (iii) Beyond Buildings. In particular, the BCA is placing special emphasis on the ‘greening’ of existing buildings as they consume a third of Singapore's national end-use electricity.

As part of the BCA Masterplan, the BCA introduced a S\$100.0 million Green Mark Incentive Scheme for existing buildings to encourage private owners of existing buildings to undertake retrofitting works to achieve higher energy efficiency.

To entice private developers to construct new buildings that attain higher tier Green Mark ratings of Green Mark Platinum or Green Mark Gold<sup>Plus</sup>, the BCA and the URA offer incentives in the form of bonus gross floor area. This bonus gross floor area will be over and above the Master Plan Gross Plot Ratio control, so as to incentivise developers to construct desirable building features like balconies in residential buildings.

In addition, higher Green Mark standards will be set as land sales conditions for all new developments in selected new strategic growth areas such as Marina Bay, Jurong Lake District, Kallang Riverside and Paya Lebar Central to ensure that new developments in these areas are environmentally-friendly.

The government will continue to take the lead in attaining environmental sustainability. To demonstrate stronger commitment, the public sector now requires all medium or large new air-conditioned public sector buildings to achieve the highest Green Mark accolade — the Green Mark Platinum award. Besides new buildings, the government will ensure that all large existing public sector buildings attain the Green Mark Gold<sup>Plus</sup> standard by 2020. The cost of retrofitting these buildings is estimated to be about S\$500.0 million over the next ten (10) years.

The expected increase in the construction activities in connection with green buildings following the release of the BCA Masterplan may offer new opportunities and demand for our Group's products and services.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### **Continued construction activities in the private and public sectors<sup>(3)(4)(5)</sup>**

Singapore's construction demand is forecasted to record between S\$22.0 billion and S\$28.0 billion worth of construction contracts in 2011 compared with S\$25.7 billion in 2010. Public sector demand for construction is likely to increase to between S\$12.0 billion and S\$15.0 billion, contributing about 55.0% of the overall construction demand while the private sector is expected to generate between S\$10.0 billion to S\$13.0 billion worth of construction contracts in 2011.

The average construction demand for 2012 and 2013 has also been forecasted to range between S\$19.0 billion and S\$26.0 billion. The public sector construction demand is forecasted to be between S\$9.0 billion to S\$12.0 billion each year from 2012 to 2013, with 65.0% of it derived from building projects and the remaining 35.0% driven by civil engineering projects. It is envisaged that construction demand will remain sustained in the near future.

The private residential projects are expected to record moderate growth, in line with market sentiments. In addition, commercial and institutional construction activities are expected to provide a boost to the construction industry. It is expected that the continued demand for such commercial and institutional projects will lead to the completion of approximately 705,000 sq m of office space between the second quarter of 2011 and 2013.

Further to the continued demand, the government has announced that it will release land sites with a collective potential yield of about 14,200 private residential units, 268,000 sq m of commercial space and 3,700 hotel rooms.

Public sector construction demand is expected to be sustained with the government's drive to upgrade and develop new educational institutions such as the Institute of Technical Education's third regional campus at Ang Mo Kio, healthcare facilities such as Jurong General Hospital and Jurong Community Hospital and infrastructural projects such as the Downtown Mass Rapid Transit Line Stage 3. The government also announced that it plans to invest S\$60.0 billion into the Mass Rapid Transit system over the next ten (10) years. In addition, the government has stepped up efforts to release more HDB flats in 2011, with a target of 25,000 built-to-order flats, 4,000 DBSS flats and 4,000 EC units.

### **Favourable economic conditions and policies in Malaysia<sup>(6)(7)</sup>**

Our Directors believe that one of the future growth areas of our Group will be regional expansion. We have identified Malaysia as one of the viable options for regional expansion, as its economy continues to grow and construction activities keep pace with the growth in its economy and conducive policies under the 10<sup>th</sup> Malaysia Plan and the ETP.

Under the newly implemented 10<sup>th</sup> Malaysia Plan, approximately RM230.0 billion have been allocated for construction-related activities. This is expected to drive demand for the construction sector in 2011 and beyond.

To complement the 10<sup>th</sup> Malaysia Plan, the Malaysian government has introduced the ETP. Under the ETP, the Malaysian government will act as a facilitator to promote private sector investments in the Malaysian economy. Since its inception, the ETP has recorded investments of approximately RM169.8 billion in, *inter alia*, hospitality developments, healthcare facilities and infrastructure projects such as a deluxe family resort in Pulau Gaya worth approximately RM75.0 billion, the Universiti Malaya Healthcare Metropolis in Petaling Jaya, Selangor worth approximately RM1.3 billion, the mass rapid transit project in the Greater Kuala Lumpur/Klang Valley region worth approximately RM36.6 billion and the extension of the existing light rail transit lines in Kuala Lumpur. This is expected to generate sustained demand for the construction sector in Malaysia.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### Notes:

- (1) BCA's 2<sup>nd</sup> Green Building Masterplan — 80% of buildings will be green by 2030, as at 21 April 2009 on <http://www.bca.gov.sg>
- (2) Circular to professional institutes — Green Mark gross floor area incentive scheme for private developments that achieved higher-tier green mark ratings, as at 29 April 2009 on <http://www.ura.gov.sg>
- (3) Promising outlook for construction sector demand in 2011, as at 12 January 2011 on <http://www.bca.gov.sg>
- (4) 4,000 new flats for May 2011 and larger flat supply for 2011, as at 27 May 2011 on <http://www.hdb.gov.sg>
- (5) Release of 1<sup>st</sup> quarter 2011 real estate statistics, as at 25 April 2011 on <http://www.ura.gov.sg>
- (6) ETP in overdrive with 19 developments worth RM67 billion, as at 11 January 2011 on <http://www.etp.pemandu.gov.my>
- (7) Economic Transformation Programme from the website of the the Performance Management & Delivery Unit of the Prime Minister's Office, Malaysia at <http://etp.pemandu.gov.my/>

Each of the persons whose websites and/or articles set out in footnotes (1) to (7) above and containing information (the “**relevant information**”) upon which certain statement(s) (the “**relevant statement(s)**”) in this section entitled “General Information on our Company and our Group — Prospects” of this Offer Document are based, has not consented to the inclusion of the relevant information and are therefore not liable for the relevant statement(s) under Sections 253 and 254 of the SFA.

While our Directors and the Vendor have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper form and context, we have not verified the accuracy of the contents of the relevant information.

### ORDER BOOK

As at the Latest Practicable Date, our order books for our M&E Services stood at S\$20.5 million, of which approximately S\$6.6 million is envisaged to be materialised in FY2011. As revenue from our M&E Services is recognised based on the percentage-of-completion method, our order books exclude the contract value of completed works which have been recognised as revenue. The value of our order books is not indicative of our revenue for FY2011 as the revenue derived from our order books will be recognised over a number of years.

### TREND INFORMATION

The long-term prospects of the construction industry in Singapore and Malaysia are promising. Our Directors believe that the demand in the construction industry in Singapore will remain stable in the near future and will continue to fuel the demand for our Group's services and ACMV ducts and ACMV related products.

Based on our Directors' knowledge and experience of the industry, our Directors have observed the following trends for the current financial year:

- (a) Stable demand for private and public residential property developments

Our Directors are of the view that while the global economy has largely recovered since the economic slowdown in 2008, the Singapore property market is expected to stabilise due to the cooling measures introduced by the Singapore government. Demand for residential properties in Singapore will lead to a sustained level of private and public residential property developments. Please refer to the section entitled “General Information on our Company and our Group — Prospects” of this Offer Document for more information and details on the outlook of the Singapore construction industry.

Accordingly, barring unforeseen circumstances, our Directors expect an overall trend of stable demand for our products and services in the near future.

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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- (b) Increase in labour costs mainly due to reduction in MYE and increases in wages, foreign worker levies and administrative fees for work passes.

In line with the objectives of boosting productivity level and reducing reliance on lower-skilled foreign workers, the MOM has implemented a gradual reduction in the MYE, which refers to the total number of foreign workers a main contractor is entitled to employ based on the value of the projects and contracts the main contractor has been awarded by up to 25% by 1 July 2012.

The wages of our foreign workers have been increasing. This is mainly due to market forces such as the increased demand for foreign labour and a shortage of the supply of foreign labour from the main source countries of our foreign workers in India, Bangladesh, Myanmar, China, Malaysia and Thailand. This increase in foreign labour wages is exacerbated by a rising inflation rate in Singapore.

Following the release of the Singapore Budget 2010 in which the MOM had announced an upward revision of the levy rates for foreign workers, the MOM had on 21 February 2011 released another announcement in relation to further increments in the foreign worker levy rates with the objectives of boosting productivity level of the construction sector and reducing reliance on lower-skilled foreign workers. The changes to the foreign worker levy rates and tiers for S Pass and work permit holders will be phased in from January 2012 to July 2013, at six (6) monthly intervals. The current foreign worker levies for the construction sector is between S\$160 to S\$310. Increase in the foreign worker levies will phase in until rates reach S\$300 to S\$600 respectively in July 2013.

In a statement made by the MOM on 3 October 2011, the MOM has announced an increase in the administrative fees for most work passes, starting from 1 December 2011, as the MOM moves towards full cost recovery for MOM's work pass operations and services. Specifically, application fees for employment pass, S pass and work permit will be increased from S\$10 to S\$20 and the issuance fees for employment pass and S pass will be raised to S\$120 and S\$70 respectively and will be charged per transaction instead of per year. The S\$20 subsidy for employers who request for issuance or renewal of work permits via the online portal for work permit transactions will also be withdrawn.

The problem of cost is magnified for the construction industry where foreign workers form nearly 90.0% of the workforce. It will be difficult to attract locals, due to the long hours and the nature of the work involved. With the reduction in MYE and the increase in foreign worker levies, coupled with the difficulty faced in attracting locals, it is expected that there will be an increase in the cost of labour in the future.

In our Directors' opinion, the Singapore government's recent initiatives to increase productivity in the construction industry and the corresponding increase in foreign workers' levy as well as the increase in the administrative fees for work passes are not expected to have a material impact on our Group's financial performance going forward. The number of foreign workers hired by our Group is expected to be maintained or decrease slightly in the coming periods.

- (c) The price of our primary raw materials, such as galvanised iron and stainless steel, is expected to continue to fluctuate

Our cost of purchase of these raw materials is dependent upon, *inter alia*, global demand and supply conditions. Such conditions may be affected by factors such as macro-economic conditions existing in countries or regions which utilise such raw materials. As the global economy recovers gradually and the demand for construction services increases, it is likely that there may be an increase in the prices of our primary raw materials. Our Directors are of the view that our

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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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Group is well-positioned to deal with the fluctuations in the prices of our primary raw materials as we have, in the past, adopted measures to deal with cost increases by providing for certain material costs fluctuations to be factored into our contracts with our customers.

(d) Finance costs

Our finance costs are dependent upon, *inter alia*, our level of borrowings and bank interest rates. In the event that we require bank borrowings for our capital expansion plans, details of which are disclosed in the section entitled “General Information on our Company and our Group — Business Strategies and Future Plans” of this Offer Document, our finance costs may increase correspondingly. However, bank interest rates had generally been low in FY2010. As at the Latest Practicable Date, the Directors were not aware of any potential significant increases in bank interest rates.

(e) Listing expenses

Our estimated total listing expenses (inclusive of the non-cash payment for the management fees of approximately S\$0.45 million payable to the Manager and Sponsor pursuant to the Management Agreement) is approximately S\$1.7 million. The net proceeds to be raised by our Company from the Placement, after deducting the estimated cash expenses to be borne by our Company in relation to the Placement of approximately S\$1.05 million, is expected to be approximately S\$4.28 million. The one-off listing expenses may affect our Group’s profitability for FY2011.

Save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position”, “General Information on our Company and our Group — Prospects” and “General Information on our Company and our Group — Business Strategies and Future Plans” of this Offer Document and barring any unforeseen circumstances, our Directors are not aware of any significant recent trends in sales and in the costs and selling prices of our products and services, or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in the Offer Document to be not necessarily indicative of our future operating results or financial position.

### BUSINESS STRATEGIES AND FUTURE PLANS

Our strategies and future plans for the continued growth of our business are as follows:

#### Construction of factory and purchase of new equipment and machinery in Malaysia

Since 2005, with the establishment of our ACMV ducts factory in Singapore, we have been manufacturing customised ACMV ducts. We intend to expand our production capacity by constructing a factory in Malaysia. We have acquired a piece of land which has a gross area of approximately 11,540 sq m for the purpose of constructing the factory in Malaysia. This factory will allow us to increase our production capability and capacity and enjoy lower costs of production.

As at the Latest Practicable Date, we have spent approximately RM1.17 million to acquire the site. We intend to utilise S\$300,000 or approximately 5.6% of the gross proceeds raised by our Company from the Placement to construct the said factory and to equip it with the necessary equipment and machinery. In the event that the allocated proceeds are insufficient, we will finance such shortfall through internal cash flow and/or bank borrowings.



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## **GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP**

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### **Purchase of factory and office in Singapore**

We intend to purchase our own factory and office facility in Singapore. We may consider acquiring our current factory and office at 101 Defu Lane 10 from its current owner or we may identify possible suitable sites for acquisition as our factory and office. This will result in savings in operating costs as we will not be required to pay monthly rental. As at the Latest Practicable Date, our Group is still currently in the process of identifying possible suitable sites for our factory and office in Singapore.

We estimate that the total cost of the proposed purchase of a factory and office to be at least S\$5.0 million. We intend to utilise approximately S\$1.2 million or approximately 22.5% of the gross proceeds raised by our Company from the Placement for this purpose. Any balance financing required in respect of the purchase will be funded through internally generated funds and/or bank borrowings.

### **Obtain higher BCA financial grading**

We intend to expand our scope of operations in the M&E industry. To this end, we intend to obtain a higher BCA financial grading in the M&E category from our current L5 grading gradually to L6 grading by obtaining a L6 grading for either our air-conditioning, refrigeration and ventilation works or our electrical engineering works. This would allow us to undertake projects of unlimited value from our current limit to tender for contracts with value of up to S\$13.0 million.

In order to obtain a higher BCA financial grading of L6, we will be required to raise Kin Xin Engineering's share capital to S\$1.5 million. We intend to utilise approximately S\$800,000 or approximately 15.0% of our gross proceeds raised by our Company from the Placement for this purpose.

### **Expansion of business into other areas of the construction industry**

We are currently involved in the construction industry as a sub-contractor. We will continue to maintain our focus in Singapore and leverage on our established brand name and market position to ensure that our growth is sustainable. The scale of our projects has also increased in recent years and with our established track record, we believe that we are well-positioned to continue this growth. We also intend to enhance our services provided to our customers by expanding into other areas of the construction industry. We plan to commence work as a main contractor by applying for the necessary licences and approvals from the relevant authorities. On 2 June 2011, we have obtained the builder's licence — General Builder Class 1 by the BCA which allows us to be a builder for construction projects. To enable us to undertake government construction projects, we would be required to obtain BCA financial grading in the General Building category. For a start, our Group intends to undertake certain small scale residential building construction projects either on our own or in partnership with experienced property developers or main contractors to gain the necessary experience to penetrate into the building construction market.

### **Undertake an increased proportion of projects as NSC**

Prior to 2010, our Group was either DSC or a sub-contractor of DSC for all the projects that our Group was involved in. In 2010, our Group began to take up projects as NSC. As at the Latest Practicable Date, our Group is NSC for approximately 31.3% of our on-going projects. We intend to undertake an increased proportion of projects as NSC as our Directors believe that this would increase the reliability of payment for work done. As NSC, we have direct recourse to the owners or property developers, thereby ensuring that there will be less uncertainties in our business operations.



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## GENERAL INFORMATION ON OUR COMPANY AND OUR GROUP

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### **Explore opportunities in mergers and acquisitions, joint ventures and strategic alliances**

Over the years, our Group has grown organically by increasing the number of our management staff and foreign labour. Our Directors recognise that there may be opportunities that may arise through mergers and acquisitions, joint ventures and strategic alliances with local and foreign construction firms. This would enable us to expand our Group's network and provide us with opportunities to learn from our business partners who have the relevant expertise and relationships in areas such as management competency and construction standards.

By leveraging on our expertise and experience in Singapore, we intend to seek new and suitable opportunities to expand into the high-growth regional market in Malaysia. Our Group intends to explore various options including, *inter alia*, appointing selected agents and distributors to establish a network or to enter into franchises or joint ventures in Malaysia.

We intend to utilise approximately S\$300,000 or approximately 5.6% of the gross proceeds raised by our Company from the Placement, for the exploration of such opportunities.

## INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its Interested Persons (namely, our Directors or Controlling Shareholders of our Company or the Associates of such Directors or Controlling Shareholders) would constitute Interested Person Transactions for the purposes of Chapter 9 of the Catalist Rules.

This section sets out the Interested Person Transactions entered into by our Group for FY2008, FY2009, FY2010 and HY2011 and up to the Latest Practicable Date (the “**Relevant Period**”) on the basis of each member of our Group (namely, our Company and our subsidiaries) being an Entity At Risk and with Interested Persons being construed accordingly.

Save as disclosed in this section and in the section entitled “Restructuring Exercise” of this Offer Document, there have been no Interested Person Transactions in the Relevant Period involving our Group which are material in the context of this Placement.

### PAST INTERESTED PERSON TRANSACTIONS

#### (a) Personal guarantees provided by our Executive Directors, Chu Sau Ben and William Lee Kay Choon for banking facilities with financial institutions

Our Executive Directors, Chu Sau Ben and William Lee Kay Choon have previously provided personal guarantees and other securities to secure a series of facilities extended to our subsidiaries, Kin Xin Engineering and Libra Engineering, by various financial institutions, details of which are set out below:

Financial Institution and Borrower	Details of facility	Interest rate (%)	Largest amount outstanding during the Relevant Period (S\$)	Date of Guarantee	Guarantees/ Securities provided
Standard Chartered Bank (“ <b>Stanchart</b> ”) in favour of Kin Xin Engineering	Business Installment Loan of S\$133,000	First year: at the bank’s prevailing instalment loan special value rate Second year: at a floating rate of 2.50% per annum above the bank’s prevailing instalment loan special value rate Third year: at a floating rate of 5.00% per annum above the bank’s prevailing instalment loan special value rate	133,000	2006 – 2009	Personal guarantee by Chu Sau Ben
United Overseas Bank Limited (“ <b>UOB</b> ”) in favour of Kin Xin Engineering	Loan Insurance Scheme III (“ <b>LIS III</b> ”) of S\$300,000	1.50% per annum over the bank’s prime lending rate or 2.00% per annum over the relevant Singapore Inter Bank Offer Rate (“ <b>SIBOR</b> ”), or such other rate at the sole discretion of UOB	292,845	2007 – 2009	Joint and several guarantee by Chu Sau Ben and William Lee Kay Choon

## INTERESTED PERSON TRANSACTIONS

Financial Institution and Borrower	Details of facility	Interest rate (%)	Largest amount outstanding during the Relevant Period (\$\$)	Date of Guarantee	Guarantees/ Securities provided
OCBC in favour of Kin Xin Engineering	Business Receivable Financing facility of S\$250,000	0.70% per annum on gross invoice amount	232,420	2008 – 2009	Joint guarantee and indemnity for unlimited amount by Chu Sau Ben and William Lee Kay Choon
Stanchart in favour of Kin Xin Engineering	Banking and Treasury facilities of S\$600,000	From 1.75% per annum plus standard bills finance rate (“SBFR”) for local currency bills to 4.25% per annum plus SBFR for foreign currency bills	600,000	2009 – 2010	Fresh monies charge over deposits of at least S\$60,000 and interest received on deposits and all monies guarantee by Chu Sau Ben
Stanchart in favour of Libra Engineering	Banking and Treasury facilities of S\$300,000	From 1.75% per annum plus SBFR for local currency bills to 4.25% per annum plus SBFR for foreign currency bills	295,714	2009 – 2010	Existing charge over fixed deposits and interest received on deposits by Chu Sau Ben, and all monies guarantee from Chu Sau Ben
Stanchart in favour of Libra Engineering	Banking and Treasury facilities of S\$30,000	Nil	10,158	2009 – 2010	Existing charge over fixed deposits and interest received on deposits by Chu Sau Ben, and all monies guarantee from Chu Sau Ben
Stanchart in favour of Libra Engineering	Banking and Treasury facilities of S\$500,000	From 1.75% per annum plus SBFR for local currency bills to 4.25% per annum plus SBFR for foreign currency bills	487,378	2010 – 2011	All monies guarantee and a fresh all monies charge over deposits in the name of Chu Sau Ben
Stanchart in favour of Libra Engineering	Banking and Treasury facilities of S\$30,000	Nil	13,970	2010 – 2011	Existing charge over fixed deposits and interest received on deposits by Chu Sau Ben, and all monies guarantee from Chu Sau Ben
OCBC in favour of Kin Xin Engineering	Trust Receipts and Draft Loans of S\$800,000	2.00% per annum over the Bank’s prevailing prime lending rate	798,466	2010 – 2011	Guarantee and indemnity for all monies by Chu Sau Ben and William Lee Kay Choon

## INTERESTED PERSON TRANSACTIONS

No consideration (monetary or otherwise) was paid to Chu Sau Ben and William Lee Kay Choon by our Group for the provision of the aforesaid guarantees. As such, these transactions were not carried out on an arm's length basis.

### (b) Transactions with HS Development

Our Executive Directors, Chu Sau Ben and William Lee Kay Choon, are the directors of HS Development (previously known as Libra Power Pte. Ltd.) and hold 90% and 10% of the equity interest respectively in HS Development. As such, HS Development is an interested person for the purposes of Chapter 9 of the Catalist Rules and the SFR.

HS Development was in the business of sub-contracting work and the manufacturing of electrical and electronic engineering and scientific instruments and provided electrical sub-contracting works and repair and maintenance services to our subsidiaries, Kin Xin Engineering and Libra Engineering respectively. HS Development is currently dormant and the directors of HS Development have made the relevant application to strike off HS Development.

#### Sub-contracting of electrical work

Kin Xin Engineering had previously sub-contracted electrical works to HS Development. The details of transactions for the Relevant Period are as follows:

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Amount paid to HS Development	72	1,331	—	—	—

Our Directors are of the opinion that the sub-contracting works to HS Development were on an arm's length basis and on normal commercial terms as the pricing of these sub-contracting works were based on the then prevailing market rates.

#### Engaging of repair and maintenance services

Libra Engineering had previously engaged HS Development to provide repair and maintenance services to its manufacturing facilities. The details of transactions for the Relevant Period are as follows:

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Amount paid to HS Development	2	47	47	—	—

Our Directors are of the opinion that the repair and maintenance services that were provided by HS Development to Libra Engineering were on an arm's length basis and on normal commercial terms as the pricing of these repair and maintenance services were based on the then prevailing market rates.

## INTERESTED PERSON TRANSACTIONS

### Rental of a motor vehicle to HS Development

HS Development had leased a motor vehicle from Libra Engineering at a monthly rental of S\$1,000 for FY2008 and FY2009.

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Rent paid to Libra Engineering	6	12	—	—	—

Our Directors are of the opinion that the rental of the motor vehicle to HS Development by Libra Engineering was not on an arm's length basis as Libra Engineering did not obtain the typical market rental rate for a similar vehicle of the same specifications.

### Rental of office premises

HS Development had leased an office and store premises from Kin Xin Engineering located at 19 Jalan Mesin and from August 2009 onwards at 101 Defu Lane 10, at a monthly rent (including utilities) of approximately S\$633 to S\$2,500 for 19 Jalan Mesin and S\$2,000 for 101 Defu Lane 10 respectively.

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Rent paid to Kin Xin Engineering	13	28	—	—	—

Our Directors are of the opinion that the leases were entered into on normal commercial terms and on an arm's length basis as the rental rates were based on the then prevailing market rates and the total floor area of the office and store premises occupied by HS Development.

### Sale and purchase of goods

For FY2008 and FY2009, HS Development purchased materials from Kin Xin Engineering and vice versa, Kin Xin Engineering purchased materials from HS Development.

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Amount paid to Kin Xin Engineering	76	— <sup>(1)</sup>	—	—	—
Amount paid to HS Development	—	70	—	—	—

**Note:**

(1) The figure is insignificant.

Our Directors are of the opinion that the transactions were not on an arm's length basis as all the respective purchases were transacted at cost.

Our Group does not expect to enter into any transactions with HS Development in the future. As at the Latest Practicable Date, HS Development is dormant and the directors of HS Development have made the relevant application to strike off HS Development.

## INTERESTED PERSON TRANSACTIONS

**(c) Personal guarantees provided by our Executive Directors, Chu Sau Ben and William Lee Kay Choon for bonds (performance bonds and foreign workers bonds)**

During the Relevant Period, our Executive Directors, as listed below, had provided personal guarantees for the following bonds:

Financial Institution and Borrower	Guarantee provided by	Date of Guarantee	Details of Guarantee and Facilities	Largest Amount Guaranteed (S\$)	Amount Outstanding as at LPD (S\$)
SHC Capital in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	22 March 2010 to 2 December 2010	Performance bond of S\$177,500	177,500	—
SHC Capital in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	2007 – 2009	Security bond for foreign workers	30,000	—
EQ Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	7 January 2010 to 6 March 2011	Indemnification given by Kin Xin Engineering and its directors as sub-contractor to main contractor for letter of undertaking to the MOM to support the application of 10 foreign workers	30,000	—
EQ Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	13 November 2009 to 12 January 2011	Indemnification given by Kin Xin Engineering and its directors as sub-contractor to main contractor for letter of undertaking to the MOM to support the application of 15 foreign workers	45,000	—
China Taiping Insurance in favour of Kin Xin Engineering or Libra Engineering	Chu Sau Ben and William Lee Kay Choon	2007 – 2010	Security bond for foreign workers	1,260,000	—
Liberty Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	2009	Security bond for foreign workers	125,000	—

The largest amount outstanding, based on the amounts as at the end of each calendar month, in respect of the aforesaid bonds (which include performance bonds and foreign workers bonds) obtained by our Group and for which guarantees have been extended by the relevant Interested Persons stated in the above table, during the Relevant Period was approximately S\$1.7 million. As at the Latest Practicable Date, the above facilities had either been replaced with new banking facilities or the above bonds had expired. Accordingly, there is no outstanding amount secured by

## INTERESTED PERSON TRANSACTIONS

the above Directors. No amount was payable to the above Directors for providing security for the aforesaid bonds. As they did not receive any consideration (monetary or otherwise) in respect of such transactions, such transactions were not carried out on an arm's length basis.

The transactions disclosed above were not conducted on an arm's length basis as Chu Sau Ben, William Lee Kay Choon and our Group, as the case may be, did not receive or provide any benefit in kind, commission or interest from the other party.

**(d) Advances extended by/to our Executive Directors, Chu Sau Ben and William Lee Kay Choon to/by our Group**

During the Relevant Period, our Executive Directors had from time to time extended cash advances to our Group for use as working capital by our Group. From time to time, our Group also extended cash advances to our Executive Director, Chu Sau Ben.

Chu Sau Ben

The advances that were extended to/by the Group for the Relevant Period were as follows:

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Advances extended to our Group	35	64	150	50	—
Advances extended by our Group	10	—	—	—	—

The advances were unsecured, interest-free and repayable on demand and hence were not negotiated on an arm's length basis.

In addition, interest was paid by Chu Sau Ben to Libra Engineering for the share capital payable to Libra Engineering in 2008.

Accordingly, details of the amounts due to/from Chu Sau Ben over the Relevant Period are set out below:

(S\$'000)	As at 31 December 2008	As at 31 December 2009	As at 31 December 2010	As at 30 June 2011	As at the Latest Practicable Date
Amount due to Chu Sau Ben	—	—	—	13	—
Amount due from Chu Sau Ben	414	23	61	—	—

The largest outstanding amount due to Chu Sau Ben during the Relevant Period, based on the amounts as at the end of each calendar month, was approximately S\$88,221.

The largest outstanding amount due from Chu Sau Ben during the Relevant Period, based on the amounts as at the end of each calendar month, was approximately S\$461,685.



## INTERESTED PERSON TRANSACTIONS

### William Lee Kay Choon

The advances that were extended to the Group for the Relevant Period were as follows:

(S\$'000)	FY2008	FY2009	FY2010	HY2011	1 July 2011 to the Latest Practicable Date
Advances extended to our Group	—	28	—	1	—

The advances were unsecured, interest-free and repayable on demand and hence were not negotiated on an arm's length basis. There is no cash advance extended by our Group to William Lee Kay Choon during the Relevant Period.

Details of the amounts due to William Lee Kay Choon during the Relevant Period are set out below:

(S\$'000)	As at 31 December 2008	2009	2010	As at 30 June 2011	As at the Latest Practicable Date
Amount due to William Lee Kay Choon	7	78	78	16	—

The largest outstanding amount due to William Lee Kay Choon from our Group during the Relevant Period, based on the amounts as at the end of each calendar month, was approximately S\$77,940.

As at the Latest Practicable Date, all the outstanding advances extended by/to our Executive Directors, Chu Sau Ben and William Lee Kay Choon to/by our Group have been fully repaid or satisfied and settled. We do not expect to enter into any future transactions of the above nature.

## ON-GOING INTERESTED PERSON TRANSACTIONS

### **Personal guarantees provided by our Executive Directors, Chu Sau Ben and William Lee Kay Choon**

- (a) Our Group's current bank borrowings and banking facilities are secured by personal guarantees provided by our Executive Directors, Chu Sau Ben and William Lee Kay Choon. Information on the guarantees currently provided by such persons is set out below:

Financial Institution and Borrower	Guarantee provided by	Date of Guarantee	Details of Guarantee and Facilities	Largest Amount Guaranteed	Amount Outstanding as at LPD
EQ Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	22 March 2010 to 22 January 2014	Performance bond of S\$177,500	S\$177,500	S\$177,500
China Taiping Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	2009 – 2011	Security bond of S\$1,154,000 for foreign workers	S\$1,154,000	S\$1,154,000
China Taiping Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	7 March 2011 to 14 September 2013	Performance bond of S\$79,000	S\$79,000	S\$79,000

## INTERESTED PERSON TRANSACTIONS

Financial Institution and Borrower	Guarantee provided by	Date of Guarantee	Details of Guarantee and Facilities	Largest Amount Guaranteed	Amount Outstanding as at LPD
China Taiping Insurance in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	25 April 2011 to 24 April 2012	Indemnification given by Kin Xin Engineering and its Directors as sub-contractor to main contractor for letter of undertaking to the MOM to support the application of 20 foreign workers	S\$60,000	S\$60,000
OCBC in favour of Kin Xin Engineering	Chu Sau Ben	10 November 2006	Guarantee and Indemnity for all monies	S\$120,000	S\$7,280
ORIX Leasing Singapore Limited ("ORIX") in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	13 January 2010	Joint and several guarantee for bridging loan	S\$400,000	S\$186,668
ORIX in favour of Libra Engineering	Chu Sau Ben and William Lee Kay Choon	19 February 2010	Joint and several guarantee of S\$300,000 for the working capital facility	S\$300,000	S\$148,538
Malayan Banking Berhad in favour of Libra Engineering	Chu Sau Ben and William Lee Kay Choon	18 June 2010	Personal joint and several guarantee of S\$500,000 for LIS facility	S\$500,000	—
Public Islamic Bank Berhad in favour of Libra Engineering (Malaysia)	Chu Sau Ben and William Lee Kay Choon	5 July 2010	Joint and several guarantee of RM296,000 for credit facilities	RM296,000	RM282,844
ORIX in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	24 August 2010	Joint and several guarantee for bridging loan	S\$500,000	S\$236,916
Malayan Banking Berhad in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	1 October 2010	Joint and several guarantee for LIS and Local Enterprise Finance Scheme	S\$1,000,000	S\$889,755
ORIX Capital Limited in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	31 December 2010	Joint and several all moneys guarantee of S\$250,000 for term loan facilities	S\$250,000	S\$192,290
ORIX Capital Limited in favour of Libra Engineering	Chu Sau Ben and William Lee Kay Choon	28 January 2011	Joint and several personal guarantee of S\$250,000 for term loan facilities	S\$250,000	S\$199,174
Stanchart in favour of Libra Engineering	Chu Sau Ben	25 March 2011	Existing all monies charge over deposits of at least S\$23,035 and existing all monies guarantee	S\$700,000	S\$693,754

## INTERESTED PERSON TRANSACTIONS

Financial Institution and Borrower	Guarantee provided by	Date of Guarantee	Details of Guarantee and Facilities	Largest Amount Guaranteed	Amount Outstanding as at LPD
ORIX in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	9 June 2011	Joint and several all monies guarantee for working capital facility	S\$500,000	S\$378,252
ETHOZ Capital Ltd in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	20 June 2011	Joint and several personal guarantee for term loan facility	S\$250,000	S\$224,925
DBS Bank Ltd in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	22 July 2011	Joint and several personal guarantee for banking facility	S\$1,500,000	—
SHC Capital Limited in favour of Kin Xin Engineering	Chu Sau Ben and William Lee Kay Choon	1 September 2011 to 31 December 2013	Performance bond of S\$20,250	S\$20,250	S\$20,250

The largest aggregated amount guaranteed in respect of the aforesaid facilities obtained by our Group as at the Latest Practicable Date was approximately S\$7.8 million and RM0.3 million.

As at the Latest Practicable Date, the aggregate amount outstanding, in respect of the aforesaid banking facilities obtained by our Group and for which guarantees have been extended by the relevant Interested Persons stated in the above table was approximately S\$4.6 million and RM0.3 million. No consideration was paid to Chu Sau Ben and William Lee Kay Choon for the provision of the aforesaid guarantees.

The interest rates on these banking facilities range between 3.5% per annum and 14.0% per annum, or such other rates as the respective financial institutions may determine from time to time.

Our Directors have indicated that they intend to procure the release and discharge of the above guarantees from the relevant financial institutions/finance companies after our admission to the Official List of the SGX-ST by substituting the same with other securities acceptable to the financial institutions/finance companies. In the event that the financial institutions/finance companies do not release our Directors from their obligations under the guarantees and we are unable to secure alternative bank facilities on similar terms, they will continue to provide the relevant guarantees until such time when we are able to secure suitable alternative facilities at no less favourable terms from other financial institutions similar to those applicable to the current facilities.

- (b) On 21 July 2011, our Executive Directors, Chu Sau Ben and William Lee Kay Choon provided joint and several guarantees to Tai Sin for any outstanding account and liabilities incurred by them for up to S\$500,000 and S\$200,000 respectively until 31 December 2012. Tai Sin supplies our subsidiary, Kin Xin Engineering, with electrical items for our projects. No consideration was paid to Chu Sau Ben and William Lee Kay Choon for the provision of the guarantees.

## GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all Interested Person Transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted in terms

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## INTERESTED PERSON TRANSACTIONS

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and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Group or our Shareholders, in any way.

To ensure that all future Interested Person Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our minority Shareholders, the following procedures will be implemented by our Group:

- (a) When purchasing any products or engaging any services from an Interested Person, two (2) other quotations from non-interested persons will be obtained for comparison to ensure that the interests of our Group or our minority Shareholders are not disadvantaged. The purchase price or fee for the products or services shall not be higher than the most competitive price or fee of the two (2) other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors including, but not limited to, quality, requirements, specifications, delivery time and track record will be taken into consideration;
- (b) When selling any products or supplying any services to an Interested Person, the price or fee and terms of two other successful transactions of a similar nature with non-interested persons will be used as comparison to ensure that the interests of our Group or our minority Shareholders are not disadvantaged. The price or fee for the supply of products or services shall not be lower than the lowest price or fee of the two (2) other successful transactions with non-interested persons;
- (c) When renting properties from or to an Interested Person, appropriate steps will be taken to ensure that such rent is matched with prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (where necessary). The rent payable shall be based on the most competitive market rental rates of similar properties in terms of size and location, based on the results of the relevant enquiries;
- (d) Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products and/or services may be purchased only from an Interested Person, the Interested Person Transaction will be approved by our Group's Chief Executive Officer or an equivalent of the relevant company in our Group, who has no interest in the transaction, in accordance with our Group's usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (e) In addition, we shall monitor all Interested Person Transactions entered into by us and categorise these transactions as follows:
  - (i) a Category 1 Interested Person Transaction is one where the value thereof is in excess of 3.0% of the NTA of our Group; and
  - (ii) a Category 2 Interested Person Transaction is one where the value thereof is below or equal to 3.0% of the NTA of our Group.

All Category 1 Interested Person Transactions must be approved by our Audit Committee prior to entry whereas Category 2 Interested Person Transactions need not be approved by our Audit Committee prior to entry but shall be reviewed at least on a half-yearly basis by our Audit Committee.

Our Audit Committee will review all Interested Person Transactions, if any, on a half-yearly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above. It will take into account all relevant non-quantitative factors. Such review includes the

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## INTERESTED PERSON TRANSACTIONS

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examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers or valuers to provide additional information pertaining to the transaction under review. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

Our Company shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register to record all Interested Persons Transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

Disclosure will be made in our Company's annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review and in the subsequent annual reports for the subsequent financial years of our Company.

Internal auditors will be appointed and their internal audit plan will incorporate a review of all the Interested Person Transactions at least on an annual basis. The internal audit report will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with.

Our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our Shareholders. Further, if during these periodic reviews by our Audit Committee, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that the Interested Person Transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate.

In addition, our Audit Committee will include the review of Interested Person Transactions as part of the standard procedures while examining the adequacy of our internal controls. Our Board will also ensure that all disclosure, approval and other requirements on Interested Person Transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if required by the Catalist Rules.

## POTENTIAL CONFLICTS OF INTEREST

Save as disclosed in the section entitled "Interested Person Transactions" of this Offer Document, none of our Directors, Controlling Shareholders or any of their Associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the sections entitled "Interested Person Transactions" and "Directors, Management and Staff — Service Agreements" of this Offer Document, none of our Directors has any

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## INTERESTED PERSON TRANSACTIONS

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interests in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

### Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or its subsidiaries.

No expert (i) is employed on a contingent basis by our Company or our subsidiaries; or (ii) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

### Interests of Manager, Sponsor and Placement Agent

In the reasonable opinion of our Directors, the Manager, Sponsor and Placement Agent, PPCF, does not have a material relationship with our Company save as disclosed below and in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document:

- (a) PPCF is the Manager, Sponsor and Placement Agent in relation to the Listing;
- (b) PPCF will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on the Catalist; and
- (c) Pursuant to the Management Agreement and as part of PPCF’s management fees as the Manager and Sponsor, our Company issued and allotted to PPCF 2,196,000 new Shares, representing 3.0% of the issued share capital of our Company prior to the Placement, at the Issue Price for each Share. Upon completion of the relevant moratorium periods as set out in the section entitled “Shareholders — Moratorium” of this Offer Document, PPCF will be disposing of its relevant shareholding interests in our Company at its discretion.

### Interests of Sub-Placement Agent

In the reasonable opinion of our Directors, the Sub-Placement Agent, Asiasons, does not have a material relationship with our Company, save as Asiasons is the Sub-Placement Agent of the Placement and as disclosed in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document.

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## DIRECTORS, MANAGEMENT AND STAFF

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### DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of each of our Directors are set out below:

Name	Age	Residential Address	Country of Principal Residence	Principal Occupation
Chu Sau Ben	46	Blk 462 Hougang Avenue 10 #09-950 Singapore 530462	Singapore	Executive Chairman
William Lee Kay Choon	37	Blk 103 Rivervale Walk #07-76 Singapore 540103	Singapore	Executive Director and Chief Executive Officer
Yuen Sou Wai	57	53 Sunrise Avenue #04-25 Singapore 806746	Singapore	Independent Director
Eng Meng Leong	57	1 Sennett Close Singapore 466995	Singapore	Independent Director
Dr. Philip Tan Meng Ngee	57	51 Jalan Senyum Singapore 418168	Singapore	Independent Director

The business and working experience and areas of responsibility of our Directors are set out below:

**Chu Sau Ben**, our Executive Chairman, has over 26 years of experience in the construction industry. As the Executive Chairman of our Company, he is responsible for the overall management, strategic planning and business development of our Group.

Since the age of 18, Chu Sau Ben has been involved in various works involving ACMV components where he gained valuable hands-on experience. In 1997, he joined Kin Xin Engineering as its Operations Manager and was responsible for the management and operations of Kin Xin Engineering. Largely due to his drive and foresight, Chu Sau Ben 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 and Kin Xin Engineering was able to secure more projects of increasing scale and value from both public and private sectors customers over the years. In 2005, he was appointed as the Managing Director of Kin Xin Engineering. In the same year, Chu Sau Ben incorporated Libra Engineering to engage in the business of manufacturing of ACMV ducts to provide a one-stop service to our customers whereby our Group is capable of manufacturing, supplying to and installing ACMV ductwork for our customers.

Chu Sau Ben holds a certificate on ducting installation for air-conditioning and ventilation from the Construction Industry Development Board, currently known as the BCA.



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## DIRECTORS, MANAGEMENT AND STAFF

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**William Lee Kay Choon**, our Executive Director and Chief Executive Officer, oversees all key aspects of our Group's operations, including the tendering process of our projects and is responsible for identifying and securing new projects for our Group.

William Lee Kay Choon started his career as an engineer with Fettle Engineering Co. (S) Pte Ltd from 1999 to 2001, and subsequently with Johnson Control (S) Pte. Ltd. from 2001 to 2004, where he was involved in project management on worksites and was responsible for budget costing, preparation of tendering materials and drawings, as well as liaising with customers and consultants on various site matters. From 2004 to 2005, before William Lee Kay Choon joined us, he was the Assistant Project Manager of Tyco Fire & Security where he was involved in similar duties. William Lee Kay Choon joined Kin Xin Engineering in 2005 as its Operation Manager and was responsible for overseeing the daily operations of Kin Xin Engineering. He was appointed a director of Kin Xin Engineering and Libra Engineering in 2008.

William Lee Kay Choon holds the Industrial Technician Certificate in Mechanical and Electrical Drafting and Design from ITE Macpherson, a Diploma in Building Services Engineering from Ngee Ann Polytechnic and a Bachelor of Building (Construction Management and Economics)(Hons) from the National University of Singapore. He is also an associate member of the American Society of Heating, Refrigerating and Air-Conditioning Engineers. In 2010, William Lee Kay Choon was conferred the 2010 Successful Entrepreneur award in the Platinum Category by GRC Press Holdings.

**Yuen Sou Wai** is our Independent Director and was appointed to our Board on 4 October 2011. He is currently the lead independent director of Chew's Group Limited and a non-executive director of YHI International Limited, which are companies listed on the SGX-ST. Prior to his appointment as a non-executive director of YHI International Limited, Yuen Sou Wai held the position of group chief financial officer as well as executive director responsible for the group's operations in Australia, New Zealand, Italy, the United States of America and Canada.

Yuen Sou Wai has more than 35 years of broad-based financial management experience in various large local and multinational companies where he had held several senior financial positions including chief financial officer, regional finance director and group financial controller. Prior to joining the YHI group of companies in 1996, Yuen Sou Wai was the regional finance director (Asia Pacific) with Diversey Corporation, Canada, a multinational corporation engaged in the business of supplying and manufacturing industrial specialty chemicals worldwide. He was with the Diversey group of companies since 1988 and held several key portfolios in financial management within the Asia Pacific region. From 1980 to 1988, Yuen Sou Wai was the financial manager and company secretary of Computer Forms Toppan Moore Pte Ltd and from 1977 to 1980, he was a management accountant with Singapore Glass Manufacturers Pte Ltd. From 1975 to 1977, he was a cost and management accountant with Metal Containers Pte. Ltd.

Yuen Sou Wai holds a Master of Business Administration from the University of Leicester, United Kingdom. He is a Fellow of The Chartered Institute of Management Accountants of the United Kingdom, a Fellow of the Institute of Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

**Eng Meng Leong** is our Independent Director and was appointed to our Board on 4 October 2011. He has over 25 years of experience in the tax industry, having previously worked in KPMG Services Pte. Ltd. ("KPMG Services") from April 1984 to September 2009, and rose to become a director of KPMG Services. He is currently an independent director of Kreuz Holdings Limited and HSR Global Limited, companies listed on Catalist of the SGX-ST.

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## DIRECTORS, MANAGEMENT AND STAFF

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Eng Meng Leong was admitted as an associated member of the Institute for Chartered Accountants of England and Wales in 1982. He is also a member of the Institute of Certified Public Accountants of Singapore.

**Dr. Philip Tan Meng Ngee** is an Independent Director of our Company. He was appointed to our Board on 4 October 2011. Dr. Philip Tan Meng Ngee is currently a Management Scientist with Alliance Dynamics Research & Management (Asia Pacific) Pte Ltd and Alliance Dynamics Research & Technologies (Asia Pacific) Pte. Ltd., where he provides management advisory services and is in charge of product development and invention. He started his career in 1981 as a financial analyst with Citibank. In 1982, he moved on to become a Manager of the commercial credit department with Bank of America. In 1985, he became the Vice-President of the corporate finance department of Transpacific Securities Inc (USA). In 1986, he was appointed manager of investments with BNP Paribas. In 1989, he was appointed Group Corporate Planning Manager with Haw Par Brothers International. He then became the Group General Manager of Hai Leck Engineering Pte Ltd from 1992 to 1993, where he was involved in the restructuring of the company for initial public offering. In 1994, he was the Group General Manager of the CK Group. He then left to become the Group President and Chief Executive Officer of Huangpu Holdings International Group from 1995 to 1997. Dr. Philip Tan Meng Ngee was previously an independent director of Seatown Corporation Ltd, which was previously listed on the SGX-ST.

Dr. Philip Tan Meng Ngee holds a Bachelor of Science in Business Administration, Finance and Economics from the Oklahoma State University, USA. In 1981, he obtained his Masters of Science in Monetary Economics and Financial Management from the same university. He was subsequently conferred a Doctor of Management from IMC United Kingdom and Southern Cross University of Australia in 2000.

Rule 406(3)(a) of the Catalist Rules states that as a pre-quotation disclosure requirement, a listing applicant must release a statement (via SGXNET or in the offer document) identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. With regards to Rule 406(3)(a) of the Catalist Rules, three (3) of our Directors, Yuen Sou Wai, Eng Meng Leong and Dr. Philip Tan Meng Ngee, have prior and/or current experience as directors of other public listed companies in Singapore, and are familiar with the roles and responsibilities of a director of a public listed company in Singapore. Our other Directors, Chu Sau Ben and William Lee Kay Choon had attended the relevant training at the Singapore Institute of Directors on 17 September 2010 to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

Save as disclosed in the sections entitled “Shareholders — Shareholding and Ownership Structure”, “Directors, Management and Staff — Executive Officers” and “Directors, Management and Staff — Related Employees” of this Offer Document, none of our Directors are related to each other, our Executive Officers or our Substantial Shareholders.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our Directors or Substantial Shareholders.

None of our Independent Directors sits on the board of our subsidiaries.

## DIRECTORS, MANAGEMENT AND STAFF

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
<b>Chu Sau Ben</b>	<b>Group Companies</b> Kin Xin Engineering Libra Engineering Libra Engineering (Malaysia)	<b>Group Companies</b> Nil
	<b>Other Companies</b> HS Development	<b>Other Companies</b> Nil
<b>William Lee Kay Choon</b>	<b>Group Companies</b> Kin Xin Engineering Libra Engineering Libra Engineering (Malaysia)	<b>Group Companies</b> Nil
	<b>Other Companies</b> HS Development	<b>Other Companies</b> Nil
<b>Yuen Sou Wai</b>	<b>Group Companies</b> Nil	<b>Group Companies</b> Nil
	<b>Other Companies</b> YHI International Limited Chew's Group Limited	<b>Other Companies</b> Toshka Holdings Limited O.Z S.p.A Pan-Mar Corporation YHI (Australia) Pty Ltd YHI (Canada) Inc YHI International (Taiwan) Co Ltd YHI Manufacturing (Shanghai) Co Ltd YHI (New Zealand) Ltd YHI Power Pty Ltd
<b>Eng Meng Leong</b>	<b>Group Companies</b> NIL	<b>Group Companies</b> NIL
	<b>Other Companies</b> Kreuz Holdings Limited HSR Global Limited	<b>Other Companies</b> KPMG Services Pte. Ltd.

## DIRECTORS, MANAGEMENT AND STAFF

Name	Present Directorships	Past Directorships
<b>Dr. Philip Tan Meng Ngee</b>	<b>Group Companies</b> NIL	<b>Group Companies</b> NIL
	<b>Other Companies</b> Alliance Dynamics Research & Management (Asia Pacific) Pte Ltd Alliance Dynamics Research & Technologies (Asia Pacific) Pte. Ltd.	<b>Other Companies</b> Arcadian Asia Pte. Ltd. Stephen McLaren Consultants Pte Ltd

### EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Residential Address	Country of Principal Residence	Principal Occupation
Thia Meng Chng	53	Block 341 Sembawang Close #15-65 Singapore 750341	Singapore	Chief Financial Officer
Lam Kee Shing	39	Block 308C Anchorvale Road #10-28 Singapore 543308	Singapore	Senior Project Manager
Ti Tiong Kwee	43	Blk 19 Hougang Avenue 3 #12-181 Singapore 530019	Singapore	Business Manager
Yeo Quee Siong, Benjamin	38	Block 268A Compassvale Link #12-41 Singapore 541268	Singapore	Project Manager
Jin Changsheng	36	Blk 265 Tampines St 21 #07-44 Singapore 520265	Singapore	Assistant Contracts Manager
Chu Kee Yong	38	Blk 317A Anchorvale Road #07-226 Singapore 541317	Singapore	Assistant Operations Manager

The business and working experience and areas of responsibility of our Executive Officers are set out below:

**Thia Meng Chng** is our Chief Financial Officer since April 2010. She has over 30 years of experience in accounting and finance and is responsible for the full spectrum of financial, accounting and administrative functions in our Group, comprising financial accounting and costing, as well as the management of the human resource function of our Group. Thia Meng Chng started her career as an audit officer with the Auditor-General's Office from 1980 to 1990 where she was responsible for conducting financial audit, systems and internal control review, programme audit, and efficiency and effectiveness audit. From 1993 to 1997, Thia Meng Chng was with Sitaclean Technologies Pte Ltd as the regional internal auditor/financial controller where she was overseeing the internal audit function

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## DIRECTORS, MANAGEMENT AND STAFF

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and financial planning and analysis of the Asia Pacific headquarters, financial management, budgeting and costing. From 1997 to 2001, Thia Meng Chng was employed as the financial controller of Singco (Private) Limited and Novena Holdings Limited, a company listed on the SGX-ST, before joining Vita Holdings Limited, a company listed on the SGX-ST, as its chief financial officer in 2003 and TTS Eurocars Pte Ltd as its financial controller in 2007.

Thia Meng Chng holds a Master in Business and a Graduate Diploma in Accounting from the Victoria University of Technology in 1996. She is a certified practising accountant, having been admitted to the Australian Society of Certified Practising Accountants since 1999, and was further advanced to the status of Fellow of CPA Australia in 2004. Thia Meng Chng has also been admitted as a Fellow of the Institute of Certified Public Accountants of Singapore in 2010.

**Lam Kee Shing** joined Kin Xin Engineering in 2010 as the Senior Project Manager and is primarily responsible for project management, project planning, and project budgeting and costing.

Lam Kee Shing started his career with McDonalds Pte Ltd as an assistant store manager from 1998 to 1999, where he was responsible for the restaurant's daily operations, finance management, training and maintenance of the store's equipment. From 2000 to 2006, he joined Dai-Dan Co., Ltd. as a project engineer, where he was responsible for shopdrawing, project planning and supervision. From 2007 to 2010, before Lam Kee Shing joined us, he was with King Wan Construction Pte. Ltd. as a senior project manager and was responsible for project tendering, project management and cost control.

Lam Kee Shing holds a Diploma in Mechanical Engineering from Singapore Polytechnic and a Bachelor of Engineering (Hons) in Mechanical Engineering from the University of Bradford.

**Ti Tiong Kwee** is our Business Manager of our subsidiary, Libra Engineering. He is responsible for business development, production management and product development of Libra Engineering. He joined Kin Xin Engineering in 2008 as Project Manager before he was seconded to Libra Engineering. From 1985 to 1994, Ti Tiong Kwee was with the Republic of Singapore Navy as a senior weapon system specialist, and from 1994 to 1997, he was with Litton Components (S) Pte Ltd as a maintenance supervisor where he was responsible for plant and facilities maintenance, project supervision, liaison with contractors and purchasing. In 1997, Ti Tiong Kwee joined Finessco Engineering (S) Pte Ltd as assistant product manager and was responsible for the sales and marketing of engineered products to existing and new customers at various industries. He left Finessco Engineering (S) Pte Ltd in 2003 and joined Jin Sen Engineering Pte Ltd as its sales manager and director for two (2) years and was involved in the sales and marketing of power quality products, as well as assisting in the overall administration and operations of the company. In 2003, he also joined Quality Power Technology Pte Ltd as its sales manager and director, dealing with power quality products. Before joining us, Ti Tiong Kwee was with Willy Air-Con & Engineering Pte Ltd as a project manager and was responsible for project management and budgeting, and liaison with suppliers, sub-contractors and customers.

Ti Tiong Kwee holds a Diploma in Electrical Engineering and an Advanced Diploma in Business Information Systems from Singapore Polytechnic.

**Yeo Quee Siong, Benjamin** joined Kin Xin Engineering in 2009 as Project Manager and is responsible for project management, project planning, project budgeting and costing, procurement of equipment and negotiating with suppliers, as well as liaising with developers, consultants, main contractors and the authorities.

Yeo Quee Siong, Benjamin has more than 10 years of experience in site planning and supervision, attending site meetings, as well as liaising with other traders, main contractors and the authorities, while employed as a project engineer with Trans Equatorial Pte. Ltd. from 1998 to 2001 and in a similar

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## DIRECTORS, MANAGEMENT AND STAFF

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position with Sennet Electrical Engineering Pte. Ltd. from 2001 to 2008. Prior to joining us, Yeo Quee Siong, Benjamin was with AP Lab Pte. Ltd from 2008 to 2009 and Progen Pte. Ltd. in 2009 as a project manager where he was responsible for project management, project planning, project budgeting and costing, procurement of equipment and negotiating with suppliers, as well as liaising with developers, consultants, main contractors and the authorities.

Yeo Quee Siong, Benjamin holds a Diploma in Electrical Engineering from Ngee Ann Polytechnic.

**Jin Changsheng**, our Assistant Contracts Manager, reports to our Executive Directors and assists our Executive Directors in sourcing for new contracts and tenders, as well as performing tender analysis and evaluation. Jin Changsheng joined our subsidiary, Kin Xin Engineering, as a 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. He was promoted to Senior Engineer in 2008 and to his current position of Assistant Contracts Manager in 2010.

Jin Changsheng started his career in 1998 with Shenyang No. 1 Tools Machine Co. (China) as an assistant design engineer where he assisted in the designing of tools machine. He left Shenyang No. 1 Tools Machine Co. (China) in 2000 to join Comfort Management Pte Ltd where he served as an assistant service engineer from 2000 to 2002 and service engineer from 2002 to 2005. He was responsible for the preparation of operation and maintenance schedule and quotation for repair or additional works, as well as the operation, maintenance, troubleshooting and servicing of centralised air-conditioning systems, commercial air-conditioning systems, cooling towers, and ACMV systems, amongst others.

Jin Changsheng holds a Bachelor's Degree of Engineering from Shenyang University in 1998.

**Chu Kee Yong**, our Assistant Operations Manager, is primarily responsible for the coordination of the sale of ACMV ducts, which involves the registration of orders from customers to production planning. From 1995 to 1998, Chu Kee Yong was with Royal Sporting House (M) Sdn Bhd, heading its display department. In 1999, she joined Alltrade Industrial & Motor Supplies as an administrative clerk and was responsible for handling the company's administrative matters, and in 2000, she joined Sin Star Hou Engineering Pte Ltd as a planner assistant where she was responsible for the daily production planning. Prior to joining us, Chu Kee Yong gained experience in the area of sales coordination by working as a sales coordinator at Kee Song Poultry and Superfix (Singapore) Pte Ltd from 2001 to 2005. Chu Kee Yong joined us as a quantity surveyor in 2005 and was responsible for bills of quantities and costing, and was promoted to her current position in 2009 in view of her ability to set up the whole operations of Libra Engineering by using her broad-based experience in marketing, sales co-ordination and production planning.

Chu Kee Yong holds a Diploma in Graphic Design from the Malaysian Institute of Art.

Save for Chu Kee Yong being the sister of our Executive Chairman, Chu Sau Ben, there is no family relationship between any of our Directors and/or Executive Officers, or between any of our Directors, Executive Officers and Substantial Shareholders.

There is no arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Key Executive Officers was selected as our Director or Executive Officer.

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## DIRECTORS, MANAGEMENT AND STAFF

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The list of present and past directorships of each Executive Officer over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

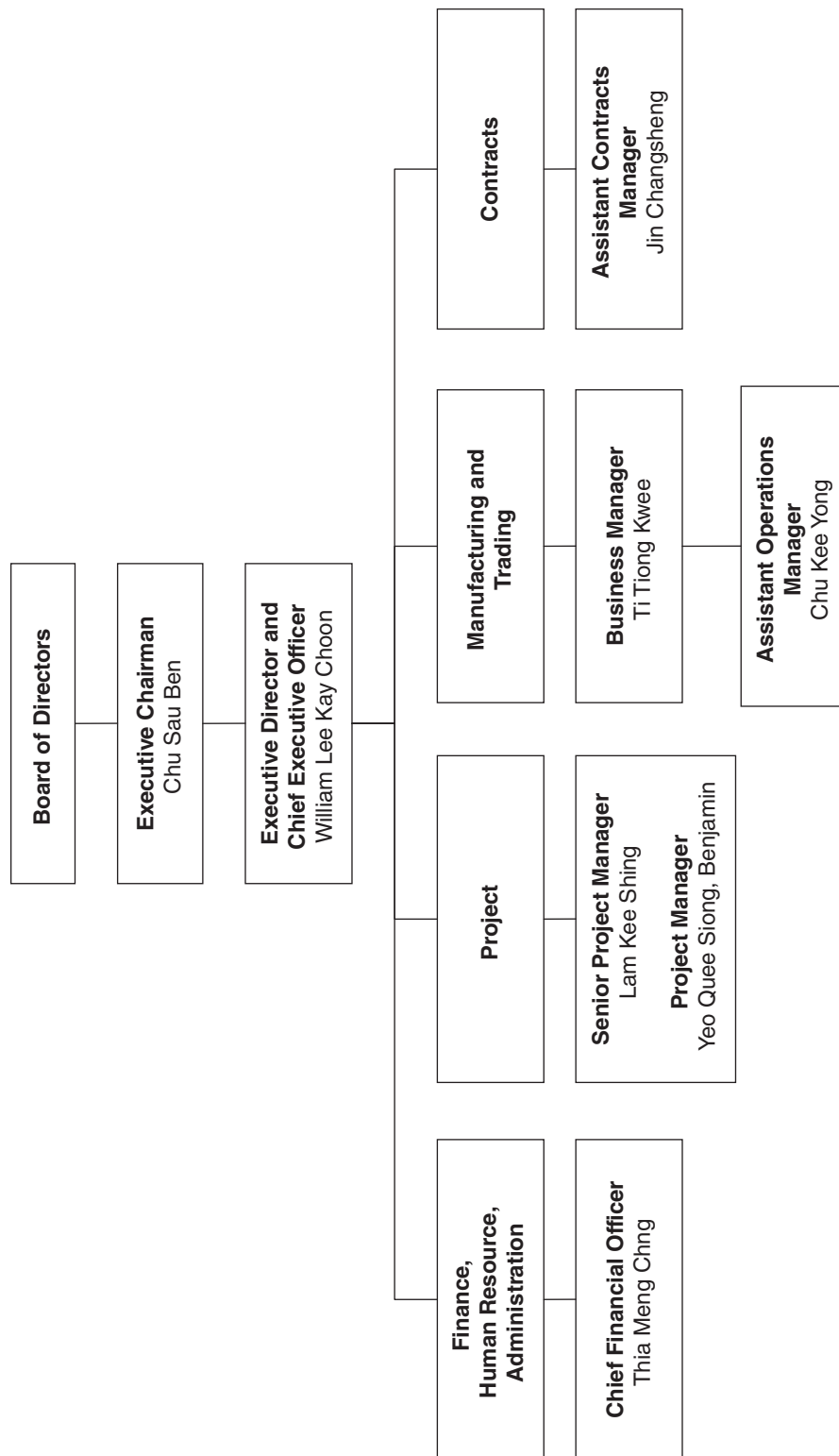
Name	Present Directorships	Past Directorships
Thia Meng Chng	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil
Lam Kee Shing	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil
Ti Tiong Kwee	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Quality Power Technology Pte. Ltd.	Nil
Yeo Quee Siong, Benjamin	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil
Jin Changsheng	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil
Chu Kee Yong	<b>Group Companies</b>	<b>Group Companies</b>
	Nil	Nil
	<b>Other Companies</b>	<b>Other Companies</b>
	Nil	Nil



## DIRECTORS, MANAGEMENT AND STAFF

### MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is as follows:



## DIRECTORS, MANAGEMENT AND STAFF

### EMPLOYEES

The functional distribution of our Group's employees as at the end of 31 December 2008, 2009 and 2010 and 30 June 2011 are as follows:

Function	As at 31 December			As at 30 June
	2008	2009	2010	2011
Corporate	2	2	2	2
Finance, human resources and administration	18	17	14	12
Operations — M&E Services	170	253	216	152
Operations — Manufacturing	3	11	33	34
<b>Total</b>	<b>193</b>	<b>283</b>	<b>265</b>	<b>200</b>

As at the Latest Practicable Date, the total number of employees employed by our Group was 197.

As at the Latest Practicable Date, we have not begun operations in Malaysia, as such all our employees are based in Singapore.

The number of employees for the finance, human resources and administration department decreased from 18 as at 31 December 2008, to 12 as at 30 June 2011, due to the setting up of the operations department at Libra Engineering and the segregation of duties between Kin Xin Engineering and Libra Engineering. The increase in the number of employees for M&E Services from 170 as at 31 December 2008, to 253 as at 31 December 2009, was due to the commencement of various projects at a large-scale integrated resort. Subsequently, the numbers decreased to 152 as at 30 June 2011, due to the completion of these projects at the integrated resort and our Group focused more on a managerial and supervisory scope of work. The number of employees for our manufacturing department increased from 3 as at 31 December 2008 to 34 as at 30 June 2011, due to the expansion of our manufacturing capability.

We do not employ a significant number of temporary employees.

Our employees are not covered by any collective bargaining agreements and are not unionised. The relationship and co-operation between the management and staff have been good and are expected to continue and remain as such in the future. There has not been any incidence of work stoppages or labour disputes which affected our operations.

Other than amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrued any amount of money to provide for pension, retirement or similar benefits to our employees.

### RELATED EMPLOYEES

As at the Latest Practicable Date, other than our Executive Officer, Chu Kee Yong, being the sister of our Executive Chairman, Chu Sau Ben, as disclosed in the section entitled "Directors, Management and Staff — Executive Officers", we have three (3) other employees who are related to our Executive Chairman, Chu Sau Ben (the "**Related Employees**"), the details of which are as follows:

Name	Position Held	Relationship with our Executive Director and Executive Officer
Chu Fai Fong	Human Resource Executive	Sister of Chu Sau Ben and Chu Kee Yong
Chu Sew Ting	Supervisor	Brother of Chu Sau Ben and Chu Kee Yong
Lee Yo Wei	Foreman	Brother-in-law of Chu Sau Ben

## DIRECTORS, MANAGEMENT AND STAFF

Save as disclosed above, there is no family relationship between any of our Directors and/or Executive Officers, or between any of our Directors, Executive Officers, Substantial Shareholders and employees.

The remuneration of the Related Employees is determined on the same basis as those of unrelated employees. Chu Fai Fong, Chu Sew Ting and Lee Yo Wei do not hold managerial positions in our Group.

### DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation paid to our Directors and our Executive Officers by our Group for FY2008, FY2009 and FY2010, and the estimated compensation to be paid to our Directors and our Executive Officers for FY2011 by our Group (on an aggregate basis and in remuneration bands<sup>(1)</sup>) are as follows:

	FY2008	FY2009	FY2010	FY2011 <sup>(2)</sup> (Estimated)
<b><u>Directors</u></b>				
Chu Sau Ben	A	B	B	B
William Lee Kay Choon	A	A	A	A
Yuen Sou Wai	—	—	—	A
Eng Meng Leong	—	—	—	A
Dr. Philip Tan Meng Ngee	—	—	—	A
<b><u>Executive Officers</u></b>				
Thia Meng Chng	—	—	A	A
Lam Kee Shing	—	—	A	A
Ti Tiong Kwee	A	A	A	A
Yeo Quee Siong, Benjamin	—	A	A	A
Jin Changsheng	A	A	A	A
Chu Kee Yong	A	A	A	A

**Notes:**

(1) 'A' means between S\$0 and S\$249,999.

'B' means between S\$250,000 and S\$499,999.

'C' means between S\$500,000 and S\$999,999.

'D' means between S\$1,000,000 and S\$1,499,999.

'E' means between S\$1,500,000 and S\$1,999,999.

(2) For the purpose of this estimation, no account is made for the bonuses or profit sharing that our Executive Directors are entitled under their respective service agreements, the details of which are set out under the section entitled "Directors, Management and Staff — Service Agreements" of this Offer Document.

### SERVICE AGREEMENTS

On 19 August 2011, our Company has entered into separate service agreements (collectively, the "Service Agreements" and individually the "Service Agreement") with Chu Sau Ben, William Lee Kay Choon and Thia Meng Chng (collectively, the "Appointees" and individually, the "Appointee") for an initial period of three (3) years with effect from the date of admission of our Company to the Official List of the SGX-ST ("Initial Term"). Upon the expiry of the Initial Term, the employment of the Appointees may be extended for such further period, subject to and on the terms and subject to the conditions to be agreed between the Appointees and our Company, unless otherwise terminated by either party giving not less than six (6) months' notice in writing to the other.

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## DIRECTORS, MANAGEMENT AND STAFF

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Notwithstanding the other provisions of the Service Agreement, our Company shall be entitled to terminate the appointment, but without prejudice to the rights and remedies of our Company for any breach of the Service Agreement and to the Appointee's continuing obligations under the Service Agreement, in any of the following cases:

- (a) if the Appointee is convicted or otherwise found guilty by any court of competent jurisdiction, or pleads guilty to, any offence involving fraud or dishonesty, or of a felony, serious misdemeanour or crime involving moral turpitude; or
- (b) if the Appointee commits an act of bankruptcy under applicable law, is declared a bankrupt or has bankruptcy proceedings commenced against him or any such analogous event occurs under any provisions under applicable law; or
- (c) if the Appointee is guilty of any act or thing which may bring discredit or disrepute to our Company or any related company; or
- (d) if the Appointee neglects or refuses, without reasonable cause, to attend to the business of our Company or any related company to which he is assigned duties; or
- (e) if the Appointee misappropriates assets of our Company or any related company; or
- (f) if the Appointee fails to observe and perform any of the duties and obligations imposed by the Service Agreement or which are imposed by law; or
- (g) if the Appointee otherwise acts in breach of the Service Agreement; or
- (h) if the Appointee becomes of unsound mind; or
- (i) if the Appointee is guilty of dishonesty; or
- (j) if the Appointee is incapacitated by reason of his health or accident from performing his duties and obligations stipulated in the Service Agreement and shall have been so incapacitated for a total period of 180 days or more (whether or not consecutive) in the preceding 12 months; or
- (k) if the Appointee shall cease to hold the office of director pursuant to the Articles of Association of our Company, or is disqualified from holding the office of, or acting as, a director of any company, pursuant to any applicable law, for whatever reason,

and no compensation or liability whatsoever shall be payable or incurred by our Company to the Appointee for termination under the above circumstances.

Pursuant to the terms of the Service Agreements, the Appointees are entitled to annual salaries as set out in bands of remuneration below. In addition, each of the Appointees shall be entitled to a discretionary bonus depending on the relevant Appointee's performance in each financial year. The remuneration of the Appointees is subject to review by our Remuneration Committee at the end of each financial year of our Company. The relevant Appointee shall abstain from voting in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of his Service Agreement.

## DIRECTORS, MANAGEMENT AND STAFF

Appointees	Annual Salary (In bands) <sup>(1)</sup>
Chu Sau Ben	B
William Lee Kay Choon	A
Thia Meng Chng	A

**Note:**

- (1) 'A' means between S\$0 and S\$249,999.  
'B' means between S\$250,000 and S\$499,999.  
'C' means between S\$500,000 and S\$999,999.  
'D' means between S\$1,000,000 and S\$1,499,999.  
'E' means between S\$1,500,000 and S\$1,999,999.

All entertainment, travelling, hotel and other out-of-pocket expenses reasonably incurred by Chu Sau Ben and William Lee Kay Choon in the process of discharging their duties on behalf of our Group will be borne by our Company, subject to limits from time to time set by our Directors.

Under the Service Agreement, except as disclosed or declared to our Company in writing prior to the date of the Service Agreement, the Appointee shall not, until six (6) months after the termination of the appointment:

- (a) within any jurisdiction or marketing area in which our Company or any related company is doing business, directly or indirectly own, manage, operate, control, be employed by or participate in the ownership, management, operation or control of, or be connected in any manner with, any business of the type and character engaged in and competitive with that conducted by the Company or any related company. For these purposes, ownership of securities not exceeding 5.0% of any class of securities of a public company listed on a stock exchange shall not be considered to be competition with our Company or any related company; or
- (b) persuade or attempt to persuade any potential customer or client to which our Company or any related company has made a presentation, or with which our Company or any related company has been in negotiations or having discussions, not to deal with or hire our Company or any related company or to deal with or hire another company; or
- (c) solicit for himself or any person other than our Company or any related company the business of any supplier, customer or client of our Company or any related company, or was its supplier, customer or client within six (6) months prior to the date of termination of the appointment; or
- (d) persuade or attempt to persuade any employee of our Company or any related company, or any individual who was an employee during the six (6) months prior to the date of termination of the appointment, to leave our Company's or any related company's employment, or to become employed by any person other than our Company or any related company.

The Appointee shall keep secret and shall not at any time (whether during the appointment or after the termination of the appointment for whatever reason) use for his own or another's advantage, or reveal to any person, firm or company, any of the trade secrets, business methods or information which the Appointee knew or ought reasonably to have known to be confidential concerning the business or affairs of our Company or any related company so far as they shall have come to his knowledge during the appointment.

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## **DIRECTORS, MANAGEMENT AND STAFF**

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Had the Service Agreements been in effect for FY2010, the aggregate remuneration (including CPF contributions, bonus and benefits-in-kind) payable to the Appointees would have been approximately S\$0.63 million instead of S\$0.58 million and the profit for the year attributable to owners of the Company would be approximately S\$3.66 million instead of S\$3.70 million.

Save as disclosed above, there are no other existing or proposed service contracts entered or to be entered into by our Directors or our Executive Officers with our Company or our subsidiaries. There are no existing or proposed service agreements entered into or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

Our Group has also previously entered into various letters of employment with all our Executive Officers and Executive Directors in the ordinary course of business in accordance with the general employee/staff guidelines, practices and policies. Such letters typically provide for the salary payable to our Executive Officers and Executive Directors, their working hours, medical benefits, grounds of termination and certain restrictive covenants.

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## THE LIBRA PERFORMANCE SHARE PLAN

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A summary of the rules of the Libra Performance Share Plan (“**Performance Share Plan**”) is set out in section 4 below. Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in section 2 of Appendix E entitled “Rules of the Libra Performance Share Plan” of this Offer Document.

### 1. Objectives of the Performance Share Plan

The objectives of the Performance Share Plan are to:

- (a) foster a culture of ownership within our Group which aligns the interests of Group Executives with the interests of Shareholders;
- (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to our Group and to achieve key financial and operational goals of our Company and/or our respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long-term growth and profitability of our Group.

### 2. Operation of the Performance Share Plan

Awards granted under the Performance Share Plan will principally be performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management, aimed at delivering long-term Shareholder value. Examples of performance targets to be set include targets based on criteria such as sales growth, earnings per Share and return on investment.

The Performance Share Plan uses methods fairly common among major local and multinational companies to incentivise and motivate senior executives and key senior management to achieve pre-determined targets, which we believe will create and enhance economic value for Shareholders.

Our Company believes that the Performance Share Plan will be an effective tool in motivating senior executives and key senior management to work towards stretched targets.

The Performance Share Plan contemplates the award of fully-paid Shares, when and after pre-determined performance or service conditions are accomplished.

A Participant’s Award under the Performance Share Plan will be determined at the sole discretion of the Committee. In considering the grant of an Award to a Participant, the Committee may take into account, amongst others, the Participant’s capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skill set.

Awards granted under the Performance Share Plan will be performance-based, with performance targets to be set over a designated Performance Period (typically three (3) years). Performance targets set are intended to be premised on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

The performance targets will be stretched targets aimed at sustaining long-term growth. These targets will be tied in with the Board’s, the Executive Chairman’s as well as the Chief Executive Officer’s corporate key performance indicators.



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## THE LIBRA PERFORMANCE SHARE PLAN

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Under the Performance Share Plan, Participants are encouraged to continue serving our Group beyond the deadline for the achievement of the pre-determined performance targets. The Committee has the discretion to impose a further vesting period after the Performance Period to encourage the Participant to continue serving our Group.

### 3. Maximum Limits on New Shares

The aggregate number of new Shares available under the Libra Performance Share Plan shall not exceed 15.0% of the total post-Placement issued share capital of our Company and from time to time.

Our Directors have decided to utilise the maximum limit available as permitted under the Catalist Rules so as to allow our Company the flexibility to cater for future expansion of our Group.

### 4. Summary of Rules of the Performance Share Plan

#### 4.1 Eligibility

Group Executives (including Group Executive Directors) who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full-time employment of our Group for a period of at least 12 months shall be eligible to participate in the Performance Share Plan.

Controlling Shareholders or Associates of such Controlling Shareholders (who are not Group Executives) are not eligible to participate in the Performance Share Plan. Non-executive Directors (including Independent Directors) of our Group will be eligible to participate in the Performance Share Plan.

Group Executives who are Associates of our Controlling Shareholders are also eligible to participate in the Performance Share Plan provided that the Awards to be granted under the Performance Share Plan to a Participant who is an Associate of our Controlling Shareholder shall be approved by our independent Shareholders in a separate resolution for each such person on his participation of and the grant of the Awards to be granted to such persons as well as the actual number of and terms of such Awards.

#### 4.2 Awards

Awards represent the right of a Participant to receive fully paid-up Shares free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed Performance Period.

Shares which are allotted and issued or transferred to a Participant pursuant to the grant of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by the Committee in the Award Letter), except to the extent approved by the Committee.

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares.

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## THE LIBRA PERFORMANCE SHARE PLAN

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### 4.3 *Participants*

The selection of a Participant and the number of Shares (which are the subject of each Award) to be granted to a Participant in accordance with the Performance Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the Performance Period.

### 4.4 *Details of Awards*

The Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the performance target(s) and the Performance Period during which such performance target(s) are to be satisfied, if any;
- (d) the extent to which Shares, which are the subject of that Award, shall be released at the end of each prescribed performance target(s) being satisfied (whether fully or partially or exceeded or not being satisfied as the case may be at the end of the performance period); and
- (e) any other conditions which the Committee may determine in relation to that Award.

### 4.5 *Timing*

While the Committee has the discretion to grant Awards at any time during each year, it is currently anticipated that Awards would in general be made once a year. An Award Letter confirming the Award and specifying, amongst others, the prescribed performance target(s), the Performance Period during which the prescribed performance target(s) is to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each Participant as soon as is reasonably practicable after the granting of an Award.

### 4.6 *Events Prior to Vesting*

Special provisions for the vesting, lapsing and/or cancellation of Awards apply in certain circumstances including the following:

- (a) in the event of misconduct on the part of a Participant as determined by the Committee in its discretion;
- (b) where the Participant is a Group Executive, upon the Participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (e) below);
- (c) in the event of an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;

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## THE LIBRA PERFORMANCE SHARE PLAN

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- (d) the bankruptcy of a Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of the Award;
- (e) the Participant being a Group Executive ceases to be in the employment of our Group by reason of:
  - (i) ill-health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (ii) redundancy;
  - (iii) retirement at or after the legal retirement age;
  - (iv) retirement before the legal retirement age with the consent of the Committee;
  - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group;
  - (vi) his transfer of employment between companies within our Group where such reason for cessation of employment is approved in writing by the Committee;
  - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group; or
  - (viii) any other event approved by the Committee;
- (f) the death of a Participant;
- (g) any other event approved by the Committee; or
- (h) a takeover, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (c) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, subject as provided in the Rules of the Performance Share Plan and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant Performance Period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant.

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## THE LIBRA PERFORMANCE SHARE PLAN

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If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

### 4.7 ***Size and Duration of the Performance Share Plan***

The total number of new Shares which may be issued pursuant to Awards granted under the Performance Share Plan shall not exceed 15.0% of the post-Placement issued and paid-up share capital of our Company as well as on the day preceding the relevant date of award. The aggregate number of Shares available under the Performance Share Plan shall not exceed 15.0% of the total post-Placement issued share capital of our Company from time to time.

The Performance Share Plan shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the Performance Share Plan is adopted by our Company in general meeting, provided always that the Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

We have made an application to the SGX-ST for permission to deal in and for quotation of new Shares which may be issued upon the grant of Awards under the Performance Share Plan. The approval of the SGX-ST is not to be taken as an indication of the merits of our Group, our Shares or the Performance Shares.

### 4.8 ***Operation of the Performance Share Plan***

Subject to the prevailing legislation, our Company may deliver Shares to Participants upon vesting of their Awards by way of an issue of new Shares or by the procurement of existing Shares.

In determining whether to issue new Shares to Participants upon vesting of their Awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares.

The financial effects of the above methods are discussed in paragraph 8 below. New Shares allotted and issued on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of our Company or our Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the further right to amend the performance target(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

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## THE LIBRA PERFORMANCE SHARE PLAN

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### 5. Adjustments and Alterations under the Performance Share Plan

The following describes the adjustment events under, and provisions relating to alterations of, the Performance Share Plan.

#### 5.1 *Adjustment Events*

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction) shall take place, then:

- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet vested; and/or
- (b) the class and/or number of Shares over which future Awards may be granted under the Performance Share Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless the Committee considers an adjustment to be appropriate.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

#### 5.2 *Modifications or Alterations to the Performance Share Plan*

The Performance Share Plan may be modified and/or altered from time to time by a resolution of the Committee, subject to the prior approval of our Shareholders and the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the written consent in writing of such number of Participants under the Performance Share Plan who, if their Awards were released to them, would become entitled to not less than three-quarters in number of all the Shares which would be issued in full in accordance with all outstanding Awards under the Performance Share Plan.

No alteration shall be made to particular rules of any of the Performance Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

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## THE LIBRA PERFORMANCE SHARE PLAN

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### 6. Disclosures in Annual Reports

Our Company will make such disclosures in its annual report for so long as the Performance Share Plan continues in operation as from time to time required by the Catalist Rules including the following (where applicable):

- (a) the names of the members of the Committee administering the Performance Share Plan;
- (b) the Participants who have received Shares pursuant to the Release of Awards granted under the Performance Share Plan which, in aggregate, represent five (5) per cent or more of the aggregate of the total number of new Shares available under the Performance Share Plan;
- (c) the name of the Participant;
- (d) the number of new Shares issued to such Participant during the financial year under review (including terms);
- (e) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan during the financial year under review;
- (f) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan since the commencement of the Performance Share Plan to the end of the financial year under review;
- (g) the aggregate number of Shares comprised in Awards which have Vested under the Performance Share Plan during the financial year under review and in respect thereof, the proportion of new Shares issued upon the Release of the Vested Awards granted under the Performance Share Plan;
- (h) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan which have not yet Vested, as at the end of the financial year under review; and
- (i) such other information as may be required by the Catalist Rules or the Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

### 7. Role and Composition of the Committee

The Remuneration Committee will be designated as the Committee responsible for the administration of the Performance Share Plan, and will comprise such Directors to administer the Performance Share Plan.

### 8. Financial Effects of the Performance Share Plan

Financial Reporting Standard 102, Share-based payment (**FRS 102**) is effective for the financial statements of our Company for the financial year beginning on or after 1 January 2005. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

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## THE LIBRA PERFORMANCE SHARE PLAN

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The fair value of employee services received in exchange for the grant of the Awards will be recognised as a charge to the income statement over the period between the grant date and the Vesting Date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the Vesting Date, with a corresponding credit to reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the Vesting Date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to the income statement is made.

The amount of the charge to the income statement also depends whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the income statement if the Awards do not ultimately vest.

The following sets out the financial effects of the Performance Share Plan.

### 8.1 *Share capital*

The Performance Share Plan will result in an increase in our Company's issued Shares where new Shares are issued to Participants. The number of new Shares issued will depend on, amongst others, the size of the Awards granted under the Performance Share Plan. In any case, the Performance Share Plan provides that the number of new Shares to be issued under the said Performance Share Plan will be subject to the maximum limit of 15.0% of our total issued and paid-up Shares. The aggregate number of Shares available under the Performance Share Plan shall not exceed 15.0% of the total post-Placement issued share capital of our Company and from time to time.

### 8.2 *NTA*

As described in paragraph 8.3 below on EPS, the Performance Share Plan is likely to result in a charge to our Company's income statement over the period from the grant date to the Vesting Date of the Awards. The amount of the charge will be computed in accordance with FRS 102. When new Shares are issued under the Performance Share Plan, there would be no effect on the NTA.

It should be noted that the delivery of Shares to Participants under the Performance Share Plan will generally be contingent upon the eligible Participants meeting prescribed performance targets and conditions.

### 8.3 *EPS*

The Performance Share Plan is likely to result in a charge to earnings over the period from the grant date to the Vesting Date, computed in accordance with FRS 102.



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## THE LIBRA PERFORMANCE SHARE PLAN

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It should again be noted that the delivery of Shares to Participants of the Performance Share Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

### 8.4 *Dilutive Impact*

It is expected that the dilutive impact of the Performance Share Plan on the NTA per Share and EPS will not be significant.

### 9. **Participation of Executive Directors and Employees of our Group**

The extension of the Performance Share Plan to Executive Directors and employees of our Group allows us to have a fair and equitable system to reward Executive Directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group and to inculcate in Participants a stronger and more lasting sense of identification with our Group.

We believe that the Performance Share Plan will also enable us to attract, retain and provide incentives to its Participants to optimise their standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants generally to contribute towards the long term growth of our Group.

### 10. **Participation of Independent Directors of our Company**

The extension of the Performance Share Plan to the Independent Directors of our Company allows the Group to have a fair and equitable system that recognises and benefits not only persons who are in the direct employment of our Company but also persons who are not employed but nevertheless work closely with our Company and/or are in the position to contribute their experience, knowledge and expertise to the development and success of our Company.

Although the Independent Directors are not involved in the day-to-day running of our Company, they are nonetheless in a position to provide valuable support, input and business contacts and to contribute their experience, knowledge and expertise and/or to provide our Company and our Group with strategic business alliances and opportunities. The Independent Directors are individuals from various disciplines with different working experiences and backgrounds which we may tap for assistance in furthering our business objectives and shaping our business strategies.

It is desirable that the Independent Directors of our Company be allowed to participate in our Performance Share Plan to give recognition to their services and contributions.

We do not expect that the grant of Awards to our Independent Directors, who are also members of our Audit Committee, will compromise their independence, as the total number of Shares issued pursuant to Awards granted to our Independent Directors will not be significant.

### 11. **Participation of Employees who are Associates of Controlling Shareholders**

Employees who are Associates of our Controlling Shareholders (for example, the Related Employees) are also eligible to participate in the Performance Share Plan provided that the actual number of Shares granted under the Performance Share Plan to a Participant who is an Associate

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## THE LIBRA PERFORMANCE SHARE PLAN

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of our Controlling Shareholder shall be approved by our independent Shareholders in a separate resolution for each such person subject to the following:

- (i) the aggregate number of Shares available under the Performance Share Plan shall not exceed 15.0% of the total post-Placement issued and paid-up share capital of our Company and from time to time; and
- (ii) the aggregate number of Shares granted to an Associate of our Controlling Shareholder shall not exceed 10.0% of the total number of Shares which may be granted under the Performance Share Plan.

We acknowledge that the services and contributions of the employees who are Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Performance Share Plan to the eligible Directors and employees who are Associates of our Controlling Shareholders allows our Company to have a fair and equitable system for rewarding the eligible Directors and employees who have made and to continue to make important contributions to the long-term growth of our Group notwithstanding that they are Associates of our Controlling Shareholders. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Performance Share Plan solely by reason that he/she is an Associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of and the grant of Awards to such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each of such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of Associates of our Controlling Shareholders, the number of Shares and terms of the Awards to be granted to Associates of our Controlling Shareholders shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Performance Share Plan resulting from the participation of eligible Directors and employees who are Associates of our Controlling Shareholders.

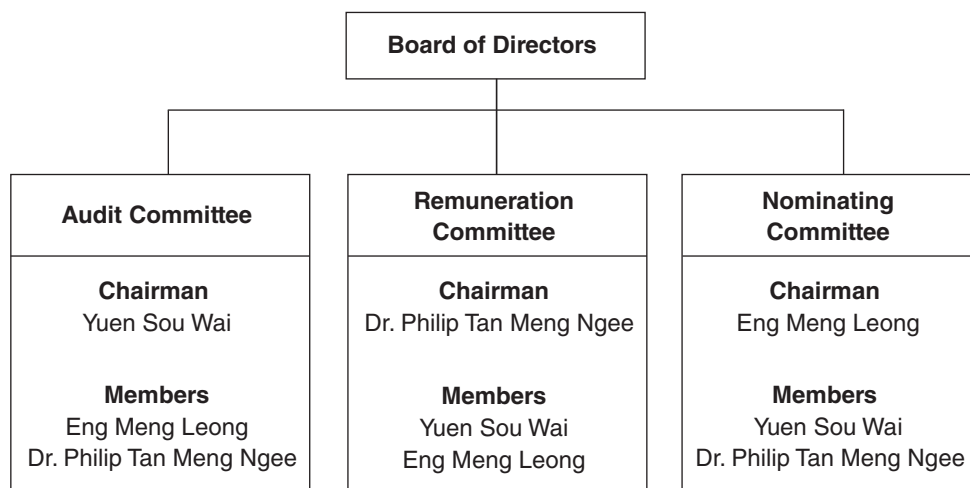
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## CORPORATE GOVERNANCE

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Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed, in order to enhance long-term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Recognising the importance of corporate governance and the importance of offering high standards of accountability to our Shareholders, our Company has implemented the corporate governance model as set out below:



Based on the above, our Directors are of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making without our Executive Chairman and Chief Executive Officer being able to exercise considerable power or influence.

### Board of Directors

Our Articles of Association provide that our Board will consist of not less than one (1) Director.

We currently have five (5) Directors on our Board, comprising two (2) Executive Directors and three (3) Independent Directors.

### Board Practices

Our Directors do not currently have a fixed term of office. At each annual general meeting, one-third of our 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) shall retire from office by rotation. A retiring Director shall be eligible for re-election at the meeting at which he retires. The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment. All Directors (except for a Chief Executive Officer/Managing Director who may be appointed for a term of up to three (3) years) shall retire from office at least once every three (3) years.

### Audit Committee

Our Audit Committee, represented in the chart above, comprises Yuen Sou Wai, Eng Meng Leong and Dr. Philip Tan Meng Ngee. The Chairman of our Audit Committee is Yuen Sou Wai.

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## CORPORATE GOVERNANCE

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Our business and operations are currently under the management and close supervision of our Executive Directors, who are assisted by our Executive Officers.

After our listing on Catalist, our Executive Directors and Executive Officers will manage the business and operations of our Group. Our Audit Committee will assist our Board of Directors with regards to discharging its responsibility to safeguard our Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls with an overall objective to ensure that our management has created and maintained an effective control environment in our Group, and that our management demonstrates and stimulates the necessary aspect of our Group's internal control structure among all parties.

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Our Audit Committee will meet, at a minimum, on a half-yearly basis, to discuss and review the following (non-exhaustive) functions where applicable:

- (a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;
- (b) review with the internal auditors the internal audit plan and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report;
- (c) review the financial statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (d) review the internal control and procedures, ensure co-ordination between the external auditors and our management, review the assistance given by our management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (f) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- (g) review transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) undertake such other reviews and projects as may be requested by our Board of Directors and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (i) review at least annually our Group's key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports of our Company or, where the findings are material, to announce such material findings immediately via SGXNET; and
- (j) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

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## CORPORATE GOVERNANCE

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Our Board, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address the financial, operational and compliance risks.

Notwithstanding the above, our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses that may arise (if any). Prior to the decommissioning of such an annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for our Audit Committee's decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal controls audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal controls weaknesses and any follow-up actions to be taken by our Board.

Our Audit Committee having (i) conducted an interview with Thia Meng Chng; (ii) considered the qualifications and past working experience of Thia Meng Chng (as described in the section entitled "Directors, Management and Staff — Executive Officers" of this Offer Document); (iii) observed her abilities, familiarity and diligence in relation to the financial matters and information of our Group; and (iv) noted the absence of any negative feedback from E&Y, is of the view that Thia Meng Chng is suitable for the position of Chief Financial Officer.

After making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that Thia Meng Chng, the Chief Financial Officer, does not have the competence, character and integrity expected of a Chief Financial Officer of a listed company.

Apart from the duties listed above, our Audit Committee will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular transaction.

In addition, all future transactions with related parties shall comply with the requirements of the Catalyst Rules. Our Directors shall also abstain from voting in any contract or arrangement or proposed contract/arrangement in which he has a personal material interest.

### **Remuneration Committee**

Our Remuneration Committee, represented in the chart above, comprises Dr. Philip Tan Meng Ngee, Yuen Sou Wai and Eng Meng Leong. The Chairman of our Remuneration Committee is Dr. Philip Tan Meng Ngee.

Our Remuneration Committee is responsible for the following:

- (a) to recommend to our Board a framework of remuneration for our Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director and any Chief Executive Officer (or executive of equivalent rank), if a Chief Executive Officer is not an Executive Director, such recommendations to be submitted for endorsement by our entire Board and should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, benefits in kind;

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## CORPORATE GOVERNANCE

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- (b) in the case of service contracts (if any) for any Director or Executive Officer, to consider what compensation commitments the Directors' or Executive Officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and
- (c) in respect of any long-term incentive schemes including share schemes as may be implemented and to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

Each member of our Remuneration Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Remuneration Committee in respect of matters in which he is interested.

The recommendations of our Remuneration Committee on remuneration of our Directors should be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits in kind shall be covered by our Remuneration Committee.

### **Nominating Committee**

Our Nominating Committee, represented in the chart above, comprises Eng Meng Leong, Yuen Sou Wai and Dr. Philip Tan Meng Ngee. The Chairman of our Nominating Committee is Eng Meng Leong.

Our Nominating Committee is responsible for the following:

- (a) re-nomination of the directors, having regard to the director's contribution and performance (for example, attendance, preparedness, participation and candour);

All directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three (3) years;

- (b) to determine annually whether or not a director is independent;
- (c) in respect of a director who has multiple board representations on various companies, to decide whether or not such director is able to and has been adequately carrying out his/her duties as a director, having regard to the competing time commitments that are faced when serving on multiple boards; and
- (d) to decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by our Board, which address how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be proposed by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution of each individual Director to the effectiveness of our Board (if applicable).

Each member of our Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Nominating Committee in respect of the assessment of his performance or re-nomination as Director. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

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## DESCRIPTION OF ORDINARY SHARES

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The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore and our Articles of Association.

The following description summarises the material provisions of our Articles but is qualified by reference to our Articles, a copy of which is available for inspection at our registered office during normal business hours for a period of six (6) months from the date of this Offer Document.

### Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of shares to be issued pursuant to such approval may not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to our Shareholders may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being based on our Company's issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of Shares).

The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is earlier. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

### Shareholders

Only persons who are registered in the Register of Members and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Members for any time or times if we provide the Accounting and Corporate Regulatory Authority of Singapore with at least 14 days' notice and the SGX-ST at least 10 clear market days' notice. However, the Register of Members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Shareholders to determine shareholders' entitlement to receive dividends and other distributions.

### Transfer of Shares

There is no restriction on the transfer of fully-paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of



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## DESCRIPTION OF ORDINARY SHARES

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Directors may decline to register any transfer of Shares which are not fully-paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which the Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed \$2 and furnishes any evidence and indemnity that our Board of Directors may require.

### General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of our corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

### Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, the chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

### Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay

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## DESCRIPTION OF ORDINARY SHARES

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all dividends out of our profits. Our Board of Directors may also declare an interim dividend without the approval of its Shareholders. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

### Capitalisation and Rights Issues

Our Board of Directors may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits (including profits or money carried and standing to an reserve) and distribute the same as shares credited as paid-up to the shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

### Takeovers

The SFA and the Singapore Code on Takeovers and Mergers (the "**Takeover Code**") regulate the acquisition of ordinary shares of public companies and certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Takeover Code. Persons presumed to be "acting in concert" include and are not limited to, a company and (i) its parent company; (ii) its subsidiaries; (iii) fellow subsidiaries; and (iv) its parent company, a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial or other professional advisor and its client in respect of shares held by the financial advisor and shares in the client held by funds managed by the financial advisor on a discretionary basis. A mandatory offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six (6) months.

A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six (6) month period. Under the Takeover Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

### Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

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## DESCRIPTION OF ORDINARY SHARES

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### Indemnity

To the extent permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board of Directors and Executive Officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted, or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and Executive Officers against any liability which by law would otherwise attach to them in respect of any negligence, wilful default, breach of duty or breach of trust of which they may be liable for in relation to us.

### Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Takeovers” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote in respect of the Shares.

### Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected, *inter alia*, under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of the Company in the future;
- (c) authorise civil proceedings to be brought in our name of, or on behalf of, the Company by a person or persons and on such terms as the court may direct;
- (d) make an order for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) make an order that the Memorandum of Association or the Articles be amended; or
- (f) make an order that we be wound up.

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## DESCRIPTION OF ORDINARY SHARES

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### **Treasury Shares**

Our Articles of Association expressly permits our Company to purchase or acquire shares or stocks of our Company and to hold such shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own shares on a securities exchange, if the purchase or acquisition has been authorised in advance by our Company in general meeting, or otherwise than on a securities exchange, if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made to our Company in respect of the treasury shares. However, this would not prevent an allotment of shares as fully-paid bonus shares in respect of the treasury shares, or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

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## EXCHANGE CONTROLS

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### **Singapore**

There are no Singapore government laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

### **Malaysia**

In accordance with the current Exchange Control Notices of Malaysia issued by Bank Negara Malaysia, foreign direct investors have the freedom to repatriate their investments including capital, profit and dividends without being subject to any levy. There are also no restrictions on the repatriation of capital, profits, dividends, interests, fees or rental income by foreign direct investors or portfolio investors. However, Bank Negara Malaysia requires the completion of a prescribed form and documentary evidence to be furnished to the remitting banks for any remittance or payment in foreign currency exceeding the equivalent of RM200,000 to a non-resident.

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## TAXATION

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The following is a discussion of certain tax matters relating to Singapore income tax, dividend distributions, capital gains tax, bonus shares, stamp duty, GST and estate duty consequences in relation to the purchase, ownership and disposal of the Shares. The discussion is based on current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice.

While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offer Document, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law, which may be retrospective, will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the Shares by Shareholders, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a Shareholder's decision with regard to the Placement.

**Shareholders should consult their own tax advisers regarding Singapore income tax and other consequences of owning and disposing of the Shares. It is emphasized that neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.**

### SINGAPORE TAXATION

#### Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign-sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign income in the form of branch profits, dividends and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax subject to meeting the qualifying conditions.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. Normally, control and management of the company is vested in its board of directors and the place of residence of the company is where its directors meet.

The corporate tax rate in Singapore is 17% with effect from the Year of Assessment 2010 after allowing partial tax exemption on the first S\$300,000 of a company's chargeable income.

#### Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0% to 20%.

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## **TAXATION**

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A non-Singapore tax resident individual is normally taxed at the tax rate of 20% except that Singapore employment income is taxed at a flat rate of 15% or at resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

### **Dividend Distributions**

Under the one-tier corporate tax system, the tax paid by a resident company is a final tax and the distributable profits of the company can be paid to shareholders as tax exempt (one-tier) dividends. Dividends paid by our Company will be exempt from tax in the hands of Shareholders, regardless of the tax residence status or the legal form of the Shareholders. However, foreign Shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

### **Capital Gains Tax**

Singapore currently does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. In general, gains or profits derived from the disposal of our Shares acquired for long-term investment purposes are considered as capital gains and not subject to Singapore tax.

On the other hand, where such gains or profits arise from activities which the Comptroller of Income Tax regards as the carrying on of a trade or business of dealing in shares in Singapore, gains or profits will ordinarily be taxed as income.

### **Bonus Shares**

Any bonus shares received by our Shareholders are not taxable.

### **Stamp Duty**

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of S\$2.00 for every S\$1,000 or any part thereof, computed on the consideration paid or market value of our Shares registered in Singapore, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

### **GST**

The sale of our Shares by an investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST.



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## TAXATION

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Where our Shares are sold by a GST-registered investor in the course of a business to a person belonging outside Singapore, and that person is outside Singapore when the sale is executed, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at zero-rate. Any input GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business carried on by him is recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 7%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not benefit any Singapore persons.

### **Estate duty**

With effect from 15 February 2008, no estate duty will be leviable in respect of deaths occurring on or after 15 February 2008.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding our Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 subject to GST at the prevailing rate (currently at 7.0 per cent.) is payable to CDP upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.04 per cent. of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0 per cent. (or such other rate prevailing from time to time).

Dealings of our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third (3<sup>rd</sup>) Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, a bank, a merchant bank or a trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
  - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time he was a partner or at any time within two (2) years from the date he ceased to be a partner;
  - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or key executive at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
  - (c) has any unsatisfied judgement against him;
  - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
  - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
  - (f) has, at any time during the last 10 years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
  - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) has ever been disqualified from acting as a director or equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
  - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;
  - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
    - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

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## GENERAL AND STATUTORY INFORMATION

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- (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

### Disclosure in relation to Chu Sau Ben

Our Executive Chairman, Chu Sau Ben, was formerly adjudicated a bankrupt on 13 July 2005 by the High Court of Johor Bahru, Malaysia, pursuant to a petition by the Alliance Bank Malaysia Berhad ("**Alliance Bank**") in relation to a banking loan for an amount of RM280,000 ("**Banking Loan**"). The Banking Loan was taken up jointly by Chu Sau Ben and another individual in 1995 to purchase a shop house for a business venture. In 2003, Chu Sau Ben faced difficulties in repaying the instalments under the Banking Loan and the Alliance Bank petitioned for Chu Sau Ben to be adjudicated a bankrupt, claiming an amount being the aggregate principal amount outstanding under the Banking Loan plus accrued and unpaid interests thereon. Chu Sau Ben held discussions with the Alliance Bank but failed to reach settlement and was made a bankrupt on or around 13 July 2005. Subsequently, in or around July 2006, Chu Sau Ben repaid the agreed settlement amount in full to the Alliance Bank and in 2008, he petitioned to the High Court of Johor Bahru, Malaysia, and the adjudication order was subsequently annulled on 23 September 2008. As a result of this annulment, all the consequences of the adjudication order were annulled and Chu Sau Ben was restored to his original position as if his bankruptcy had never occurred.

### Disclosure in relation to Dr. Philip Tan Meng Ngee

Dr. Philip Tan Meng Ngee was previously an independent director of Pacific Can Investment Holdings Ltd ("**Pacific Can**"), a company listed on the SGX-ST. During his tenure as an independent director of Pacific Can, the listed company experienced financial difficulties arising from the liquidity issues of its investments and disagreements among its executive directors. As an independent director of the company, Dr. Philip Tan Meng Ngee advised Pacific Can to go into voluntary judicial management. Pacific Can subsequently acquired Seatown Corporation Ltd ("**Seatown**") in a reverse takeover and Dr. Philip Tan Meng Ngee was reappointed as an independent director of Seatown. In 2003, due to difficulties in the business environment, Seatown became insolvent and went into voluntary judicial management. It was subsequently acquired by Asia-Pacific Strategic Investments Limited and Dr. Philip Tan Meng Ngee resigned as an independent director in 2007.

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## GENERAL AND STATUTORY INFORMATION

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### Disclosure in relation to Lam Kee Shing

In or around 2007 or 2008, Lam Kee Shing, our Executive Officer, was charged with an offence under the Parking Places Act (Chapter 214) for tampering with a parking coupon. He appeared before the District Court and was subjected to a fine of S\$800.00. The fine was paid on the spot and the matter was closed.

2. The aggregate remuneration paid to our Directors for services rendered in all capacities to our Group for FY2010 was approximately S\$503,760.
3. There is no shareholding qualification for Directors under the Articles of Association.
4. No option to subscribe for shares in, or debentures of, our Company or our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the two (2) years preceding the date of this Offer Document.
5. No person has been or is entitled to be given an option to subscribe for or purchase any Shares in or debentures of our Company or our subsidiaries.
6. Save as disclosed in the section entitled “Restructuring Exercise” of this Offer Document, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or our subsidiaries.
7. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner, or to any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
8. Save as disclosed above and in the sections entitled “Interested Person Transactions — Potential Conflicts of Interest” and “Restructuring Exercise” of this Offer Document:
  - (a) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
  - (b) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
  - (c) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services; and
  - (d) None of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

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## GENERAL AND STATUTORY INFORMATION

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### SHARE CAPITAL

9. As at the Latest Practicable Date, there is only one (1) class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles of Association.
10. Save as disclosed below and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three (3) years preceding the date of this Offer Document.
11. Save as disclosed below and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in or debentures of our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partially paid for cash or for a consideration other than cash, during the last three (3) years preceding the date of this Offer Document.

The interests of our Directors and Substantial Shareholders in our Shares as at the Latest Practicable Date and as recorded in the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act are set out in the section entitled “Shareholders” of this Offer Document.

### MEMORANDUM AND ARTICLES OF ASSOCIATION

12. Memorandum of Association

The Memorandum of Association of our Company, a copy of which is available for inspection at our registered office as stated in the section entitled “General and Statutory Information — Documents for Inspections” of this Offer Document, states, among others, that the liability of members of our Company is limited.

13. Articles of Association

An extract of the relevant provisions of our Articles of Association, providing, *inter alia*, for (a) a Director’s power to vote on a proposal, arrangement or contract in which the Director is interested; (b) a Director’s power to vote on remuneration for himself or for any other director; (c) borrowing powers exercisable by the Directors and variation thereof; (d) retirement or non-retirement of Directors under an age limit requirement; (e) the number of shares, if any, required for a Director’s qualification; (f) the rights, preferences and restrictions attaching to each class of shares; (g) any change in capital; (h) any change in the respective rights of the various classes of shares; (i) any time limit after which a dividend entitlement will lapse; and (j) any limitation on the right to own Shares, are set out in Appendix C entitled “Selected Extracts of our Articles of Association” of this Offer Document.

The complete Articles of Association are available for inspection by Shareholders at our registered office as stated in the section entitled “General and Statutory Information — Documents for Inspection” of this Offer Document. See paragraph 39 of this section.

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## GENERAL AND STATUTORY INFORMATION

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### MATERIAL CONTRACTS

14. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:
- (a) Investment Agreement dated 15 December 2010 entered into between our Company and the Pre-IPO Investor, pursuant to which the Pre-IPO Investor agreed to subscribe to the Convertible Loan of S\$850,000 issued by our Company. Our Company and the Pre-IPO Investor agreed that the Convertible Loan would be converted into equity in our Company at the conversion price at 25.0% discount to the Issue Price;
  - (b) Service Agreements dated 19 August 2011 between our Company and Chu Sau Ben, William Lee Kay Choon and Thia Meng Chng, details of which are set out in the section entitled “Directors, Management and Staff — Service Agreements” of this Offer Document;
  - (c) Management Agreement dated 2 November 2011 entered into between our Company, the Vendor and PPCF as the Manager and Sponsor, our Company and the Vendor appointed PPCF to sponsor and manage the Listing; and
  - (d) Placement Agreement dated 2 November 2011 entered into between our Company, the Vendor and PPCF as the Placement Agent, pursuant to which the Placement Agent has agreed to procure subscriptions for and/or purchases of the Placement Shares for a placement commission of 4.0% of the aggregate Issue Price for the total number of Placement Shares successfully subscribed for and/or purchased.

Save as disclosed above, our Group and our subsidiaries have not entered into any material contracts, not being contracts entered into in the ordinary course of business, within the two (2) years preceding the date of this Offer Document.

### LITIGATION

15. Save as disclosed below, to the best of our knowledge and belief, having made all reasonable enquiries, neither our Company nor any our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff/claimant or defendant/respondent, including those which are pending or known to be contemplated, which may have or which have had in the 12 months immediately preceding the date of lodgement of this Offer Document, a material effect on our Group’s financial position or profitability of our Company or our subsidiaries:
- (a) In December 2001, De Feng Construction Pte Ltd (“**De Feng Construction**”) initiated a claim against Kin Xin Engineering for S\$7,027.20 for late payment of the fees arising from the supply of workers to Kin Xin Engineering. Kin Xin Engineering has since made the payment and the matter is now closed.
  - (b) In February 2004, Kin Xin Engineering commenced a claim for S\$12,445.40 against PJ Indah Engineering (S) Pte Ltd (“**PJ Indah**”) for outstanding payments on air-conditioning works completed by Kin Xin Engineering. The works were completed but payments were not made after completion. Payment has since been made by PJ Indah and the matter is now closed.



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## GENERAL AND STATUTORY INFORMATION

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- (c) In February 2005, Kin Xin Engineering initiated a claim of S\$189,000.00 against Comfort Management Pte Ltd ("**Comfort Management**") for the provision of air-conditioning refrigerant piping and ductwork. The works were completed but payment was not received after numerous reminders and discussions. Kin Xin Engineering filed a Writ of Summons in February 2005. A commercial settlement was reached midway through litigation. A Notice of Discontinuance was filed on 15 September 2005. Full payments were made by Comfort Management in instalments and the matter is now closed.
- (d) In January 2006, a claim of S\$43,558.31 was initiated against Kin Xin Engineering by Paw Leck Engineering Pte Ltd ("**Paw Leck Engineering**") for the late payment of fees for ACMV ducts supplied. Payment was subsequently made by Kin Xin Engineering. A Notice of Discontinuance was filed on 22 February 2006 and the matter is now closed.
- (e) In March 2007, Kin Xin Engineering filed a claim of S\$13,130 against Windsor Engineering Pte Ltd ("**Windsor Engineering**") for the supply and installation of air-conditioning ductwork. Works were completed but payment was not received despite numerous discussions. As such, Kin Xin Engineering filed a claim against Windsor Engineering and a commercial agreement was reached. A Notice of Discontinuance was filed in August 2008. Full payment was made by Windsor Engineering in instalments and the matter is now closed.
- (f) In May 2007, Kin Xin Engineering and Tyco Fire, Security & Services Pte. Ltd. ("**Tyco**") entered into an arbitration over a dispute on parts of the work carried out by Kin Xin Engineering under the instructions of Tyco without the issuance of a purchase order from Tyco. A claim of S\$524,798.11 was made by Kin Xin Engineering and a counter claim of S\$423,141.17 was made by Tyco. In September 2007, the arbitrator allowed a claim of S\$104,680.94 for Kin Xin Engineering. Payment was made by Tyco and the matter is now closed.
- (g) In April 2008, a claim of S\$37,603.01 was filed by KT&T Engineers and Constructors Pte. Ltd. against Kin Xin Engineering for services rendered to Kin Xin Engineering. A Notice of Discontinuance was filed on 14 August 2008. Payment has since been made by Kin Xin Engineering and the matter is now closed.
- (h) In May 2008, an industrial accident claim of S\$250,000.00 was made against Kin Xin Engineering by A K M Masud Karim Late Monir Uddin Ahmed ("**A K M Masud**"). In October 2007, A K M Masud suffered an injury during the course of his employment. The case has been referred to Kin Xin Engineering's insurer AXA Insurance Singapore Pte Ltd ("**AXA Insurance**"). The case was resolved between AXA Insurance and A K M Masud with the issue of a Notice of Discontinuance and a Consent to Entry of Satisfaction on 26 April 2010. The matter is now closed.
- (i) In June 2008, Libra Engineering filed a Writ of Summons against Chong Yian Chi trading as He Hong Engineering ("**He Hong Engineering**") for S\$42,987.47 for the non payment of fees in relation to ducts supplied to them by Libra Engineering. Payment was made after Libra Engineering filed a claim against He Hong Engineering and a Notice of Discontinuance was filed by Libra Engineering on 4 August 2008. The matter is now closed.
- (j) In December 2008, a vehicle of Kin Xin Engineering was involved in an accident. An insurance claim was lodged by Kin Xin Engineering and Kin Xin Engineering's motor insurance company, American Home Assurance Company Singapore which initiated a claim against the defendants, Ram Jai Ram General Contractor and Adipuranam Bala Murugan

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## GENERAL AND STATUTORY INFORMATION

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for S\$4,465.00. The defendants' insurer settled the claim fully and a Notice of Discontinuance was filed on 26 June 2009 and the matter is now closed.

- (k) In March 2009, Libra Engineering filed a claim of S\$21,340.23 against Leong Kow Yee and Tan Boon Lai trading under the name and style of Weng Lai Air-Conditioning & Engineering ("**Weng Lai**") for the non-payment of fees in relation to ducts supplied by Libra Engineering. Payment was made after Libra Engineering filed a claim against Weng Lai and a Notice of Discontinuance was filed by Libra Engineering on 10 September 2009. The matter is now closed.
- (l) In July 2009, Mohammed Ohid Late Abdul Mannan ("**Mohammed Ohid**"), an employee of Kin Xin Engineering, met with an industrial accident during the course of his work. The matter was subsequently referred to Kin Xin Engineering's insurer, Etiqa Insurance Berhad, which determined that the maximum payable compensation was S\$27,000.00. In October 2010, Mohammed Ohid filed a Writ of Summons against Kin Xin Engineering for damages related to the industrial accident. Kin Xin Engineering had been advised by its insurer, Etiqa Insurance Berhad, that they are in discussions with their lawyers and will take conduct of the matter. The matter is currently pending.
- (m) In August 2009, Libra Engineering filed a claim of S\$27,184.19 against Technics Engineering Pte Ltd ("**Technics Engineering**") for the non-payment of fees in relation to the supply of ducts by Libra Engineering. A commercial settlement was reached and a Notice of Discontinuance was filed on 30 March 2010. Payments have since been made by Technics Engineering and the matter is now closed.
- (n) In June 2010, Kin Xin Engineering initiated a claim of S\$100,580.00 against Jun Ying Design & Construction ("**Jun Ying**") for the non-payment of the fees related to the provision of services and products by Kin Xin Engineering. Works was completed and payment was not made. Kin Xin Engineering filed a Writ of Summons and this was uncontested by Jun Ying. Judgement was awarded in favour of Kin Xin Engineering in June 2010 for the full amount. Jun Ying has been unable to make this payment and Kin Xin Engineering is currently in negotiations with Jun Ying for the payment of this sum of money.
- (o) In July 2011, Libra Engineering filed a Writ of Summons against Dian Fatt (Singapore) Pte. Ltd. ("**Dian Fatt**") claiming for the non-payment of fees in relation to the supply of ducts and accessories, amounting to S\$201,925.79. Pursuant to this, in August 2011, Dian Fatt proposed a payment plan which was deemed unacceptable by Libra Engineering. Libra Engineering had, on 27 September 2011 obtained a summary judgement for the net outstanding amount of S\$185,701.17. The matter is currently pending.
- (p) In July 2011, Libra Engineering initiated a claim of S\$87,068.32 against Re Lax Enterprise Group Pte. Ltd. ("**Re Lax Enterprise**") for the non-payment of fees in relation to goods supplied by Libra Engineering. Libra Engineering filed a Writ of Summons and this was uncontested by Re Lax Enterprise. Judgement was awarded in favour of Libra Engineering in August 2011 for the full amount. Libra Engineering is currently in negotiations with Re Lax Enterprise for the payment of this sum of money.

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## GENERAL AND STATUTORY INFORMATION

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- (q) In July 2011, Libra Engineering filed a Writ of Summons against MW Systems Engineering Pte. Ltd. ("**MW Systems**") for the non-payment of S\$21,620.05 in relation to goods supplied by Libra Engineering. Libra Engineering is in negotiations with MW Systems for a commercial settlement and will be filing a Notice of Discontinuance once the amount is fully settled.

### MANAGEMENT AND PLACEMENT ARRANGEMENTS

16. Pursuant to the Management Agreement dated 2 November 2011 entered into between our Company, the Vendor and PPCF as the Manager and Sponsor, our Company and the Vendor appointed PPCF to sponsor and manage the Listing. PPCF will receive a management fee for such services rendered.
17. Pursuant to the Placement Agreement dated 2 November 2011 entered into between our Company, the Vendor and PPCF as the Placement Agent, the Placement Agent has agreed to procure subscriptions for and/or purchases of the Placement Shares for a placement commission of 4.0% of the aggregate Issue Price for the total number of Placement Shares successfully subscribed for and/or purchased, payable by our Company and the Vendor in the Agreed Proportion. Subject to any applicable laws and regulations, our Company and the Vendor agrees that the Placement Agent shall be at liberty at its own expense to sub-place and/or sub-underwrite its placement obligations under the Placement Agreement upon such terms and conditions as the Placement Agent may deem fit.
18. Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company, the Vendor and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the offer and subscription of the Placement Shares.
19. Subject to the consent of the SGX-ST being obtained, the Management Agreement may be terminated by PPCF at any time before the close of the Application List on the occurrence of certain events including, but not limited to, the following:
- (a) PPCF becomes aware of any material breach by our Company and/or its agent(s) of any warranties, representations, covenants or undertakings given by our Company to PPCF in the Management Agreement;
  - (b) there shall have been, since the date of the Management Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would materially change the scope of work, responsibility or liability required of PPCF; or
  - (c) in the case of a conflict of interest for PPCF, or any dispute, conflict or disagreement with our Company, or where our Company wilfully fails to comply with any advice from or recommendation of PPCF.
20. The Placement Agreement and the obligations of the Placement Agent under the Placement Agreement are conditional upon, amongst others, the following:
- (a) the Offer Document having been registered by the SGX-ST by the issue date in accordance with the Catalist Rules;

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## GENERAL AND STATUTORY INFORMATION

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- (b) the registration notice being issued or granted by the SGX-ST and such registration notice not being revoked or withdrawn on or prior to the date of the closing of the Application List for the Placement Shares under the Placement (“**Closing Date**”);
  - (c) the compliance by our Company and the Vendor to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the registration notice (if any), where such conditions are required to be complied with by the Closing Date;
  - (d) such approvals as may be required for the transactions described in the Placement Agreement and in the Offer Document in relation to the admission to the Official List of the SGX-ST and the Placement being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company, the Vendor and the Placement Agent may agree in writing);
  - (e) there having been, in the reasonable option of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the financial or other condition of our Group between the date of the Placement Agreement and the Closing Date nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the Closing Date, any of the warranties or representations contained in the Placement Agreement nor any breach by our Company and the Vendor of any of their obligations thereunder;
  - (f) the compliance by our Company and the Vendor with all applicable laws and regulations concerning the admission to the Official List of the SGX-ST, the Listing and the transactions contemplated in the Placement Agreement and the Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the Listing;
  - (g) the delivery by our Company and the Vendor to the Placement Agent on the Closing Date of a certificate, in the form set out in the Placement Agreement, signed by a Director for and on behalf of our Company and the Vendor respectively;
  - (h) the delivery to the Placement Agent of a copy of the legal due diligence report prepared by the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law in relation to the admission to the Official List of the SGX-ST and the Placement Agent being satisfied with the results, findings, advice, opinions and/or conclusions set out in such report;
  - (i) the letters of undertaking referred to in the section entitled “Shareholders — Moratorium” of this Offer Document being executed and delivered to the Manager, the Sponsor and the Placement Agent before the date of registration of the Offer Document; and
  - (j) the Management Agreement not being terminated or rescinded pursuant to the provisions of the Management Agreement.
21. In the reasonable opinion of our Directors, PPCF and Asiasons do not have a material relationship with our Company, save as disclosed below:
- (a) PPCF is the Manager, Sponsor and Placement Agent in relation to the Listing;
  - (b) Pursuant to the Management Agreement and as part of PPCF’s fees as the Manager and Sponsor, our Company issued and allotted to PPCF 2,196,000 new Shares, representing 3.0% of the issued share capital of our Company prior to the Placement, at the Issue Price of each Share. Upon completion of the relevant moratorium periods as set out in the section

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## GENERAL AND STATUTORY INFORMATION

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entitled “Shareholders — Moratorium” of this Offer Document, PPCF will be disposing of its relevant shareholding interests in our Company at its discretion; and

- (c) Asiasons is the Sub-Placement Agent of the Placement.

### MISCELLANEOUS

22. The nature of the business of our Company is stated in the section entitled “General Information on our Company and our Group — Business Overview” of this Offer Document. The corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out in the section entitled “Group Structure” of this Offer Document.
23. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two (2) years preceding the date of this Offer Document.
24. There has not been any public takeover offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between HY2011 and the Latest Practicable Date.
25. No expert is employed on a contingent basis by our Company or our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.
26. No amount of cash or securities or benefit has been paid or given to any promoter within the two (2) years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
27. Save as disclosed in the section entitled “General and Statutory Information — Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for and/or purchases of any shares in, or debentures of, our Company or our subsidiaries.
28. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. In the ordinary course of business, the Receiving Banker will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
29. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
30. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:

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## GENERAL AND STATUTORY INFORMATION

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- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations; and
  - (d) known trends or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on revenue or operating income.
31. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since the end of HY2011 to the Latest Practicable Date which may have a material effect on the financial position and results of our Group or the financial information provided in this Offer Document.

### CONSENTS

32. The Reporting Accountants has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the Independent Auditors' Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010 and the Independent Auditors' Report on the Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six months ended 30 June 2011 and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
33. The Manager, Sponsor and Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
34. The Sub-Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such capacity in relation to this Offer Document.
35. The Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Legal Adviser to our Company on Malaysian Law, the Share Registrar, the Principal Bankers and the Receiving Banker have given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
36. Each of the Sub-Placement Agent, the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Legal Adviser to our Company on Malaysian Law, the Share Registrar, the Principal Bankers and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no



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## GENERAL AND STATUTORY INFORMATION

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responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

### RESPONSIBILITY STATEMENT BY OUR DIRECTORS

37. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and its subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available source or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

### RESPONSIBILITY STATEMENT BY THE VENDOR

38. This Offer Document has been seen and approved by the Vendor and the Vendor accepts full responsibility for the accuracy of the information given in this Offer Document and confirms, after making all reasonable enquiries, that to the best of his knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement, our Company and its subsidiaries, and the Vendor is not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available source or obtained from a named source, the sole responsibility of the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

### DOCUMENTS FOR INSPECTION

39. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six (6) months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):
- (a) the Memorandum and Articles of Association of our Company;
  - (b) the Independent Auditors' Report on the Audited Combined Financial Statements of Libra Group Limited and its subsidiaries for the financial years ended 31 December 2008, 2009 and 2010;
  - (c) the Independent Auditors' Report on the Unaudited Interim Combined Financial Statements of Libra Group Limited and its subsidiaries for the six months ended 30 June 2011;
  - (d) the Service Agreements referred to in this Offer Document;
  - (e) the material contracts referred to in this Offer Document; and
  - (f) the letters of consent referred to in this Offer Document.



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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

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**Libra Group Limited and its Subsidiaries**

**Audited Combined Financial Statements of Libra Group Limited and its Subsidiaries for the  
financial years ended 31 December 2008, 2009 and 2010**

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**Index**

	<b>Page</b>
Statement by Directors . . . . .	A-2
Independent Auditors' Report . . . . .	A-3
Combined Statements of Comprehensive Income . . . . .	A-5
Combined Balance Sheets . . . . .	A-6
Combined Statements of Changes in Equity . . . . .	A-7
Combined Cash Flow Statements . . . . .	A-8
Notes to the Combined Financial Statements . . . . .	A-9

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

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**Libra Group Limited and its Subsidiaries**

**Statement by Directors**

**For the financial years ended 31 December 2008, 2009 and 2010**

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We, Chu Sau Ben and William Lee Kay Choon, being the directors of Libra Group Limited (the "Company"), do hereby state that, in the opinion of the directors,

- (i) the accompanying combined financial statements together with notes thereto are drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2008, 2009 and 2010 and the results of the business, changes in equity and cash flows of the Group for the years ended on those dates; and
- (ii) 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.

Chu Sau Ben  
Director

William Lee Kay Choon  
Director

2 November 2011

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

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**Libra Group Limited and its Subsidiaries**

**Independent Auditors' Report in Relation to the Audited Combined Financial Statements of  
Libra Group Limited and its Subsidiaries for the financial years ended 31 December 2008, 2009  
and 2010**

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2 November 2011

The Board of Directors  
Libra Group Limited  
Block 101 Defu Lane 10  
Singapore 539222

**Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Libra Group Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages A-5 to A-59, which comprise the combined balance sheets of the Group as at 31 December 2008, 2009 and 2010, the combined statements of comprehensive income, combined statements of changes in equity and combined cash flow statements of the Group for the years then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Combined Financial Statements*

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

*Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the combined financial statements.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Independent Auditors' Report in Relation to the Audited Combined Financial Statements of  
Libra Group Limited and its Subsidiaries for the financial years ended 31 December 2008, 2009  
and 2010**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2008, 2009 and 2010 and the results, changes in equity and cash flows of the Group for the years ended on those dates.

*Other Matters*

The report has been prepared solely for inclusion in the Offer Document in connection with the proposed listing of the Company's shares on the Catalist Board of Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

Partner in charge: Max Loh Khum Whai

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Combined Statements of Comprehensive Income  
For the financial years ended 31 December 2008, 2009 and 2010**

(Amounts in Singapore dollars)

	<b>Note</b>	<b>2010 \$</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>Revenue</b>	4	29,784,996	22,931,272	6,349,065
Cost of sales		(20,399,763)	(17,439,419)	(4,041,836)
<b>Gross profit</b>		9,385,233	5,491,853	2,307,229
<b>Other item of income</b>				
Other income	5	118,052	325,465	495,200
<b>Other items of expense</b>				
Administrative expenses		(4,935,671)	(3,634,691)	(1,750,683)
Finance costs	6	(206,723)	(122,280)	(79,288)
<b>Profit before tax</b>	7	4,360,891	2,060,347	972,458
Income tax expense	10	(659,478)	(299,342)	(143,820)
<b>Profit net of tax</b>		3,701,413	1,761,005	828,638
Profit for the year attributable to owners of the Company		3,701,413	1,761,005	828,638
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation		6,853	—	—
<b>Total comprehensive income for the year attributable to owners of the Company</b>		3,708,266	1,761,005	828,638
<b>Earnings per share attributable to owners of the Company (cents)</b>				
Basic and diluted	11	3.71	1.77	0.83

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

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Combined Balance Sheets**

**As at 31 December 2008, 2009 and 2010**

(Amounts in Singapore dollars)

	<b>Note</b>	<b>2010 \$</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	2,015,388	1,650,765	1,040,728
Deferred tax asset	13	—	—	16,500
		<u>2,015,388</u>	<u>1,650,765</u>	<u>1,057,228</u>
<b>Current assets</b>				
Gross amount due from customers for contract work-in-progress	14	10,252,047	4,354,002	1,667,860
Inventories	15	248,540	270,996	285,996
Prepaid operating expenses		187,213	51,531	21,941
Trade and other receivables	16	3,936,453	4,147,757	2,721,324
Cash and cash equivalents	17	392,988	699,283	242,161
		<u>15,017,241</u>	<u>9,523,569</u>	<u>4,939,282</u>
<b>Total assets</b>		<u>17,032,629</u>	<u>11,174,334</u>	<u>5,996,510</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Gross amount due to customers for contract work-in-progress	14	52,830	72,040	1,001,246
Trade and other payables	18	4,826,709	4,929,646	1,632,785
Other liabilities	19	1,100,214	1,099,502	245,679
Loans and borrowings	20	3,012,383	1,238,155	732,273
Income tax payable		862,965	306,439	189,461
		<u>9,855,101</u>	<u>7,645,782</u>	<u>3,801,444</u>
<b>Net current assets</b>		<u>5,162,140</u>	<u>1,877,787</u>	<u>1,137,838</u>
<b>Non-current liabilities</b>				
Loans and borrowings	20	531,725	835,033	792,352
Deferred tax liabilities	13	58,868	29,800	—
		<u>590,593</u>	<u>864,833</u>	<u>792,352</u>
<b>Total liabilities</b>		<u>10,445,694</u>	<u>8,510,615</u>	<u>4,593,796</u>
<b>Net assets</b>		<u>6,586,935</u>	<u>2,663,719</u>	<u>1,402,714</u>
<b>Equity attributable to owners of the Company</b>				
Share capital	21	1,014,950	800,000	800,000
Foreign currency translation reserve	22	6,853	—	—
Accumulated profits		<u>5,565,132</u>	<u>1,863,719</u>	<u>602,714</u>
<b>Total equity</b>		<u>6,586,935</u>	<u>2,663,719</u>	<u>1,402,714</u>
<b>Total equity and liabilities</b>		<u>17,032,629</u>	<u>11,174,334</u>	<u>5,996,510</u>

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

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Combined Statements of Changes in Equity**

**For the financial years ended 31 December 2008, 2009 and 2010**

(Amounts in Singapore dollars)

	Share capital (Note 21) \$	Foreign currency translation reserve (Note 22) \$	Accumulated profits/ (losses) \$	Total equity \$
<b>Opening balance at 1 January 2008</b>	500,001	—	(225,924)	274,077
Profit for the year, representing total comprehensive income for the year	—	—	828,638	828,638
<u>Contributions by owners</u>				
Issuance of new ordinary shares, representing total contributions by owners and total transactions with owners in their capacity as owners	299,999	—	—	299,999
<b>Closing balance at 31 December 2008</b>	800,000	—	602,714	1,402,714
<b>Opening balance at 1 January 2009</b>	800,000	—	602,714	1,402,714
Profit for the year, representing total comprehensive income for the year	—	—	1,761,005	1,761,005
<u>Distributions to owners</u>				
Dividends on ordinary shares, representing total distributions to owners and total transactions with owners in their capacity as owners (Note 23)	—	—	(500,000)	(500,000)
<b>Closing balance at 31 December 2009</b>	800,000	—	1,863,719	2,663,719
<b>Opening balance at 1 January 2010</b>	800,000	—	1,863,719	2,663,719
Profit for the year	—	—	3,701,413	3,701,413
<u>Other comprehensive income</u>				
Foreign currency translation	—	6,853	—	6,853
Total comprehensive income for the year	—	6,853	3,701,413	3,708,266
<u>Contributions by owners</u>				
Issuance of new ordinary shares, representing total contributions by owners and total transactions with owners in their capacity as owners	214,950	—	—	214,950
<b>Closing balance at 31 December 2010</b>	1,014,950	6,853	5,565,132	6,586,935

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



**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Combined Cash Flow Statements**

**For the financial years ended 31 December 2008, 2009 and 2010**

(Amounts in Singapore dollars)

	Note	2010 \$	2009 \$	2008 \$
<b>Cash flows from operating activities</b>				
Profit before tax		4,360,891	2,060,347	972,458
Adjustments:				
Depreciation of property, plant and equipment		249,798	204,753	321,535
Gain on disposal of property, plant and equipment		—	(61,412)	—
Write off of inventories		—	21,280	—
Allowance for doubtful trade receivables		113,320	270,287	—
Listing expenses		252,234	—	—
Interest expense		203,620	103,204	64,144
Translation difference		6,853	—	—
<b>Operating cash flows before working capital changes</b>		5,186,716	2,598,459	1,358,137
(Increase)/decrease in:				
Gross amount due from customers for contract work-in-progress		(5,898,045)	(2,686,142)	(822,560)
Inventories		22,456	(6,280)	(57,603)
Prepaid operating expenses		(387,916)	(29,590)	(17,003)
Trade and other receivables		97,984	(1,696,720)	(610,056)
(Decrease)/increase in:				
Gross amount due to customers for contract work-in-progress		(19,210)	(929,206)	448,384
Trade and other payables		(108,451)	3,292,797	(206,114)
Other liabilities		712	853,823	(70,373)
<b>Cash flows (used in)/from operations</b>		(1,105,754)	1,397,141	22,812
Interest paid		(198,106)	(99,140)	(63,909)
Income tax paid		(73,884)	(136,064)	(42,570)
<b>Net cash (used in)/from operating activities</b>		(1,377,744)	1,161,937	(83,667)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	12	(614,421)	(347,588)	(354,680)
Proceeds from disposal of property, plant and equipment		—	80,000	—
<b>Net cash used in investing activities</b>		(614,421)	(267,588)	(354,680)
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings		8,121,145	2,071,365	1,714,776
Repayments of loans and borrowings		(6,650,225)	(2,008,592)	(1,692,817)
Proceeds from issuance of ordinary shares		214,950	—	299,999
Dividends paid on ordinary shares		—	(500,000)	—
<b>Net cash from/(used in) financing activities</b>		1,685,870	(437,227)	321,958
<b>Net (decrease)/increase in cash and cash equivalents</b>		(306,295)	457,122	(116,389)
<b>Cash and cash equivalents at 1 January</b>		699,283	242,161	358,550
<b>Cash and cash equivalents at 31 December</b>	17	392,988	699,283	242,161

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

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

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**1. Corporate information**

**1.1 *The Company***

Libra Group Pte. Ltd. (the “Company”) was incorporated as a private company limited by shares, in Singapore on 20 October 2010. On 6 October 2011, the Company was converted to a public limited company and the consequential change of name from “Libra Group Pte. Ltd.” to “Libra Group Limited”.

The registered office of the Company is located at Block 101 Defu Lane 10, Singapore 539222.

The principal activity of the Company is investment holding. The principal activity of the subsidiaries is disclosed in Note 24 to the combined financial statements.

**1.2 *The Restructuring Exercise***

In preparation for the listing of the Company, the Group undertook the restructuring exercise, which involved the following steps:

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

The Company was incorporated in Singapore on 20 October 2010 as an investment holding company of the Group with an initial paid-up capital of \$100 comprising 100 ordinary shares of \$1 for each ordinary share allotted and issued to Chu Sau Ben and William Lee Kay Choon.

**(b) *Transfer of the entire equity interest in Libra Engineering Sdn Bhd (“Libra Engineering (Malaysia)”) to Libra Engineering Pte. Ltd. (“Libra Engineering”)***

On 8 June 2011, the Executive Directors, Chu Sau Ben and William Lee Kay Choon transferred 450,000 and 50,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering (Malaysia), comprising the entire equity interest in Libra Engineering (Malaysia) to Libra Engineering.

**(c) *Acquisition of the entire equity interest in Libra Engineering and Kin Xin Engineering Pte. Ltd. (“Kin Xin Engineering”)***

On 4 October 2011, the Company entered into a Share Swap Agreement with the Executive Directors, Chu Sau Ben and William Lee Kay Choon. Pursuant to the Share Swap Agreement, the Company acquired from Chu Sau Ben and William Lee Kay Choon 270,000 and 30,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering, comprising the entire equity interest in Libra Engineering, for an aggregate purchase consideration of approximately \$2.7 million. The purchase consideration was based on the unaudited net asset value of Libra Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**1. Corporate information (cont'd)**

**1.2 The Restructuring Exercise (cont'd)**

- (c) *Acquisition of the entire equity interest in Libra Engineering and Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering") (cont'd)*

Further to the Share Swap Agreement, the Company also acquired from Chu Sau Ben and William Lee Kay Choon 450,000 and 50,000 ordinary shares respectively in the issued and paid-up share capital of Kin Xin Engineering, comprising the entire equity interest in Kin Xin Engineering, for an aggregate purchase consideration of approximately \$5.5 million. The purchase consideration was based on the unaudited net asset value of Kin Xin Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

The purchase consideration for the entire equity interest in Libra Engineering was satisfied by the allotment and issuance of 337,466 and 37,496 new shares, and the purchase consideration for the entire equity interest in Kin Xin Engineering was satisfied by the allotment and issuance of 562,444 and 62,494 new shares, credited as fully paid to Chu Sau Ben and William Lee Kay Choon respectively. Following the said acquisition, Libra Engineering and Kin Xin Engineering became the Company's wholly-owned subsidiaries.

- (d) *Issue of shares in the Company*

On 25 October 2011, the Company issued 5,528,000 Shares to the Pre-IPO Investor for a consideration of \$850,000, pursuant to the Investment Agreement signed between the Company and the Pre-IPO Investor.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

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

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

The combined financial statements are presented in Singapore dollars ("SGD" or "\$").

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.2 Adoption of new accounting policies**

The Group has adopted the following standards and interpretations mandatory for annual period beginning on or after 1 January 2008, 2009 and 2010.

- INT FRS 108 Scope of FRS 102, *Share-based Payment*
- INT FRS 107 Applying the Restatement Approach under FRS 29, *Financial Reporting in Hyperinflationary Economies*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 110 *Interim Financial Reporting and Impairment*
- FRS 1 *Presentation of Financial Statements* (Revised)
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment — Vesting Conditions and Cancellations*
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.2 Adoption of new accounting policies (cont'd)**

- INT FRS 118 *Transfers of Assets from Customers*
- Amendments to FRS 27 *Consolidated and Separate Financial Statements*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Item*
- Revised FRS 103 *Business Combinations*
- Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*
- INT FRS 117 *Distributions of Non-cash Assets to Owners*
- INT FRS 118 *Transfer of Assets from Customers*
- Improvements to FRSs issued in 2009

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

**2.3 Standards issued but not yet effective**

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to FRS 32 <i>Financial Instruments: Presentation — Classification of Rights Issues</i>	1 February 2010
Amendments to FRS 101 <i>Disclosures for First Time Adopters: Limited Exemptions from Comparative FRS 107</i>	1 July 2010
INT FRS 119 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
Revised FRS 24 <i>Related Party Disclosures</i>	1 January 2011
Amendments to INT FRS 114 <i>Prepayments of a Minimum Funding Requirement</i>	1 January 2011

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
INT FRS 115 <i>Agreements for the Construction of Real Estate</i>	1 January 2011
Improvement to FRSs issued in 2010:	
— Transition requirements for amendments arising as a result of FRS 27 <i>Consolidated and Separate Financial Statements</i>	
— FRS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 July 2010
— FRS 28 <i>Investments in Associates</i>	1 July 2010
— FRS 31 <i>Interest in Joint Ventures</i>	1 July 2010
— Amendments to FRS 1 <i>Presentation of Financial Statements</i>	1 January 2011
— Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2011
— Amendments to FRS 101 <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2011
— Amendments to FRS 103 <i>Business Combinations</i>	1 January 2011
— Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2011
— Amendments to INT FRS 113 <i>Customer Loyalty Programmes</i>	1 January 2011
— Amendments to FRS 107 <i>Financial Instruments: Disclosures — Transfer of Financial Assets</i>	1 July 2011
— Amendments to FRS 101 <i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 July 2011
— Amendments to FRS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

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

*Revised FRS 24 Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

**2.4 *Functional and foreign currency***

**(a) *Functional currency***

The Group's combined financial statements are presented in Singapore Dollars (SGD), 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.

**(b) *Foreign currency transactions***

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 the exchange ruling at the end of the reporting period. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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.

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



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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.4 *Functional and foreign currency (cont'd)***

**(b) *Foreign currency transactions (cont'd)***

The Group has elected to recycle the accumulated exchange differences in the foreign currency translation reserve that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

**2.5 *Subsidiaries and basis of consolidation***

**(a) *Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

**(b) *Basis of consolidation***

The combined 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 are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

The combined financial statements of the Group for the financial years ended 31 December 2008, 2009 and 2010 have been prepared using the pooling of interest method as the Restructuring Exercise completed as described in Note 1.2 is a legal reorganisation of entities under common control.

Under this method, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the respective years include the results of the subsidiaries for the entire years under review.

Pursuant to this:

- Assets, liabilities, share capital, reserves and current year profits of the combining companies are added together for the financial years, without elimination of share capital of these companies;
- Assets and liabilities are combined at their existing carrying amounts; and
- No amount is recognised for goodwill.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.5 Subsidiaries and basis of consolidation (cont'd)**

*(b) Basis of consolidation (cont'd)*

The financial statements of the Group include:

- The financial statements of Kin Xin Engineering Pte. Ltd. and Libra Engineering Pte. Ltd. for the financial years ended 31 December 2008, 2009 and 2010;
- The financial statements of Libra Engineering Sdn Bhd for the financial period from 18 March 2010 (date of incorporation) to 31 December 2010; and
- The financial statements of Libra Group Limited for the financial period from 20 October 2010 (date of incorporation) to 31 December 2010.

**2.6 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.15. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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 property, 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<b>Years</b>
Computers	3
Furniture and fittings	5
Office equipment	5
Renovation	5

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.6 *Property, plant and equipment (cont'd)***

	<b>Years</b>
Motor vehicles	10
Factory equipment	10
Plant and machinery	10

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 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 arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

The useful life of motor vehicles, factory equipment and plant and machinery was changed from 5 years to 10 years to better reflect the economic useful life as assessed by the directors. The change in useful life is effected prospectively from the financial year ended 31 December 2009.

**2.7 *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 to sell 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. When 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. In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.7 *Impairment of non-financial assets (cont'd)***

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.8 *Financial assets***

*Initial recognition and measurement*

Financial assets are recognised on the balance sheet 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:

Loans and receivables

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

---

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.8 *Financial assets (cont'd)***

*Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

**2.9 *Impairment of financial assets***

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

*Financial assets carried at amortised cost*

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

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

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

---

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

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

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

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

**2.10 *Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts 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.

**2.11 *Construction contracts***

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and 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.

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.12 Contract work-in-progress**

Contract work-in-progress is carried at the net amount of project cost plus attributable profits less recognised losses, net of progress billings and allowance for foreseeable losses. It is presented in the balance sheet as a current asset under “gross amount due from customers for contract work-in-progress” or as a current liability under “gross amount due to customers for contract work-in-progress”, if applicable.

Project cost includes material cost, direct labour cost and other project-related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision for anticipated losses on uncompleted contracts is made in the period in which such losses are determined.

Progress billings not yet paid by customers and billed retentions are included within “trade and other receivables”.

**2.13 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 a first-in first-out 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 the estimated costs necessary to make the sale.

**2.14 Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised on the balance sheet 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.



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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

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

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities carried at amortised cost

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

*Derecognition*

A financial liability is derecognised 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 derecognition 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.

**2.15 *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.

**2.16 *Employee benefits***

*Defined contribution plan*

The Group makes 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.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.17 Leases**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating 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 where the Group retains 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 2.18(c). Contingent rents are recognised as revenue in the period in which they are earned.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.18 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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Construction revenue*

Revenue from construction contracts is recognised by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(b) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of goods to the customer. 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) *Rental income*

Rental income arising from operating lease on office premise is accounted for on a straight-line basis over the lease terms.

**2.19 Income taxes**

(a) *Current tax*

Current income tax assets and liabilities for the current period 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 by the end of the reporting period.

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.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.19 *Income taxes (cont'd)***

**(b) *Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of 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 income 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 accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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, 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 accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income 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 utilised.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.19 *Income taxes (cont'd)***

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

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 income 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**(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.

**2.20 *Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services. The management regularly reviews 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.21 *Share capital***

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.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.22 *Related party***

A party is considered to be related to the Group if:

- (a) The party, directly, or indirectly through one or more intermediaries:
  - (i) controls, is controlled by, or is under common control with, the Group;
  - (ii) has an interest in the Group that gives it significant influence over the Group; or
  - (iii) has joint control over the Group;
- (b) The party is an associate;
- (c) The party is a jointly-controlled entity;
- (d) The party is a member of the key management personnel of the Group or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d); or
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

**2.23 *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.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**2.23 Contingencies (cont'd)**

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 combined 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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1 Judgements made in applying accounting policies**

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

*Income taxes*

The Group has exposure to income taxes. Significant judgement is involved in determining the 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. The carrying amount of the Group's income tax payables, deferred tax liabilities and deferred tax assets at the end of the reporting period was \$862,965 (2009: \$306,439; 2008: \$189,461), \$58,868 (2009: \$29,800; 2008: nil) and nil (2009: nil; 2008: \$16,500) respectively.



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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*(a) Useful lives of plant and equipment*

The Group's plant and equipment include computers, furniture and fittings, office equipment, renovation, motor vehicles, factory equipment and plant and machinery. The cost of plant and equipment is depreciated on a straight-line basis over their useful lives estimated to be within 3 to 10 years. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of these plant and equipment at 31 December 2010 was \$1,515,751 (2009: \$1,650,765, 2008: \$1,040,728).

*(b) Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

*(c) 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 bear to the estimated total contract costs.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and the knowledge of the project engineers.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

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

*(c) Construction contracts and revenue recognition (cont'd)*

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation on construction and material costs as well as its past experience.

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

*(d) 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. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 16 to the combined financial statements.

**4. Revenue**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Construction revenue	24,078,638	18,428,664	4,222,450
Sale of goods	5,706,358	4,502,608	2,126,615
	<u>29,784,996</u>	<u>22,931,272</u>	<u>6,349,065</u>

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**5. Other income**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales of scrap material	94,019	119,235	78,244
Rental income	—	39,500	21,330
Compensation from legal claims	—	—	332,473
Gain on disposal of property, plant and machinery	—	61,412	—
Grant income from Jobs Credit Scheme	18,235	67,343	—
Others	5,798	37,975	63,153
	<u>118,052</u>	<u>325,465</u>	<u>495,200</u>

***Compensation from legal claims***

During the financial year ended 31 December 2008, the Group entered into a lawsuit against one of its customers for unpaid project cost incurred. This legal case was settled in the Group's favour and legal claims and arbitration cost amounting to \$332,473 have been recovered.

**6. Finance costs**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest expense on:			
— Obligations under finance leases	42,589	57,884	21,585
— Term loans	53,261	24,548	26,562
— Trust receipts	107,770	20,772	15,997
Factoring charges	—	8,595	15,131
Others	3,103	10,481	13
	<u>206,723</u>	<u>122,280</u>	<u>79,288</u>

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**7. Profit before tax**

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

	<b>Note</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Depreciation of property, plant and equipment		249,798	204,753	321,535
Personnel expenses	8	6,272,779	4,248,248	2,435,266
Legal expenses		81,338	4,175	63,213
Allowance for doubtful trade receivables		113,320	270,287	—
Listing expenses		252,234	—	—
Write off of inventories		—	21,280	—

**8. Personnel expenses**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salaries, wages and bonuses	5,193,475	3,487,378	2,030,996
Central Provident Fund contributions	149,358	107,469	62,467
Foreign worker levy	542,239	329,055	175,525
Medical expenses	34,881	31,721	36,308
Accommodation	324,482	252,104	107,567
Others	28,344	40,521	22,403
	<u>6,272,779</u>	<u>4,248,248</u>	<u>2,435,266</u>

**9. Related party transactions**

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

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
With related company:			
<i>Income:</i>			
Sales of finished goods	—	94	75,844
Rental of motor vehicles	—	12,000	6,000
Rental of office premise	—	27,500	12,633

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**9. Related party transactions (cont'd)**

**(a) Sale and purchase of goods and services (cont'd)**

	2010	2009	2008
	\$	\$	\$
<i>Expenses:</i>			
Purchase of finished goods	—	69,713	—
Engagement of subcontract works	—	1,330,697	72,321
Rendering of services	46,800	46,945	1,867
	<u>46,800</u>	<u>46,945</u>	<u>1,867</u>

**(b) Compensation of key management personnel**

Salaries and bonuses	783,946	519,793	251,754
Central Provident Fund contributions	58,031	52,033	34,445
Others	9,704	29,757	40,846
	<u>851,681</u>	<u>601,583</u>	<u>327,045</u>
Comprises amounts paid to:			
Directors of the Company	503,760	406,420	213,734
Other key management personnel	347,921	195,163	113,311
	<u>851,681</u>	<u>601,583</u>	<u>327,045</u>

**10. Income tax**

**Major components of income tax expense**

The major components of income tax expense for the financial years ended 31 December 2010, 2009 and 2008 are:

	Note	2010	2009	2008
		\$	\$	\$
<b>Statement of comprehensive income:</b>				
Current income tax				
— Current year income tax expense		618,876	253,042	164,401
— Under/(over) provision of income tax in respect of prior year		11,534	—	(4,081)
Deferred income tax	13			
— Origination/(reversal) of temporary differences		29,068	46,300	(16,500)
Income tax expense recognised in profit or loss		<u>659,478</u>	<u>299,342</u>	<u>143,820</u>

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**10. Income tax (cont'd)**

***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 2010, 2009 and 2008 are as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Profit before tax	4,360,891	2,060,347	972,458
Tax at the domestic rates applicable to profits in the countries where the Group operates	739,491	350,259	175,042
Adjustments:			
Non-deductible expenses	87,435	18,924	28,889
Effect of partial tax exemption and tax deduction	(188,419)	(51,850)	(54,617)
Income not subject to tax	(3,423)	(19,139)	—
Effect of reduction in tax rate	—	778	—
Deferred tax asset not recognised	5,819	—	—
Under/(over) provision in respect of prior year	11,534	—	(4,081)
Others	7,041	370	(1,413)
Income tax expense recognised in profit or loss	659,478	299,342	143,820

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

The corporate income tax rate applicable to the enterprises in Singapore was reduced to 17% for year of assessment 2010 onwards from 18% for year of assessment 2009.

Libra Engineering (Malaysia) is subjected to a tax rate of 25% for the year of assessment 2011.

**11. Earnings per share**

Earnings per share is calculated by dividing the Group's net profit attributable to owners for the financial year by the post-Placement share capital of the Company. The Company's post-Placement share capital of 99,724,000 ordinary shares were assumed to be in issue throughout the entire years presented.

Diluted earnings per share is similar to basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**12. Property, plant and equipment**

	Land \$	Computers \$	Furniture and fittings \$	Motor vehicles \$	Office equipment \$	Renovation \$	Factory equipment \$	Plant and machinery \$	Total \$
<b>Cost:</b>									
At 1 January 2008	—	22,267	16,544	359,521	14,798	—	13,300	261,944	688,374
Additions	—	9,491	95,805	110,490	10,915	30,032	36,000	800,007	1,092,740
At 31 December 2008 and 1 January 2009	—	31,758	112,349	470,011	25,713	30,032	49,300	1,061,951	1,781,114
Additions	—	15,132	51,717	576,356	27,875	55,298	16,920	90,080	833,378
Disposal	—	—	—	(101,388)	—	—	—	—	(101,388)
At 31 December 2009 and 1 January 2010	—	46,890	164,066	944,979	53,588	85,330	66,220	1,152,031	2,513,104
Additions	499,637	34,423	20,363	—	14,441	11,351	3,950	30,256	614,421
At 31 December 2010	499,637	81,313	184,429	944,979	68,029	96,681	70,170	1,182,287	3,127,525
<b>Accumulated depreciation:</b>									
At 1 January 2008	—	14,919	10,138	178,353	11,977	—	3,880	199,584	418,851
Depreciation charge for the year	—	7,170	22,130	94,003	3,525	6,006	9,860	178,841	321,535
At 31 December 2008 and 1 January 2009	—	22,089	32,268	272,356	15,502	6,006	13,740	378,425	740,386
Depreciation charge for the year	—	8,234	26,015	66,888	5,932	9,633	5,009	83,042	204,753
Disposal	—	—	—	(82,800)	—	—	—	—	(82,800)
At 31 December 2009 and 1 January 2010	—	30,323	58,283	256,444	21,434	15,639	18,749	461,467	862,339
Depreciation charge for the year	—	15,088	31,317	80,889	9,678	18,374	5,797	88,655	249,798
At 31 December 2010	—	45,411	89,600	337,333	31,112	34,013	24,546	550,122	1,112,137
<b>Net carrying amount:</b>									
At 31 December 2008	—	9,669	80,081	197,655	10,211	24,026	35,560	683,526	1,040,728
At 31 December 2009	—	16,567	105,783	688,535	32,154	69,691	47,471	690,564	1,650,765
At 31 December 2010	499,637	35,902	94,829	607,646	36,917	62,668	45,624	632,165	2,015,388



**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**12. Property, plant and equipment (cont'd)**

***Assets held under finance leases***

- (a) During the financial years ended 31 December 2010, 2009 and 2008, the cash outflows on purchase of property, plant and equipment were as follows:

	2010 \$	2009 \$	2008 \$
Aggregate cost of property, plant and equipment acquired	614,421	833,378	1,092,740
Less: Acquired by means of finance leases	—	(485,790)	(738,060)
Cash outflows on acquisition of property, plant and equipment	<u>614,421</u>	<u>347,588</u>	<u>354,680</u>

- (b) As at 31 December 2010, 2009 and 2008, the carrying amount of property, plant and equipment held under finance leases were as follows:

	2010 \$	2009 \$	2008 \$
Motor vehicles	567,184	662,006	197,655
Factory equipment	19,911	22,756	—
Plant and machinery	<u>535,194</u>	<u>629,012</u>	<u>654,720</u>
	<u>1,122,289</u>	<u>1,313,774</u>	<u>852,375</u>

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

**13. Deferred tax**

Deferred tax as at 31 December relates to the following:

	<b>Combined balance sheet</b>			<b>Combined income statement</b>		
	2010	2009	2008	2010	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Deferred tax liabilities:</b>						
Differences in depreciation for tax purposes	<u>(58,868)</u>	<u>(29,800)</u>	<u>—</u>	<u>29,068</u>	<u>46,300</u>	<u>(16,500)</u>
<b>Deferred tax assets:</b>						
Differences in depreciation for tax purposes	<u>—</u>	<u>—</u>	<u>16,500</u>	<u>—</u>	<u>—</u>	<u>—</u>

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**13. Deferred tax (cont'd)**

***Unrecognised tax losses***

At the end of the reporting period, Libra Engineering (Malaysia) has tax losses of approximately \$23,274 (2009 and 2008: nil) that are available for offset against future taxable profit of the company in which the loss arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of this tax loss is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the country in which the company operates.

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

	2010 \$	2009 \$	2008 \$
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	50,071,153	25,992,515	7,016,630
Less: Progress billings	(39,871,936)	(21,710,553)	(6,343,701)
Less: Provision for foreseeable losses	—	—	(6,315)
	<u>10,199,217</u>	<u>4,281,962</u>	<u>666,614</u>
<i>Presented as:</i>			
Gross amount due from customers for contract work	10,252,047	4,354,002	1,667,860
Gross amount due to customers for contract work	(52,830)	(72,040)	(1,001,246)
	<u>10,199,217</u>	<u>4,281,962</u>	<u>666,614</u>
Retention sums on construction contracts included in gross amount due from customers for contract work	<u>2,213,585</u>	<u>605,239</u>	<u>258,075</u>

**15. Inventories**

	2010 \$	2009 \$	2008 \$
<b>Balance sheet:</b>			
Raw materials	<u>248,540</u>	<u>270,996</u>	<u>285,996</u>
<b>Statement of comprehensive income:</b>			
Inventories recognised as an expense in cost in sales	<u>14,540,240</u>	<u>16,917,430</u>	<u>3,046,896</u>
Inclusive of the following charge:			
— Inventories written off	<u>—</u>	<u>21,280</u>	<u>—</u>

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**16. Trade and other receivables**

	<b>Note</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables		3,717,143	3,757,098	1,763,663
Retention receivables relating to construction contracts		60,022	162,139	194,901
Other receivables		143,554	199,964	96,683
Amounts due from related company		15,734	28,556	258,692
Amounts due from directors		—	—	407,385
		<u>3,936,453</u>	<u>4,147,757</u>	<u>2,721,324</u>
Add: Cash and cash equivalents	17	392,988	699,283	242,161
Total loans and receivables		<u>4,329,441</u>	<u>4,847,040</u>	<u>2,963,485</u>

***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.

***Receivables that are past due but not impaired***

The Group has trade receivables amounting to \$2,462,718 (2009: \$1,800,074; 2008: \$367,660) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables past due but not impaired:			
Lesser than 30 days	708,163	494,820	74,873
31 to 90 days	836,794	618,063	64,279
More than 91 days	917,761	687,191	228,508
	<u>2,462,718</u>	<u>1,800,074</u>	<u>367,660</u>

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**16. Trade and other receivables (cont'd)**

***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:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables — nominal amounts	348,636	105,668	36,000
Less: Allowance for impairment	(164,406)	(105,668)	(36,000)
	<u>184,230</u>	<u>—</u>	<u>—</u>
Movement in allowance accounts:			
At 1 January	105,668	36,000	36,888
Charge for the year	113,320	270,287	—
Written off	(54,582)	(200,619)	(888)
At 31 December	<u>164,406</u>	<u>105,668</u>	<u>36,000</u>

***Other receivables***

Other receivables are unsecured, interest-free and repayable on demand.

***Amounts due from related company***

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

***Amounts due from directors***

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

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**17. Cash and cash equivalents**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash at banks and on hand	392,988	699,283	242,161

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

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Malaysian Ringgit	63,644	—	—

**18. Trade and other payables**

	<b>Note</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables		4,101,075	4,676,987	1,453,249
GST payables		238,227	101,635	103,314
Professional fee payables		284,572	—	—
Operating lease payables		64,579	54,996	7,307
Operating expense payables		121,195	40,618	68,915
Amounts due to directors		17,061	55,410	—
		4,826,709	4,929,646	1,632,785
Add: Other liabilities	19	1,100,214	1,099,502	245,679
Add: Loans and borrowings	20	3,544,108	2,073,188	1,524,625
Total financial liabilities carried at amortised costs		9,471,031	8,102,336	3,403,089

***Trade and other payables***

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Malaysian Ringgit	100,015	32,126	—

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**18. Trade and other payables (cont'd)**

***Amounts due to directors***

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

**19. Other liabilities**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accrued salaries and bonuses	919,923	839,820	234,587
Accrued operating expenses	180,291	259,682	11,092
	<u>1,100,214</u>	<u>1,099,502</u>	<u>245,679</u>

**20. Loans and borrowings**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current:</b>			
Factoring loan	—	—	113,433
Trust receipts	1,588,041	880,060	292,845
Obligations under finance leases	260,794	293,001	222,386
Term loans:			
— SGD loan at floating rate above Bank's current prevailing Business Instalment Loan Special Value Rate <sup>(1)</sup>	—	—	45,202
— 12.99% p.a. fixed rate SGD loan <sup>(2)</sup>	14,037	38,660	33,974
— 10.88% p.a. fixed rate SGD loan <sup>(3)</sup>	29,071	26,434	24,433
— 6.50% p.a. fixed rate SGD loan <sup>(4)(8)</sup>	222,115	—	—
— 6.25% p.a. fixed rate SGD loan <sup>(5)(8)</sup>	420,935	—	—
— 6.00% p.a. fixed rate SGD loan <sup>(6)(8)</sup>	285,305	—	—
— 5.50% p.a. fixed rate SGD loan <sup>(7)(8)</sup>	192,085	—	—
Total term loans	<u>1,163,548</u>	<u>65,094</u>	<u>103,609</u>
	<u>3,012,383</u>	<u>1,238,155</u>	<u>732,273</u>

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**20. Loans and borrowings (cont'd)**

	2010 \$	2009 \$	2008 \$
<b>Non-current:</b>			
Obligations under finance leases	531,725	791,944	684,170
Term loans:			
— 12.99% p.a. fixed rate SGD loan <sup>(2)</sup>	—	14,037	52,696
— 10.88% p.a. fixed rate SGD loan <sup>(3)</sup>	—	29,052	55,486
Total term loans	—	43,089	108,182
	531,725	835,033	792,352
Total loans and borrowings	3,544,108	2,073,188	1,524,625

***Factoring loans***

Factoring loan bears interest at 0.70% per annum and is secured by personal guarantees from the directors.

***Trust receipts***

Trust receipts are secured by personal guarantees from the directors and all fresh monies charged over deposits made in the name of a director.

Trust receipts have an average maturity period of 60 to 120 days (2009: 90 to 120 days, 2008: 120 days) and bear interest of 7.00% p.a. to 7.50% p.a. (2009: 7.50% p.a., 2008: 6.50% p.a.).

***Obligations under finance leases***

The Group has finance leases for certain items of plant and equipment as disclosed in Note 12. The discount rates implicit in the leases range from 4.53% to 8.75% p.a. (2009: 4.53% to 8.75% p.a., 2008: 4.53% to 8.75% p.a.).

***Term loans***

(1) This loan bears interest at 14.00% per annum during the year ended 31 December 2009 (2008: 11.50%) and has been fully repaid as at 31 December 2009. The loan is secured by a deed of guarantee from a director.

(2) This loan is repayable by monthly instalments over three years.



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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**20. Loans and borrowings (cont'd)**

***Term loans (cont'd)***

- (3) This loan is repayable by monthly instalments over five years and is secured by a deed of guarantee and indemnity of all monies from a director.
- (4) This loan is repayable by monthly instalments over three years and is secured by personal guarantees from the directors and corporate guarantee from a related company.
- (5) This loan is repayable by monthly instalments over two years and is secured by a joint and several guarantee from the directors.
- (6) This loan is repayable by monthly instalments over three years and is secured by a joint and several guarantee from the directors.
- (7) This loan is repayable by monthly instalments over two years and is secured by personal guarantees from the directors.
- (8) 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 were not scheduled for repayment within twelve months after the reporting date based on the scheduled repayment dates in the loan facility agreements.

**21. Share capital**

	<b>2010</b>		<b>2009</b>		<b>2008</b>	
	<b>No. of shares</b>	<b>\$</b>	<b>No. of shares</b>	<b>\$</b>	<b>No. of shares</b>	<b>\$</b>
<b>Issued and fully repaid ordinary shares:</b>						
At 1 January	800,000	800,000	800,000	800,000	500,001	500,001
Issuance of new ordinary shares	500,100	214,950	—	—	299,999	299,999
At 31 December	<u>1,300,100</u>	<u>1,014,950</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**21. Share capital (cont'd)**

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

As at 31 December 2008 and 2009, the Company has not been incorporated. Accordingly, the share capital of the Group comprises the paid-in capital of Kin Xin Engineering Pte. Ltd. and Libra Engineering Pte. Ltd., aggregating \$800,000.

On 18 March 2010, Libra Engineering Sdn Bhd was incorporated with an issued share capital of RM500,000 (equivalent to \$214,850), comprising 500,000 shares.

The Company was incorporated in Singapore on 20 October 2010 with an issued share capital of \$100, comprising 100 shares.

**22. 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.

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 January	—	—	—
Translation difference	6,853	—	—
	<hr/>	<hr/>	<hr/>
At 31 December	6,853	—	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**23. Dividends**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary shares			
— Final tax exempt (one-tier) dividend of \$Nil (2009: \$0.63; 2008: Nil) per share	—	500,000	—
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**24. Investment in subsidiaries**

The Company has the following subsidiaries as at 31 December:

Name	Country of incorporation	Principal activity	Effective equity interest held by the Group		
			2010 %	2009 %	2008 %
<b>Held by the Company:</b>					
Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering") <sup>(1)</sup>	Singapore	Contracting and installation of ACMV systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems	100	100	100
Libra Engineering Pte. Ltd. ("Libra Engineering") <sup>(1)</sup>	Singapore	Manufacturing and sale of ACMV ducts and trading of ACMV related products	100	100	100
Libra Engineering Sdn Bhd ("Libra Engineering (Malaysia)") <sup>(2)</sup>	Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products	100	—	—

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by Se Lai Associates, Malaysia

For the financial years ended 31 December 2008 and 2009, the results of Kin Xin Engineering and Libra Engineering were combined on the basis that they were under common control by Chu Sau Ben and William Lee Kay Choon. Accordingly, the equity interests in Kin Xin Engineering and Libra Engineering held by the Company are deemed to be 100%.

For the financial year ended 31 December 2010, the results of Kin Xin Engineering, Libra Engineering and Libra Engineering (Malaysia) were combined with the Company on the basis that they were under common control by Chu Sau Ben and William Lee Kay Choon. Accordingly, the equity interests in Kin Xin Engineering, Libra Engineering and Libra Engineering (Malaysia) held by the Company are deemed to be 100%.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**25. Commitments**

**(a) Operating lease commitments — as lessee**

The Group has entered into commercial leases for the rental of factory equipment, office premises and staff accommodation for foreign workers. These leases have an average life of between one and two years. There are no restrictions placed upon the Group by entering into these leases. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2010 amounted to \$716,610 (2009: \$820,848; 2008: \$224,951).

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

	2010 \$	2009 \$	2008 \$
Not later than one year	297,125	462,540	244,440
Later than one year but not later than two years	—	225,000	78,000
	<u>297,125</u>	<u>687,540</u>	<u>322,440</u>

**(b) Operating lease commitment — as lessor**

The Group has entered into a commercial lease for the rental of office with a related company. This lease has a lease term of one year.

Future minimum lease receivable under non-cancellable operating lease as at the end of the reporting period is as follows:

	2010 \$	2009 \$	2008 \$
Not later than one year	—	—	17,500
	<u>—</u>	<u>—</u>	<u>17,500</u>

---

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**25. Commitments (cont'd)**

(c) ***Finance lease commitments***

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

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

	2010		2009		2008	
	\$		\$		\$	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Within 1 year	296,289	260,794	341,544	293,001	272,134	222,386
After 1 year and not later than 5 years	594,997	525,936	819,303	725,547	753,418	668,368
Later than five years	6,808	5,789	78,786	66,397	19,340	15,802
Total minimum lease payments	898,094	792,519	1,239,633	1,084,945	1,044,892	906,556
Less: Amounts representing finance charges	(105,575)	—	(154,688)	—	(138,336)	—
Present value of minimum lease payments	792,519	792,519	1,084,945	1,084,945	906,556	906,556

**26. Fair value of financial instruments**

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

*Trade and other receivables (Note 16), cash and cash equivalents (Note 17), trade and other payables (Note 18), other liabilities (Note 19) and loans and borrowings except for non-current term loans and obligations under finance leases (Note 20)*

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**26. Fair value of financial instruments (cont'd)**

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

	2010		2009		2008	
	\$		\$		\$	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities:</b>						
Loans and borrowings (non-current)						
— Term loans	—	—	43,089	44,765	108,182	115,154
— Obligations under finance leases	531,725	558,263	791,944	819,446	684,170	705,518
	<u>531,725</u>	<u>558,263</u>	<u>791,944</u>	<u>819,446</u>	<u>684,170</u>	<u>705,518</u>

***Determination of fair value***

The fair value of loans and borrowings (non-current) as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing arrangements at the end of the reporting period.

**27. 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.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

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

**(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. There is no significant concentration of credit risk within the Group.

*Exposure to credit risk*

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.

*Credit risk concentration profile*

At the end of the reporting period, approximately 44% (2009: 46%; 2008: 56%) of the Group's trade receivables were due from 5 major debtors located in Singapore.

*Financial assets that are neither past due nor impaired*

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.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**27. 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 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 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. At the end of the reporting period, approximately 85% (2009: 60%; 2008: 48%) of the Group's loans and borrowings (Note 20) will mature in less than one year based on the carrying amount reflected in the combined financial statements.

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.

	2008			
	One year or less \$	One to five years \$	Over five years \$	Total \$
<b>Financial assets:</b>				
Trade and other receivables	2,721,324	—	—	2,721,324
Cash and cash equivalents	242,161	—	—	242,161
Total undiscounted financial assets	2,963,485	—	—	2,963,485
<b>Financial liabilities:</b>				
Trade and other payables	1,632,785	—	—	1,632,785
Other liabilities	245,679	—	—	245,679
Loans and borrowings	732,273	845,862	70,595	1,648,730
Total undiscounted financial liabilities	2,610,737	845,862	70,595	3,527,194
Total net undiscounted financial assets/(liabilities)	352,748	(845,862)	(70,595)	(563,709)



**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

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

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

	2009			
	One year or less \$	One to five years \$	Over five years \$	Total \$
<b>Financial assets:</b>				
Trade and other receivables	4,147,757	—	—	4,147,757
Cash and cash equivalents	699,283	—	—	699,283
Total undiscounted financial assets	4,847,040	—	—	4,847,040
<b>Financial liabilities:</b>				
Trade and other payables	4,929,646	—	—	4,929,646
Other liabilities	1,099,502	—	—	1,099,502
Loans and borrowings	1,238,155	819,303	78,786	2,136,244
Total undiscounted financial liabilities	7,267,303	819,303	78,786	8,165,392
Total net undiscounted financial liabilities	(2,420,263)	(819,303)	(78,786)	(3,318,352)
	2010			
	One year or less \$	One to five years \$	Over five years \$	Total \$
<b>Financial assets:</b>				
Trade and other receivables	3,936,453	—	—	3,936,453
Cash and cash equivalents	392,988	—	—	392,988
Total undiscounted financial assets	4,329,441	—	—	4,329,441
<b>Financial liabilities:</b>				
Trade and other payables	4,826,709	—	—	4,826,709
Other liabilities	1,100,214	—	—	1,100,214
Loans and borrowings	3,012,383	594,997	6,808	3,614,188
Total undiscounted financial liabilities	8,939,306	594,997	6,808	9,541,111
Total net undiscounted financial liabilities	(4,609,865)	(594,997)	(6,808)	(5,211,670)

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**27. 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 financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash at bank and floating rate trust receipts for the financial years ended 31 December 2010, 2009 and 2008.

*Sensitivity analysis for interest rate risk*

At the end of the reporting period, if SGD interest rates had been 100 (2009: 100, 2008: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been \$10,457 (2009: \$1,631, 2008: \$423) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate trust receipts and lower/higher interest income on cash at bank balances.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, Singapore Dollar (SGD). The foreign currency in which most of these transactions are denominated is Malaysian Ringgit (RM). Approximately 3% (2009: 1%; 2008: nil) of costs are denominated in RM. The Group's trade payable balances at the end of the reporting period have similar exposures.

*Sensitivity analysis for foreign currency risks*

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
RM/SGD — strengthened 5% (2009: 5%; 2008: 5%)	(4,151)	(1,333)	—
— weakened 5% (2009: 5%; 2008: 5%)	4,151	1,333	—

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**28. Capital management**

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008, 2009 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 55% and 75%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the then owners of the Company.

	<b>Note</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	18	4,826,709	4,929,646	1,632,785
Other liabilities	19	1,100,214	1,099,502	245,679
Loans and borrowings	20	3,544,108	2,073,188	1,524,625
Less: Cash and cash equivalents	17	(392,988)	(699,283)	(242,161)
Net debt		9,078,043	7,403,053	3,160,928
Equity attributable to the then owners of the Company		6,586,935	2,663,719	1,402,714
Capital and net debt		15,664,978	10,066,772	4,563,642
Gearing ratio		58%	74%	69%

**29. Segment reporting**

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

**(1) Mechanical and Electrical (M&E)**

The M&E segment includes the contracting and installation of air-conditioning and mechanical ventilation (ACMV) systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems.

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**29. Segment reporting (cont'd)**

**(2) Manufacturing**

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

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 combined financial statements. This information is regularly provided to and reviewed by the chief operating decision maker.

	<b>Mechanical &amp; Electrical \$</b>	<b>Manufacturing \$</b>	<b>Adjustments &amp; Eliminations \$</b>	<b>Note</b>	<b>Total \$</b>
<b>Audited</b>					
<b>31 December 2010</b>					
<b>Revenue:</b>					
External customers	24,090,244	5,694,752	—		29,784,996
Inter-segment	641	2,832,545	(2,833,186)	A	—
Total revenue	24,090,885	8,527,297	(2,833,186)		29,784,996
<b>Results:</b>					
Segment gross profit	6,655,676	2,223,480	506,077	B	9,385,233
Segment profit	3,298,739	1,273,337	(211,185)	D, E	4,360,891
<b>Assets:</b>					
Trade receivables	1,520,955	2,196,188	—		3,717,143
Segment assets	13,685,084	5,575,202	(2,227,657)	C	17,032,629
<b>Liabilities:</b>					
Loans and borrowings	2,307,909	1,236,199	—		3,544,108
Segment liabilities	9,421,550	3,262,419	(2,238,275)	C	10,445,694

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

**29. Segment reporting (cont'd)**

	<b>Mechanical &amp; Electrical \$</b>	<b>Manufacturing \$</b>	<b>Eliminations \$</b>	<b>Note</b>	<b>Total \$</b>
<b>31 December 2009</b>					
<b>Revenue:</b>					
External customers	19,833,898	3,097,374	—		22,931,272
Inter-segment	3,740,554	5,111,856	(8,852,410)	A	—
Total revenue	23,574,452	8,209,230	(8,852,410)		22,931,272
<b>Results:</b>					
Segment gross profit	3,503,809	1,646,923	341,121	B	5,491,853
Segment profit	1,076,967	983,380	—	E	2,060,347
<b>Assets:</b>					
Trade receivables	2,364,663	1,392,435	—		3,757,098
Segment assets	9,026,461	2,441,674	(293,801)	C	11,174,334
<b>Liabilities:</b>					
Loans and borrowings	1,457,934	615,254	—		2,073,188
Segment liabilities	7,525,952	1,278,464	(293,801)	C	8,510,615
<b>31 December 2008</b>					
<b>Revenue:</b>					
External customers	4,664,059	1,685,006	—		6,349,065
Inter-segment	1,283,881	602,767	(1,886,648)	A	—
Total revenue	5,947,940	2,287,773	(1,886,648)		6,349,065
<b>Results:</b>					
Segment gross profit	1,775,506	459,847	71,876	B	2,307,229
Segment profit	720,111	252,347	—	E	972,458
<b>Assets:</b>					
Trade receivables	1,113,195	650,468	—		1,763,663
Segment assets	4,771,349	1,733,073	(507,912)	C	5,996,510
<b>Liabilities:</b>					
Loans and borrowings	1,267,258	257,367	—		1,524,625
Segment liabilities	4,197,837	903,871	(507,912)	C	4,593,796

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

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**29. Segment reporting (cont'd)**

Notes	Nature of adjustments and eliminations to arrive at amounts reported in the combined financial statements:
A	Inter-segment revenues are eliminated on consolidation.
B	Inter-segment revenues and cost of sales are eliminated on consolidation.
C	Intercompany balances are eliminated on consolidation.
D	Inter-segment revenues and expenses are eliminated on consolidation. Unallocated corporate expenses are also deducted to arrive at "profit before tax" presented in the combined statements of comprehensive income.
E	Finance costs and depreciation expense are included in the measure of segment profit but not disclosed as the information is not regularly provided to the chief operating decision maker.

***Allocation basis and transfer pricing***

Segment results include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis.

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

***Geographical information***

The Group operates entirely in Singapore for the financial years ended 31 December 2008 and 2009.

Revenue and non-current assets information based on the geographical location of customers and assets respectively for the financial year ended 31 December 2010 are as follows:

	2010	
	Revenue	Non-current assets
	\$	\$
Singapore	29,784,996	1,515,751
Malaysia	—	499,637
	<u>29,784,996</u>	<u>1,515,751</u>

Non-current assets information presented above consist of property, plant and equipment as presented in the combined balance sheets.

***Information about major customers***

Revenue from two (2009: two, 2008: one) of the Group's major customers amounted to \$12,659,640 (2009: \$13,502,125, 2008: \$1,511,141), arising from sales by the Mechanical and Electrical segment.

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

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**30. Events occurring after the reporting period**

- I. On 8 June 2011, the Executive Directors, Chu Sau Ben and William Lee Kay Choon transferred 450,000 and 50,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering (Malaysia), comprising the entire equity interest in Libra Engineering (Malaysia) to Libra Engineering.
- II. On 4 October 2011, the Company acquired from Chu Sau Ben and William Lee Kay Choon 270,000 and 30,000 ordinary shares in the issued and paid-up capital of Libra Engineering respectively, comprising the entire equity interest in Libra Engineering, for an aggregate purchase consideration of approximately \$2.7 million.
- III. On 4 October 2011, the Company acquired from Chu Sau Ben and William Lee Kay Choon 450,000 and 50,000 ordinary shares in the issued and paid-up share capital of Kin Xin Engineering respectively, comprising the entire equity interest in Kin Xin Engineering, for an aggregate purchase consideration of approximately \$5.5 million.
- IV. Pursuant to the Investment Agreement entered into between the Company and the Pre-IPO Investor, Kerr Lay Kheng on 15 December 2010, the Company issued \$850,000 Convertible Loan for cash to the Pre-IPO investor on the following terms:
  - (a) the Pre-IPO Investor agreed to subscribe for the Convertible Loan of \$850,000 which may be converted at the option of the Pre-IPO Investor at the conversion price of 25% discount to the issue price;
  - (b) no interest shall be made if the listing of the Company is completed before the Final Maturity. Final Maturity is the earlier of 12 months from the date of drawdown of the Convertible Loan by the Company or the date of listing of the Company on SGX Catalyst;
  - (c) in the event that the listing of the Company is not proceeded with, interest shall be payable upon the Final Maturity or on the occurrence of certain default events at the rate of 10% per annum.

On 25 October 2011, the Pre-IPO Investor exercised her right to convert the Convertible Loan into shares of the Company at a discount of 25% to the initial public offering price.

- V. Pursuant to the extraordinary general meeting held on 4 October 2011, the Shareholders approved, *inter alia*, the following:
  - (a) the conversion of the Company into a public limited company and the change of the name to “Libra Group Limited”;
  - (b) the sub-division of each ordinary share in the existing issued share capital of the Company into 66 ordinary shares;
  - (c) the adoption of a new set of Articles of Association;

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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements**

**— 31 December 2008, 2009 and 2010**

---

**30. Events occurring after the reporting period (cont'd)**

- (d) the allotment and issue of the New Shares which are the subject of the Placement which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares (the "Issue of New Shares");
- (e) the approval of the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued pursuant to the Placement) on Catalist;
- (f) that authority be and is hereby given to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting to:

- (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
- (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

- (B) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (A)(ii) and/or (A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

provided that:

- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance 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 Articles of Association for the time being of the Company, does not exceed 100% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50% of the post-Placement issued share capital excluding treasury shares;



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**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON  
THE AUDITED COMBINED FINANCIAL STATEMENTS OF  
LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEARS ENDED 31 DECEMBER 2008, 2009 AND 2010**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Combined Financial Statements  
— 31 December 2008, 2009 and 2010**

---

**30. Events occurring after the reporting period (cont'd)**

- (ii) in exercising such authority, 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 Articles of Association for the time being of the Company; and
    - (iii) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
  - (g) the adoption of the Libra Performance Share Plan.
- VI. Pursuant to an extraordinary general meeting held on 24 October 2011, the Shareholders approved the allotment and issue of 2,196,000 new Shares to PPCF in satisfaction of part of their fees as Manager and Sponsor and 5,528,000 new Shares to the Pre-IPO Investor pursuant to the conversion of the Convertible Loan.

**31. Authorisation of financial statements**

The combined financial statements for the years ended 31 December 2008, 2009 and 2010 were authorised for issue in accordance with a resolution of the directors on 2 November 2011.

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Unaudited Interim Combined Financial Statements of Libra Group Limited and  
its Subsidiaries for the six months ended 30 June 2011**

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<b>Index</b>	<b>Page</b>
Independent Report from the Auditors . . . . .	B-2
Interim Combined Statement of Comprehensive Income . . . . .	B-4
Interim Combined Balance Sheet . . . . .	B-5
Interim Combined Statement of Changes in Equity . . . . .	B-6
Interim Combined Cash Flow Statement . . . . .	B-7
Notes to the Interim Combined Financial Statements . . . . .	B-8

---

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Review Report from the Independent Auditors in Relation to the Unaudited Interim Combined  
Financial Statements of Libra Group Limited and its Subsidiaries for the six months ended  
30 June 2011**

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2 November 2011

The Board of Directors  
Libra Group Limited  
Block 101 Defu Lane 10  
Singapore 539222

Dear Sirs,

*Introduction*

We have reviewed the accompanying unaudited interim combined balance sheet of Libra Group Limited (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2011 and the related interim combined statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim combined financial statements in accordance with Singapore Financial Reporting Standard FRS 34 *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on these interim combined financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim combined financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim combined financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2011, and of its financial performance and its cash flows for the six-month period then ended in accordance with FRS 34.

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Review Report from the Independent Auditors in Relation to the Unaudited Interim Combined  
Financial Statements of Libra Group Limited and its Subsidiaries for the six months ended  
30 June 2011**

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*Other Matters*

This Report has been prepared for the inclusion in the Offer Document in connection with the proposed listing of the Company's shares on the Catalist Board of Singapore Exchange Securities Trading Limited.

Ernst & Young LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

Partner-in-charge: Max Loh Khum Whai

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Interim Combined Statement of Comprehensive Income  
For the Six Months ended 30 June 2011**

(Amounts in Singapore dollars)

	Note	Unaudited 1 January 2011 to 30 June 2011 \$	Unaudited 1 January 2010 to 30 June 2010 \$
<b>Revenue</b>	4	11,755,522	17,662,825
Cost of sales		(8,103,758)	(12,626,403)
<b>Gross profit</b>		3,651,764	5,036,422
<b>Other item of income</b>			
Other income	5	248,943	61,999
<b>Other items of expense</b>			
Administrative expenses		(2,511,091)	(2,360,131)
Finance costs	6	(228,343)	(83,847)
<b>Profit before tax</b>	7	1,161,273	2,654,443
Income tax expense	10	(226,191)	(420,953)
<b>Profit net of tax</b>		935,082	2,233,490
Profit for the period attributable to owners of the Company		935,082	2,233,490
<b>Other comprehensive income, net of tax</b>			
Foreign currency translation		19,323	(652)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		954,405	2,232,838
<b>Earnings per share attributable to owners of the Company (cents)</b>			
Basic and diluted	11	0.94	2.24

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

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Interim Combined Balance Sheet as at 30 June 2011**

(Amounts in Singapore dollars)

	Note	Unaudited 30 June 2011 \$	Audited 31 December 2010 \$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	12	1,995,398	2,015,388
<b>Current assets</b>			
Gross amount due from customers for contract work-in-progress	14	9,883,034	10,252,047
Inventories	15	208,984	248,540
Prepaid operating expenses		264,289	187,213
Trade and other receivables	16	6,690,472	3,936,453
Cash and cash equivalents	17	2,776,124	392,988
		19,822,903	15,017,241
<b>Total assets</b>		21,818,301	17,032,629
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Gross amount due to customers for contract work-in-progress	14	191,228	52,830
Trade and other payables	18	7,296,104	4,826,709
Other liabilities	19	565,420	1,100,214
Loans and borrowings	20	4,653,777	3,012,383
Derivative	21	462,370	—
Income tax payable		792,825	862,965
		13,961,724	9,855,101
<b>Net current assets</b>		5,861,179	5,162,140
<b>Non-current liabilities</b>			
Loans and borrowings	20	461,762	531,725
Deferred tax liabilities	13	68,325	58,868
		530,087	590,593
<b>Total liabilities</b>		14,491,811	10,445,694
<b>Net assets</b>		7,326,490	6,586,935
<b>Equity attributable to owners of the Company</b>			
Share capital	22	800,100	1,014,950
Foreign currency translation reserve	23	26,176	6,853
Accumulated profits		6,500,214	5,565,132
<b>Total equity</b>		7,326,490	6,586,935
<b>Total equity and liabilities</b>		21,818,301	17,032,629

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

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Interim Combined Statement of Changes in Equity  
For the Six Months ended 30 June 2011**

(Amounts in Singapore dollars)

	Share capital (Note 22) \$	Foreign currency translation reserve (Note 23) \$	Accumulated profits \$	Total equity \$
<b>Unaudited</b>				
<b>Opening balance at 1 January 2011</b>	1,014,950	6,853	5,565,132	6,586,935
Profit for the period	—	—	935,082	935,082
<u>Other comprehensive income</u>				
Foreign currency translation	—	19,323	—	19,323
Total comprehensive income for the period	—	19,323	935,082	954,405
Adjustment pursuant to the restructuring exercise (Note 1.2(b))	(214,850)	—	—	(214,850)
<b>Closing balance at 30 June 2011</b>	800,100	26,176	6,500,214	7,326,490
<b>Unaudited</b>				
<b>Opening balance at 1 January 2010</b>	800,000	—	1,863,719	2,663,719
Profit for the period	—	—	2,233,490	2,233,490
<u>Other comprehensive income</u>				
Foreign currency translation	—	(652)	—	(652)
Total comprehensive income for the period	—	(652)	2,233,490	2,232,838
<u>Contributions by owners</u>				
Issuance of new ordinary shares, representing total contributions by owners and total transactions with owners in their capacity as owners	1	—	—	1
<b>Closing balance at 30 June 2010</b>	800,001	(652)	4,097,209	4,896,558

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



**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Interim Combined Cash Flow Statement  
For the Six Months ended 30 June 2011**

(Amounts in Singapore dollars)

	<b>Note</b>	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
<b>Cash flows from operating activities</b>			
Profit before tax		1,161,273	2,654,443
Adjustments:			
Depreciation of property, plant and equipment		130,066	123,085
Allowance for doubtful trade receivables		46,733	40,672
Write back of accrued operating expense	5	(133,712)	—
Fair value loss on derivative		179,036	—
Listing expenses		105,800	77,035
Interest expense		227,670	83,847
Translation difference		19,323	(652)
<b>Operating cash flows before working capital changes</b>		<b>1,736,189</b>	<b>2,978,430</b>
Decrease/(increase) in:			
Gross amount due from customers for contract work-in-progress		369,013	(3,714,457)
Inventories		39,556	125,638
Prepaid operating expenses		(182,876)	(124,406)
Trade and other receivables		(3,015,601)	(215,656)
Increase/(decrease) in:			
Gross amount due to customers for contract work-in-progress		138,398	86,756
Trade and other payables		2,471,175	51,205
Other liabilities		(401,082)	(166,155)
<b>Cash flows from operations</b>		<b>1,154,772</b>	<b>(978,645)</b>
Interest paid		(125,153)	(91,052)
Income tax paid		(286,875)	(115,148)
<b>Net cash from/(used in) operating activities</b>		<b>742,744</b>	<b>(1,184,845)</b>
<b>Cash flows from investing activity</b>			
Purchase of property, plant and equipment	12	(28,076)	(112,750)
<b>Net cash used in investing activity</b>		<b>(28,076)</b>	<b>(112,750)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		4,640,820	3,759,533
Repayments of loans and borrowings		(2,972,352)	(2,703,738)
Proceeds from issuance of ordinary shares		—	1
<b>Net cash from financing activities</b>		<b>1,668,468</b>	<b>1,055,796</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,383,136</b>	<b>(241,799)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>392,988</b>	<b>699,283</b>
<b>Cash and cash equivalents at 30 June</b>	17	<b>2,776,124</b>	<b>457,484</b>

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

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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### Libra Group Limited and its Subsidiaries

#### Notes to the Interim Combined Financial Statements — 30 June 2011

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#### 1. Corporate information

##### 1.1 *The Company*

Libra Group Pte. Ltd. (the “Company”) was incorporated as a private company limited by shares, in Singapore on 20 October 2010. On 6 October 2011, the Company was converted to a public limited company and the consequential change of name from “Libra Group Pte. Ltd.” to “Libra Group Limited”.

The registered office of the Company is located at Block 101 Defu Lane 10, Singapore 539222.

The principal activity of the Company is investment holding. The principal activity of the subsidiaries is disclosed in Note 24 to the interim combined financial statements.

##### 1.2 *The Restructuring Exercise*

In preparation for the listing of the Company, the Group undertook the restructuring exercise, which involved the following steps:

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

The Company was incorporated in Singapore on 20 October 2010 as an investment holding company of the Group with an initial paid-up capital of \$100 comprising 100 ordinary shares of \$1 for each ordinary share allotted and issued to Chu Sau Ben and William Lee Kay Choon.

###### (b) *Transfer of the entire equity interest in Libra Engineering Sdn Bhd (“Libra Engineering (Malaysia)”) to Libra Engineering Pte. Ltd. (“Libra Engineering”)*

On 8 June 2011, the Executive Directors, Chu Sau Ben and William Lee Kay Choon transferred 450,000 and 50,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering (Malaysia), comprising the entire equity interest in Libra Engineering (Malaysia) to Libra Engineering.

###### (c) *Acquisition of the entire equity interest in Libra Engineering and Kin Xin Engineering Pte. Ltd. (“Kin Xin Engineering”)*

On 4 October 2011, the Company entered into a Share Swap Agreement with the Executive Directors, Chu Sau Ben and William Lee Kay Choon. Pursuant to the Share Swap Agreement, the Company acquired from Chu Sau Ben and William Lee Kay Choon 270,000 and 30,000 ordinary shares respectively in the issued and paid-up capital of Libra Engineering, comprising the entire equity interest in Libra Engineering, for an aggregate purchase consideration of approximately \$2.7 million. The purchase consideration was based on the unaudited net asset value of Libra Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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### **Libra Group Limited and its Subsidiaries**

#### **Notes to the Interim Combined Financial Statements — 30 June 2011**

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#### **1. Corporate information (cont'd)**

##### **1.2 *The Restructuring Exercise (cont'd)***

- (c) *Acquisition of the entire equity interest in Libra Engineering and Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering") (cont'd)*

Further to the Share Swap Agreement, the Company also acquired from Chu Sau Ben and William Lee Kay Choon 450,000 and 50,000 ordinary shares respectively in the issued and paid-up share capital of Kin Xin Engineering, comprising the entire equity interest in Kin Xin Engineering, for an aggregate purchase consideration of approximately \$5.5 million. The purchase consideration was based on the unaudited net asset value of Kin Xin Engineering as at 31 July 2011, as agreed on a willing-buyer, willing-seller basis.

The purchase consideration for the entire equity interest in Libra Engineering was satisfied by the allotment and issuance of 337,466 and 37,496 new shares, and the purchase consideration for the entire equity interest in Kin Xin Engineering was satisfied by the allotment and issuance of 562,444 and 62,494 new shares, credited as fully paid to Chu Sau Ben and William Lee Kay Choon respectively. Following the said acquisition, Libra Engineering and Kin Xin Engineering became the Company's wholly-owned subsidiaries.

- (d) *Issue of shares in the Company*

On 25 October 2011, the Company issued 5,528,000 Shares to the Pre-IPO Investor for a consideration of \$850,000, pursuant to the Investment Agreement signed between the Company and the Pre-IPO Investor.

#### **2. Summary of significant accounting policies**

##### **2.1 *Basis of preparation***

The interim combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS) 34.

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

The interim combined financial statements are presented in Singapore dollars ("SGD" or "\$").

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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### Libra Group Limited and its Subsidiaries

#### Notes to the Interim Combined Financial Statements — 30 June 2011

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

### 2.2 *Changes in accounting policies and methods of computation*

The accounting policies adopted and the methods of computation followed in the interim combined financial statements are consistent with the Group's audited combined financial statements for 31 December 2010. The Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

### 2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 107 <i>Disclosures — Transfers of Financial Assets</i>	1 July 2011
Amendments to FRS 12 <i>Deferred Tax — Recovery of Underlying Assets</i>	1 January 2012

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

### 2.4 *Functional and foreign currency*

#### (a) *Functional currency*

The Group's combined financial statements are presented in Singapore Dollars (SGD). 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.

#### (b) *Foreign currency transactions*

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 the exchange ruling at the end of the reporting period. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

**2.4 *Functional and foreign currency (cont'd)***

*(b) Foreign currency transactions (cont'd)*

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.

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

The Group has elected to recycle the accumulated exchange differences in the foreign currency translation reserve that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

**2.5 *Subsidiaries and basis of consolidation***

*(a) Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

*(b) Basis of consolidation*

The unaudited interim combined 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 are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

The unaudited interim combined financial statements of the Group have been prepared using the pooling of interest method as the Restructuring Exercise completed as described in Note 1.2 is a legal reorganisation of entities under common control.

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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### **Libra Group Limited and its Subsidiaries**

#### **Notes to the Interim Combined Financial Statements — 30 June 2011**

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

### **2.5 Subsidiaries and basis of consolidation (cont'd)**

#### **(b) Basis of consolidation (cont'd)**

Under this method, the Company has been treated as the holding company of its subsidiaries for the financial period presented rather than from the date of completion of the Restructuring Exercise. Accordingly, the combined results of the Group for the respective periods include the results of the subsidiaries for the entire periods under review.

Pursuant to this:

- Assets, liabilities, share capital, reserves and current period profits of the combining companies are added together for the six-month period ended 30 June 2011, without elimination of share capital of these companies;
- Assets and liabilities are combined at their existing carrying amounts; and
- No amount is recognised for goodwill.

The financial statements of the Group include:

- The financial statements of Libra Group Limited, Kin Xin Engineering Pte. Ltd., Libra Engineering Pte. Ltd. and Libra Engineering Sdn Bhd for the six-month period ended 30 June 2011.

### **2.6 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.15. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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 property, 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.

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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### Libra Group Limited and its Subsidiaries

#### Notes to the Interim Combined Financial Statements — 30 June 2011

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

### 2.6 *Property, plant and equipment (cont'd)*

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Computers	3
Furniture and fitting	5
Office equipment	5
Renovation	5
Motor vehicles	10
Factory equipment	10
Plant and machinery	10

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 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 arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.7 *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 to sell 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. When 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. In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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

#### 2.7 *Impairment of non-financial assets (cont'd)*

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### 2.8 *Financial assets*

##### *Initial recognition and measurement*

Financial assets are recognised on the balance sheet 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:

##### Loans and receivables

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



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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

#### **2.8 Financial assets (cont'd)**

##### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### **2.9 Impairment of financial assets**

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

##### *Financial assets carried at amortised cost*

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

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

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

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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### **Libra Group Limited and its Subsidiaries**

#### **Notes to the Interim Combined Financial Statements — 30 June 2011**

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

### **2.9 *Impairment of financial assets (cont'd)***

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

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

### **2.10 *Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts 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.

### **2.11 *Construction contracts***

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and 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.

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

#### **2.12 *Contract work-in-progress***

Contract work-in-progress is carried at the net amount of project cost plus attributable profits less recognised losses, net of progress billings and allowance for foreseeable losses. It is presented in the balance sheet as a current asset under “gross amount due from customers for contract work-in-progress” or as a current liability under “gross amount due to customers for contract work-in-progress”, if applicable.

Project cost includes material cost, direct labour cost and other project-related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision for anticipated losses on uncompleted contracts is made in the period in which such losses are determined.

Progress billings not yet paid by customers and billed retentions are included within “trade and other receivables”.

#### **2.13 *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 a first-in first-out basis.

When 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 the estimated costs necessary to make the sale.

#### **2.14 *Financial liabilities***

##### *Initial recognition and measurement*

Financial liabilities are recognised on the balance sheet 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.

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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

#### 2.14 *Financial liabilities (cont'd)*

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

##### Financial liabilities carried at amortised cost

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

##### *Derecognition*

A financial liability is derecognised 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 derecognition 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.

#### 2.15 *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.

#### 2.16 *Convertible loans*

When convertible loans are issued, the liability component and the derivative component is separately presented on the balance sheet. On initial recognition, the embedded derivative component of the convertible loan is measured at its fair value and presented as part of derivative financial instruments. The loan component is recognised at its fair value determined using a market interest rate for equivalent non-convertible bonds.

The derivative is subsequently measured at fair value through profit or loss and the loan is subsequently measured at amortised cost using the effective interest method.

On conversion, the financial liability component (including the embedded derivative) is derecognized with a corresponding recognition of share capital.

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

---

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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

#### 2.17 *Employee benefits*

##### *Defined contribution plan*

The Group makes 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.

#### 2.18 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### *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.

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

#### **2.19 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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assess its revenue arrangements to determine if it is acting as principal or agent. The Group has conducted that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

##### **(a) Construction revenue**

Revenue from construction contracts is recognised by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

##### **(b) Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of goods to the customer. 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.

#### **2.20 Income taxes**

##### **(a) Current tax**

Current income tax assets and liabilities for the current period 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 by end of the reporting period.

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.

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

**2.20 Income taxes (cont'd)**

*(b) Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the end of 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 income 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 accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 income tax assets are recognised for all deductible temporary differences, 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 income 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 accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income 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 utilised.

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

---

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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

#### 2.20 *Income taxes (cont'd)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 income 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.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

##### (c) *Sales tax*

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

- where the sales tax incurred in 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.

#### 2.21 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services. The management regularly reviews 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.



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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

**2.22 *Share capital***

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.

**2.23 *Related party***

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

#### **2.24 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 combined 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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### **3.1 Judgements made in applying accounting policies**

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

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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### Libra Group Limited and its Subsidiaries

#### Notes to the Interim Combined Financial Statements — 30 June 2011

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

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

##### *Income taxes*

The Group has exposure to income taxes. Significant judgement is involved in determining the 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. The carrying amount of the Group's income tax payables and deferred tax liabilities at the end of the reporting period was \$792,825 (31 December 2010: \$862,965) and \$68,325 (31 December 2010: \$58,868) respectively.

#### 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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) *Useful lives of plant and equipment*

The Group's plant and equipment include computers, furniture and fittings, office equipment, renovation, motor vehicles, factory equipment and plant and machinery. The cost of plant and equipment is depreciated on a straight-line basis over their useful lives estimated to be within 3 to 10 years. Changes in the expected level of usage could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of these plant and equipment as at 30 June 2011 was \$1,495,761 (31 December 2010: \$1,515,751).

##### (b) *Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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## **APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

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

##### *(c) 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 bear to the estimated total contract costs.

Estimation of total contract revenue also includes an estimation of the variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and the knowledge of the project engineers.

Estimated total contract cost for construction contract comprises direct costs attributable to the construction of each project. In estimating the total budgeted costs for construction contracts, management makes reference to information such as current offers from contractors and suppliers, recent offers agreed with contractors and suppliers, and professional estimation on construction and material costs as well as its past experience.

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

##### *(d) 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. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 receivable at the end of the reporting period is disclosed in Note 16 to the interim combined financial statements.

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**4. Revenue**

	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
Construction revenue	9,374,836	15,416,012
Sale of goods	2,380,686	2,246,813
	<u>11,755,522</u>	<u>17,662,825</u>

**5. Other income**

	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
Sales of scrap material	44,955	45,658
Write back of accrued operating expense	133,712	—
Refund of excess legal fees paid	64,963	—
Recovery of bad debts	1,000	—
Grant income from Jobs Credit Scheme	—	11,984
Others	4,313	4,357
	<u>248,943</u>	<u>61,999</u>

**6. Finance costs**

	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
Interest expense on:		
— Obligations under finance leases	18,256	22,198
— Convertible loan	104,297	—
— Term loans	50,527	21,302
— Trust receipts	54,590	40,347
Others	673	—
	<u>228,343</u>	<u>83,847</u>

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**7. Profit before tax**

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

	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
Depreciation of property, plant and equipment	130,066	123,085
Personnel expenses (Note 8)	2,527,705	3,141,504
Legal expenses	33,414	—
Allowance for doubtful trade receivables	46,733	40,672
Listing expenses	105,800	77,035
Fair value loss on derivative (Note 21)	179,036	—
	<u>2,922,954</u>	<u>3,361,796</u>

**8. Personnel expenses**

	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
Salaries, wages and bonuses	2,015,791	2,612,547
Central Provident Fund contributions	90,308	72,139
Foreign worker levy	237,480	249,873
Medical expenses	8,825	18,047
Accommodation	159,451	172,883
Others	15,850	16,015
	<u>2,527,705</u>	<u>3,141,504</u>

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**9. Related party transactions**

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

***Compensation of key management personnel***

	Unaudited 1 January 2011 to 30 June 2011 \$	Unaudited 1 January 2010 to 30 June 2010 \$
Salaries and bonuses	448,800	359,400
Central Provident Fund contributions	34,816	25,707
Others	900	8,804
	<u>484,516</u>	<u>393,911</u>
Comprises amounts paid to:		
Directors of the Company	252,426	251,754
Other key management personnel	232,090	142,157
	<u>484,516</u>	<u>393,911</u>

**10. Income tax**

***Major components of income tax expense***

The major components of income tax expense for the six months ended 30 June 2011 and 30 June 2010 are:

	Unaudited 1 January 2011 to 30 June 2011 \$	Unaudited 1 January 2010 to 30 June 2010 \$
<b>Statement of comprehensive income:</b>		
Current income tax		
— Current period income tax expense	216,734	385,833
— Under provision of income tax in respect of prior year	—	12,309
Deferred income tax		
— Origination of temporary differences (Note 13)	9,457	22,811
Income tax expense recognised in profit or loss	<u>226,191</u>	<u>420,953</u>

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**10. Income tax (cont'd)**

***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 six months ended 30 June 2011 and 30 June 2010 are as follows:

	Unaudited 1 January 2011 to 30 June 2011 \$	Unaudited 1 January 2010 to 30 June 2010 \$
Profit before tax	1,161,273	2,654,443
Tax at the domestic rates applicable to profits in the counties where the Group operates	195,642	450,077
Adjustments:		
Non-deductible expenses	69,578	20,446
Effect of partial tax exemption	(54,453)	(74,136)
Income not subject to tax	—	(2,360)
Under provision in respect of prior year	—	12,309
Deferred tax asset not recognised	4,415	3,676
Others	11,009	10,941
Income tax expense recognised in profit or loss	226,191	420,953

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

The enterprises in Singapore are subjected to a tax rate of 17% for years of assessment 2011 and 2012.

Libra Engineering Sdn Bhd is subjected to a tax rate of 25% for the years of assessment 2011 and 2012.

**11. Earnings per share**

Earnings per share is calculated by dividing the Group's net profit attributable to owners for the financial year by the post-Placement share capital of the Company. The Company's post placement share capital of 99,724,000 ordinary shares were assumed to be in issue throughout the entire years presented.

Diluted earnings per share is similar to basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial years.



**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS  
OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

<b>12. Property, plant and equipment</b>	<b>Land</b>	<b>Computers</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Renovation</b>	<b>Factory equipment</b>	<b>Plant and machinery</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Audited</b>									
<b>As at 31 December 2010</b>									
<b>Cost:</b>									
At 1 January 2010	—	46,890	164,066	944,979	53,588	85,330	66,220	1,152,031	2,513,104
Additions	499,637	34,423	20,363	—	14,441	11,351	3,950	30,256	614,421
At 31 December 2010	499,637	81,313	184,429	944,979	68,029	96,681	70,170	1,182,287	3,127,525
<b>Accumulated depreciation:</b>									
At 1 January 2010	—	30,323	58,283	256,444	21,434	15,639	18,749	461,467	862,339
Depreciation charge for the year	—	15,088	31,317	80,889	9,678	18,374	5,797	88,655	249,798
At 31 December 2010	—	45,411	89,600	337,333	31,112	34,013	24,546	550,122	1,112,137
<b>Net carrying amount:</b>									
At 31 December 2010	499,637	35,902	94,829	607,646	36,917	62,668	45,624	632,165	2,015,388

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS  
OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**12. Property, plant and equipment (cont'd)**

<b>Unaudited</b>												
<b>As at 30 June 2011</b>												
<b>Cost:</b>												
At 1 January 2011	499,637	81,313	184,429	944,979	68,029	96,681	70,170	1,182,287				3,127,525
Additions	—	13,681	2,304	92,000	2,091	—	—	—				110,076
Written off	—	—	(1,700)	—	(7,222)	—	—	—				(8,922)
At 30 June 2011	499,637	94,994	185,033	1,036,979	62,898	96,681	70,170	1,182,287				3,228,679
<b>Accumulated depreciation:</b>												
At 1 January 2011	—	45,411	89,600	337,333	31,112	34,013	24,546	550,122				1,112,137
Depreciation charge for the period	—	9,297	16,986	41,132	5,390	9,668	3,088	44,505				130,066
Written off	—	—	(1,700)	—	(7,222)	—	—	—				(8,922)
At 30 June 2011	—	54,708	104,886	378,465	29,280	43,681	27,634	594,627				1,233,281
<b>Net carrying amount:</b>												
At 30 June 2011	499,637	40,286	80,147	658,514	33,618	53,000	42,536	587,660				1,995,398

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

**12. Property, plant and equipment (cont'd)**

***Assets held under finance leases***

- (a) During the six-month period ended 30 June 2011 and 30 June 2010, the cash outflows on purchase of property, plant and equipment were as follows:

	Unaudited 1 January 2011 to 30 June 2011 \$	Unaudited 1 January 2010 to 30 June 2010 \$
Aggregate cost of property, plant and equipment acquired	110,076	112,750
Less: Acquired by means of finance leases	(82,000)	—
Cash outflows on acquisition of property, plant and equipment	28,076	112,750

- (b) As at 30 June 2011 and 31 December 2010, the carrying amount of property, plant and equipment held under finance leases were as follows:

	Unaudited 30 June 2011 \$	Audited 31 December 2010 \$
Motor vehicles	620,378	567,184
Factory equipment	18,489	19,911
Plant and machinery	497,453	535,194
	1,136,320	1,122,289

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

**13. Deferred tax liabilities**

Deferred tax liabilities relate to the following:

	Combined balance sheet 30 June 2011 \$	31 December 2010 \$	Combined statement of comprehensive income 30 June 2011 \$	30 June 2010 \$
Differences in depreciation for tax purposes	68,325	58,868	9,457	22,811

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**13. Deferred tax liabilities (cont'd)**

***Unrecognised tax losses***

At the end of the reporting period, Libra Engineering (Malaysia) has tax losses of approximately \$17,662 (30 June 2010: \$14,702) that are available for offset against future taxable profit of the company in which the loss arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of this tax loss is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation of the country in which the company operates.

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

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
Aggregate amount of costs incurred and attributable profits (less recognised loss) to date	59,451,140	50,071,153
Less: Progress billings	(49,759,334)	(39,871,936)
	<u>9,691,806</u>	<u>10,199,217</u>
<i>Presented as:</i>		
Gross amount due from customers for contract work	9,883,034	10,252,047
Gross amount due to customers for contract work	(191,228)	(52,830)
	<u>9,691,806</u>	<u>10,199,217</u>
Retention sums on construction contracts included in gross amount due from customers for contract work	<u>2,278,397</u>	<u>2,213,585</u>

**15. Inventories**

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
<b>Balance sheet:</b>		
Raw materials	208,984	248,540
	<u>208,984</u>	<u>248,540</u>
	<b>Unaudited 1 January 2011 to 30 June 2011 \$</b>	<b>Unaudited 1 January 2010 to 30 June 2010 \$</b>
<b>Statement of comprehensive income:</b>		
Inventories recognised as an expense in cost of sales	5,527,212	8,780,034
	<u>5,527,212</u>	<u>8,780,034</u>

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**16. Trade and other receivables**

	Note	Unaudited 30 June 2011 \$	Audited 31 December 2010 \$
Trade receivables		6,523,454	3,717,143
Retention receivables relating to construction contracts		—	60,022
Other receivables		147,844	143,554
Amounts due from related company		19,174	15,734
		6,690,472	3,936,453
Add: Cash and cash equivalents	17	2,776,124	392,988
Total loans and receivables		9,466,596	4,329,441

***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.

***Receivables that are past due but not impaired***

The Group has trade receivables amounting to \$1,895,078 (31 December 2010: \$2,462,718) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Unaudited 30 June 2011 \$	Audited 31 December 2010 \$
Trade receivables past due but not impaired:		
Lesser than 30 days	339,740	708,163
31 to 90 days	354,171	836,794
More than 91 days	1,201,167	917,761
	1,895,078	2,462,718

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**16. Trade and other receivables (cont'd)**

***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:

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
Trade receivables — nominal amounts	185,166	348,636
Less: Allowance for impairment	(163,406)	(164,406)
	<u>21,760</u>	<u>184,230</u>
Movement in allowance accounts:		
At 1 January	164,406	105,668
Charge for the period	46,733	113,320
Write back	(1,000)	—
Written off	(46,733)	(54,582)
At the end of the reporting period	<u>163,406</u>	<u>164,406</u>

***Other receivables***

Other receivables are unsecured, interest-free and repayable on demand.

***Amounts due from related company***

These amounts are trade in nature, unsecured, non-interest bearing and are repayable on demand.

**17. Cash and cash equivalents**

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
Cash at banks and on hand	<u>2,776,124</u>	<u>392,988</u>

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

Cash and cash equivalents denominated in foreign currencies at the end of the reporting period are as follows:

Malaysian Ringgit	<u>24,259</u>	<u>63,644</u>
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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**18. Trade and other payables**

	<b>Note</b>	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
Trade payables		6,433,545	4,101,075
Retention payables		8,332	—
GST payables		184,216	238,227
Professional fee payables		363,520	284,572
Operating lease payables		80,786	64,579
Operating expense payables		196,602	121,195
Amounts due to directors		29,103	17,061
		<hr/> 7,296,104	<hr/> 4,826,709
Add: Other liabilities	19	565,420	1,100,214
Add: Loans and borrowings	20	5,115,539	3,544,108
		<hr/> 12,977,063	<hr/> 9,471,031

***Trade and other payables***

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade payables denominated in foreign currencies as at the end of the reporting period are as follows:

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
Malaysian Ringgit	<hr/> 90,959	<hr/> 100,015

***Amounts due to directors***

These amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**19. Other liabilities**

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
Accrued salaries and bonuses	387,125	919,923
Accrued operating expenses	178,295	180,291
	<u>565,420</u>	<u>1,100,214</u>

**20. Loans and borrowings**

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
<b>Current:</b>		
Trust receipts	1,563,896	1,588,041
Obligations under finance leases	276,390	260,794
Convertible loan	670,963	—
Term loans:		
— 12.99% p.a. fixed rate SGD loan <sup>(1)</sup>	—	14,037
— 10.88% p.a. fixed rate SGD loan <sup>(2)</sup>	14,741	29,071
— 6.50% p.a. fixed rate SGD loan <sup>(3)(10)</sup>	173,440	222,115
— 6.25% p.a. fixed rate SGD loan <sup>(4)(10)</sup>	299,214	420,935
— 6.00% p.a. fixed rate SGD loan <sup>(5)(10)</sup>	220,040	285,305
— 5.50% p.a. fixed rate SGD loan <sup>(6)(10)</sup>	143,683	192,085
— 7.00% p.a. fixed rate SGD loan <sup>(7)(10)</sup>	500,000	—
— 3.75% p.a. fixed rate SGD loans <sup>(5)(10)</sup>	462,345	—
— 3.50% p.a. fixed rate SGD loan <sup>(8)(10)</sup>	211,881	—
— RM loan at 1.25% p.a. above Bank's Base Financing Rate <sup>(9)(10)</sup>	117,184	—
Total term loans	<u>2,142,528</u>	<u>1,163,548</u>
	<u>4,653,777</u>	<u>3,012,383</u>
<b>Non-current:</b>		
Obligations under finance leases	<u>461,762</u>	<u>531,725</u>
Total loans and borrowings	<u>5,115,539</u>	<u>3,544,108</u>



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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**20. Loans and borrowings (cont'd)**

***Trust receipts***

Trust receipts are secured by personal guarantees from the directors and all fresh monies charged over deposits made in the name of a director.

Trust receipts have an average maturity period of 60 to 120 days (31 December 2010: 60 to 120 days) and bear interest of 7.00% to 7.50% p.a. (31 December 2010: 7.00% to 7.50% p.a.).

***Obligations under finance leases***

The Group has finance leases for certain items of property, plant and equipment as disclosed in Note 12. The discount rates implicit in the leases range from 3.73% to 8.75% p.a. (31 December 2010: 4.53% to 8.75% p.a.).

***Convertible loan***

In connection with the Restructuring Exercise, a Pre-IPO Investor, Kerr Lay Kheng ("the Investor") and the Company entered into a convertible loan agreement dated 15 December 2010 pursuant to which the investor agreed to advance an aggregate sum of \$850,000 to the Company. The loan is intended for use by the Company for working capital purposes.

The terms of the convertible loan shall commence from 28 February 2011 (the "drawdown date") and expire on the earlier of 12 months from the drawdown date or the date of the Listing.

The convertible loan shall be converted into equity in the Company (the "Shares") at 25% discount to the estimated IPO price after the lodgement of the Offer Document in relation to the Listing, but not later than the Registration Date of the Offer Document. In the event that the Shares constitutes more than five percent of the Company's total issued share capital post the Listing, the excess amount of the convertible loan will be returned to the Investor by the Company, such that the shareholding of the Investor in the Company's total issued share capital post the Listing shall be less than five percent.

The carrying amount of the liability component of the convertible loan at the date of the reporting period is arrived at as follows:

	<b>Note</b>	<b>Unaudited 30 June 2011 \$</b>
Face value of convertible loan		850,000
Fair value of derivative financial instrument at drawdown date	21	(283,334)
Liability component of convertible loan at initial recognition		566,666
Interest expense recognised during the financial period	6	104,297
Liability component of convertible loan at 30 June 2011		670,963

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**20. Loans and borrowings (cont'd)**

***Term loans***

- (1) This loan is repayable by monthly instalments over three years.
- (2) This loan is repayable by monthly instalments over five years and is secured by a deed of guarantee and indemnity of all monies from a director.
- (3) This loan is repayable by monthly instalments over three years and is secured by personal guarantees from the directors and corporate guarantee from a related company.
- (4) This loan is repayable by monthly instalments over two years and is secured by joint and several guarantee from the directors.
- (5) These three loans are repayable by monthly instalments over three years and are secured by joint and several guarantees from the directors.
- (6) This loan is repayable by monthly instalments over two years and is secured by personal guarantees from the directors.
- (7) This loan is repayable by monthly instalments over one year and is secured by joint and several guarantee from the directors.
- (8) This loan is repayable by monthly instalments over three years and is secured by a deed of guarantee and indemnity of all monies from a director.
- (9) This loan is repayable by monthly instalments over fifteen years and is secured by personal guarantees from the directors and corporate guarantee from a related company.
- (10) 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 were not scheduled for repayment within twelve months after the reporting date based on the scheduled repayment dates in the loan facility agreements.

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**21. Derivative**

	<b>Note</b>	<b>Unaudited 30 June 2011 \$</b>
Derivative financial instrument at initial recognition	20	283,334
Fair value adjustment	7	179,036
Derivative financial instrument at 30 June 2011, representing total financial liabilities at fair value through profit or loss		<u>462,370</u>

Derivative component of the convertible loan relates to the investor's entitlement to convert the stated principal of the loan into a variable number of ordinary shares of the Company at 25% discount to the estimated IPO price.

The fair value adjustment represents the total losses for the period included in profit before tax under the line item "Administrative expenses" for financial instruments that are carried at fair value.

**22. Share capital**

	<b>Unaudited 30 June 2011</b>		<b>Audited 31 December 2010</b>	
	<b>No. of shares</b>	<b>\$</b>	<b>No. of shares</b>	<b>\$</b>
Issued and fully paid ordinary shares:				
At 1 January	1,300,100	1,014,950	800,000	800,000
Issuance of new ordinary shares	—	—	500,100	214,950
Adjustments pursuant to the restructuring exercise	(500,000)	(214,850)	—	—
At the end of the reporting period	<u>800,100</u>	<u>800,100</u>	<u>1,300,100</u>	<u>1,014,950</u>

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

On 18 March 2010, Libra Engineering Sdn Bhd was incorporated with issued share capital of RM500,000 (equivalent to \$214,850), comprising 500,000 shares.

The Company was incorporated in Singapore on 20 October 2010 with issued share capital of \$100, comprising 100 shares.

On 8 June 2011, Libra Engineering Pte. Ltd. acquired 100% of the issued share capital of Libra Engineering Sdn Bhd for a purchase consideration of \$214,850.

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

**23. Foreign currency translation reserve**

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

	<b>Unaudited 30 June 2011</b>	<b>Audited 31 December 2010</b>
	<b>\$</b>	<b>\$</b>
At 1 January	6,853	—
Translation difference	19,323	6,853
At the end of the reporting period	26,176	6,853

**24. Investment in subsidiaries**

The Company has the following subsidiaries as at 30 June 2011 and 31 December 2010:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Effective equity interest held by the Group</b>	
			<b>30 June 2011</b>	<b>31 December 2010</b>
			<b>%</b>	<b>%</b>
<b>Held by the Company:</b>				
Kin Xin Engineering Pte. Ltd. ("Kin Xin Engineering") <sup>(1)</sup>	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") <sup>(1)</sup>	Singapore	Manufacturing and sale of ACMV ducts and trading of ACMV related products	100	100
Libra Engineering Sdn Bhd ("Libra Engineering (Malaysia)") <sup>(2)</sup>	Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products	—	100
<b>Held by Libra Engineering:</b>				
Libra Engineering Sdn Bhd ("Libra Engineering (Malaysia)") <sup>(2)</sup>	Malaysia	Manufacturing and sale of ACMV ducts and ACMV related products	100	—

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by Se Lai Associates, Malaysia

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**24. Investment in subsidiaries (cont'd)**

For the financial year ended 31 December 2010, the results of Kin Xin Engineering, Libra Engineering and Libra Engineering (Malaysia) were combined with the Company on the basis that they were under common control by Chu Sau Ben and William Lee Kay Choon. Accordingly, the equity interests in Kin Xin Engineering, Libra Engineering and Libra Engineering (Malaysia) held by the Company are deemed to be 100%.

As at 30 June 2011, Libra Engineering (Malaysia) became a wholly-owned subsidiary of Libra Engineering thus Libra Engineering's (Malaysia) results were consolidated under Libra Engineering. The results of Kin Xin Engineering and Libra Engineering were combined with the Company on the basis that they were under common control by Chu Sau Ben and William Lee Kay Choon. Accordingly, the equity interests in Kin Xin Engineering and Libra Engineering held by the Company are deemed to be 100%.

**25. Commitments**

**(a) Operating lease commitments — as lessee**

The Group has entered into commercial leases for the rental of factory equipment, office premises and staff accommodation for foreign workers. These leases have an average life of between one and two years. There are no restrictions placed upon the Group by entering into these leases. Minimum lease payments recognised as an expense in profit or loss for the six months ended 30 June 2011 amounted to \$446,392 (30 June 2010: \$416,513).

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

	<b>Unaudited 30 June 2011</b>	<b>Audited 31 December 2010</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	661,120	297,125
Later than one year but not later than five years	76,125	—
	<u>737,245</u>	<u>297,125</u>

**(b) Finance lease commitments**

The Group has finance leases for certain items of property, 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:

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

**25. Commitments (cont'd)**

**(b) Finance lease commitments (cont'd)**

	Unaudited 30 June 2011		Audited 31 December 2010	
	\$		\$	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Within 1 year	308,344	276,390	296,289	260,794
After 1 year and not later than 5 years	522,846	461,762	594,997	525,936
Later than five years	—	—	6,808	5,789
Total minimum lease payments	831,190	738,152	898,094	792,519
Less: Amounts representing finance charges	(93,038)	—	(105,575)	—
Present value of minimum lease payments	738,152	738,152	792,519	792,519

**26. Fair value of financial instruments**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

**(a) Fair value of financial instruments that are carried at fair value**

*Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following level:

Level 3 — Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

*Determination of fair value*

Derivative (Note 21): Fair value is determined using a valuation technique based on the probability of the Company not being able to carry out the IPO within the stipulated period that is not supportable by observable market data.

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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**26. Fair value of financial instruments (cont'd)**

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

*Trade and other receivables (Note 16), cash and cash equivalents (Note 17), trade and other payables (Note 18), other liabilities (Note 19) and loans and borrowings except for non-current obligations under finance leases (Note 20)*

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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

	Unaudited 30 June 2011		Audited 31 December 2010	
	\$		\$	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities:</b>				
Loans and borrowings (non-current)				
— Obligations under finance leases	461,762	486,552	531,725	558,263

***Determination of fair value***

The fair value of loans and borrowings (non-current) as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing arrangements at the end of the reporting period.

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## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

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### Libra Group Limited and its Subsidiaries

#### Notes to the Interim Combined Financial Statements — 30 June 2011

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#### 27. 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. 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. There is no significant concentration of credit risk within the Group.

##### *Exposure to credit risk*

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.

##### *Credit risk concentration profile*

At the end of the reporting period, approximately 68% (31 December 2010: 44%) of the Group's trade receivables were due from 5 major debtors located in Singapore.



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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

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**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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

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

*Financial assets that are neither past due nor impaired*

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.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

**(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 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 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. At the end of the reporting period, approximately 91% (31 December 2010: 85%) of the Group's loans and borrowings (Note 20) will mature in less than one year based on the carrying amount reflected in the interim combined financial statements.

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 repayments obligations.

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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

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

	Audited 31 December 2010			Total \$
	One year or less \$	One to five years \$	Over five years \$	
<b>Financial assets:</b>				
Trade and other receivables	3,936,453	—	—	3,936,453
Cash and cash equivalents	392,988	—	—	392,988
Total undiscounted financial assets	4,329,441	—	—	4,329,441
<b>Financial liabilities:</b>				
Trade and other payables	4,826,709	—	—	4,826,709
Other liabilities	1,100,214	—	—	1,100,214
Loans and borrowings	3,012,383	594,997	6,808	3,614,188
Total undiscounted financial liabilities	8,939,306	594,997	6,808	9,541,111
Total net undiscounted financial liabilities	(4,609,865)	(594,997)	(6,808)	(5,211,670)
	Unaudited 30 June 2011			Total \$
	One year or less \$	One to five years \$	Over five years \$	
<b>Financial assets:</b>				
Trade and other receivables	6,690,472	—	—	6,690,472
Cash and cash equivalents	2,776,124	—	—	2,776,124
Total undiscounted financial assets	9,466,596	—	—	9,466,596
<b>Financial liabilities:</b>				
Trade and other payables	7,296,104	—	—	7,296,104
Other liabilities	565,420	—	—	565,420
Loans and borrowings	4,653,777	522,846	—	5,176,623
Total undiscounted financial liabilities	12,515,301	522,846	—	13,038,147
Total net undiscounted financial liabilities	(3,048,705)	(522,846)	—	(3,571,551)

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

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**27. 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 financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash at bank, trust receipts and floating rate term loan for the six-month period ended 30 June 2011 and financial year ended 31 December 2010.

*Sensitivity analysis for interest rate risk*

At the end of the reporting period, if SGD interest rates had been 100 (31 December 2010: 100) basis points lower/higher with all other variables held constant, the Group's profit after tax would have been \$9,082 (31 December 2010: \$10,457) lower/higher (31 December 2010: higher/lower), arising mainly as a result of lower/higher interest expense on floating rate trust receipts, term loan and lower/higher interest income on cash at banks balances.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group, Singapore Dollar (SGD). The foreign currency in which these transactions are denominated is Malaysian Ringgit (RM). Approximately 4% (31 December 2010: 3%) of costs are denominated in RM. The Group's trade payable balances at the end of the reporting period have similar exposures.

*Sensitivity analysis for foreign currency risks*

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

	<b>Unaudited 30 June 2011 \$</b>	<b>Audited 31 December 2010 \$</b>
RM/SGD — strengthened 5% (31 December 2010: 5%)	(3,775)	(4,151)
— weakened 5% (31 December 2010: 5%)	3,775	4,151

## APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011

### Libra Group Limited and its Subsidiaries

#### Notes to the Interim Combined Financial Statements — 30 June 2011

#### 28. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the six months ended 30 June 2011 and year ended 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 55% and 75%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the then owners of the Company.

	Note	Unaudited 30 June 2011 \$	Audited 31 December 2010 \$
Trade and other payables	18	7,296,104	4,826,709
Other liabilities	19	565,420	1,100,214
Loans and borrowings	20	5,115,539	3,544,108
Less: Cash and cash equivalents	17	(2,776,124)	(392,988)
Net debt		10,200,939	9,078,043
Equity attributable to the then owners of the Company		7,326,490	6,586,935
Capital and net debt		17,527,429	15,664,978
Gearing ratio		58%	58%

#### 29. Segment reporting

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

##### (1) *Mechanical and Electrical (M&E)*

The M&E segment includes the contracting and installation of air-conditioning and mechanical ventilation (ACMV) systems, fire alarms and fire protection systems, electrical systems and sanitary and plumbing systems.

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**29. Segment reporting (cont'd)**

**(2) *Manufacturing***

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

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 combined financial statements.

	<b>Mechanical &amp; Electrical \$</b>	<b>Manufacturing \$</b>	<b>Adjustments &amp; Eliminations \$</b>	<b>Note</b>	<b>Total \$</b>
<b>Unaudited</b>					
<b>1 January 2011 to 30 June 2011</b>					
<b>Revenue:</b>					
External customers	9,376,886	2,378,636	—		11,755,522
Inter-segment	2,643	823,904	(826,547)	A	—
Total revenue	<u>9,379,529</u>	<u>3,202,540</u>	<u>(826,547)</u>		<u>11,755,522</u>
<b>Results:</b>					
Segment gross profit	<u>2,577,364</u>	<u>831,570</u>	<u>242,830</u>	B	<u>3,651,764</u>
Segment profit	<u>1,163,651</u>	<u>334,878</u>	<u>(337,256)</u>	C, D	<u>1,161,273</u>

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

**29. Segment reporting (cont'd)**

	<b>Mechanical &amp; Electrical \$</b>	<b>Manufacturing \$</b>	<b>Adjustments &amp; Eliminations \$</b>	<b>Note</b>	<b>Total \$</b>
<b>Unaudited</b>					
<b>1 January 2010 to 30 June 2010</b>					
<b>Revenue:</b>					
External customers	15,425,493	2,237,332	—		17,662,825
Inter-segment	109	1,875,855	(1,875,964)	A	—
Total revenue	<u>15,425,602</u>	<u>4,113,187</u>	<u>(1,875,964)</u>		<u>17,662,825</u>
<b>Results:</b>					
Segment gross profit	<u>3,710,542</u>	<u>1,069,543</u>	<u>256,337</u>	B	<u>5,036,422</u>
Segment profit	<u>2,103,918</u>	<u>642,250</u>	<u>(91,725)</u>	C, D	<u>2,654,443</u>
<b>Unaudited</b>					
<b>30 June 2011</b>					
<b>Assets:</b>					
Trade receivables	4,870,732	1,652,722	—		6,523,454
Segment assets	<u>18,349,686</u>	<u>6,276,436</u>	<u>(2,807,821)</u>	E	<u>21,818,301</u>
<b>Liabilities:</b>					
Loans and borrowings	2,678,332	1,649,059	788,148	F	5,115,539
Segment liabilities	<u>13,130,340</u>	<u>3,647,126</u>	<u>(2,285,655)</u>	E	<u>14,491,811</u>

**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

Libra Group Limited and its Subsidiaries

Notes to the Interim Combined Financial Statements  
— 30 June 2011

**29. Segment reporting (cont'd)**

	<b>Mechanical &amp; Electrical \$</b>	<b>Manufacturing \$</b>	<b>Adjustments &amp; Eliminations \$</b>	<b>Note</b>	<b>Total \$</b>
<b>Audited</b>					
<b>31 December 2010</b>					
<b>Assets:</b>					
Trade receivables	1,520,955	2,196,188	—		3,717,143
Segment assets	<u>13,685,084</u>	<u>5,575,202</u>	<u>(2,227,657)</u>	E	<u>17,032,629</u>
<b>Liabilities:</b>					
Loans and borrowings	2,307,909	1,236,199	—		3,544,108
Segment liabilities	<u>9,421,550</u>	<u>3,262,419</u>	<u>(2,238,275)</u>	E	<u>10,445,694</u>

Notes Nature of adjustments and eliminations to arrive at amounts reported in the combined 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 revenues and expenses are eliminated on consolidation. Unallocated corporate expenses are also deducted to arrive at "profit before tax" presented in the combined statement of comprehensive income.
- D Finance costs and depreciation expense are included in the measure of segment profit but not disclosed as the information is not regularly provided to the chief operating decision maker.
- E Intercompany balances are eliminated on consolidation.
- F Loans and borrowings from corporate activities are added to arrive at total loans and borrowings reported in the combined balance sheet.

*Allocation basis and transfer pricing*

Segment results include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis.

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

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**29. Segment reporting (cont'd)**

*Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current asset	
	Unaudited 1 January 2011 to 30 June 2011 \$	Unaudited 1 January 2010 to 30 June 2010 \$	Unaudited 30 June 2011 \$	Audited 31 December 2010 \$
Singapore	11,755,522	17,662,825	1,495,761	1,515,751
Malaysia	—	—	499,637	499,637

Non-current asset information presented above consist of property, plant and equipment as presented in the combined balance sheets.

*Information about major customers*

Revenue from 2 (30 June 2010: 2) of the Group's major customers amounted to \$6,681,136 (30 June 2010: \$9,228,303), arising from sales by the Mechanical and Electrical segment.

*Seasonality or cyclicity of interim operations*

The Group's businesses are not affected significantly by seasonal or cyclical factors for the interim financial period under review.

**30. Events occurring after the reporting period**

- I. On 4 October 2011, the Company acquired from Chu Sau Ben and William Lee Kay Choon 270,000 and 30,000 ordinary shares in the issued and paid-up capital of Libra Engineering respectively, comprising the entire equity interest in Libra Engineering, for an aggregate purchase consideration of approximately \$2.7 million.



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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

---

**30. Events occurring after the reporting period (cont'd)**

- II. On 4 October 2011, the Company acquired from Chu Sau Ben and William Lee Kay Choon 450,000 and 50,000 ordinary shares in the issued and paid-up share capital of Kin Xin Engineering respectively, comprising the entire equity interest in Kin Xin Engineering, for an aggregate purchase consideration of approximately \$5.5 million.
- III. Pursuant to the Investment Agreement entered into between the Company and the Pre-IPO Investor, Kerr Lay Kheng on 15 December 2010, the Company issued \$850,000 Convertible Loan for cash to the Pre-IPO investor on the following terms:
- (a) the Pre-IPO Investor agreed to subscribe for the Convertible Loan of \$850,000 which may be converted at the option of the Pre-IPO Investor at the conversion price of 25% discount to the issue price.
  - (b) no interest shall be made if the listing of the Company is completed before the Final Maturity. Final Maturity is the earlier of 12 months from the date of drawdown of the convertible loan by the Company or the date of listing of the Company on SGX Catalyst;
  - (c) in the event that the listing of the Company is not proceeded with, interest shall be payable upon the Final Maturity or on the occurrence of certain default events at the rate of 10% per annum.

On 25 October 2011, the Pre-IPO Investor exercised her right to convert the Convertible Loan into shares in the Company at a discount of 25% to the initial public offering price.

- IV. Pursuant to the extraordinary general meeting held on 4 October 2011, the Shareholders approved, *inter alia*, the following:
- (a) the conversion of the Company into a public limited company and the change of the name to "Libra Group Limited";
  - (b) the sub-division of each ordinary share in the existing issued share capital of the Company into 66 ordinary shares;
  - (c) the adoption of a new set of Articles of Association;
  - (d) the allotment and issue of the New Shares which are the subject of the Placement which when fully paid, allotted and issued, will rank *pari passu* in all respects with the existing issued Shares (the "Issue of New Shares");
  - (e) the approval of the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued pursuant to the Placement) on Catalyst;

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**30. Events occurring after the reporting period (cont'd)**

(f) that authority be and is hereby given to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting to:

- (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
- (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

(B) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (A)(ii) and/or (A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance 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 Articles of Association for the time being of the Company, does not exceed 100% of the post-Placement issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50% of the post-Placement issued share capital excluding treasury shares;

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**APPENDIX B — INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED  
INTERIM COMBINED FINANCIAL STATEMENTS OF LIBRA GROUP LIMITED  
AND ITS SUBSIDIARIES FOR THE SIX MONTHS ENDED 30 JUNE 2011**

---

**Libra Group Limited and its Subsidiaries**

**Notes to the Interim Combined Financial Statements  
— 30 June 2011**

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**30. Events occurring after the reporting period (cont'd)**

- (ii) in exercising such authority, 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 Articles of Association for the time being of the Company; and
  - (iii) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
- (g) the adoption of the Libra Performance Share Plan.
- V. Pursuant to an extraordinary general meeting held on 24 October 2011, the Shareholders approved the allotment and issue of 2,196,000 new Shares to PPCF in satisfaction of part of their fees as Manager and Sponsor and 5,528,000 new Shares to the Pre-IPO Investor pursuant to the conversion of the Convertible Loan.

**31. Authorisation of financial statements**

The unaudited interim combined financial statements of the Group for the period from 1 January 2011 to 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 2 November 2011.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to the laws of Singapore and our Articles of Association.

The instruments that constitute and define our Company are the Memorandum and Articles of Association of the Company.

### Memorandum of Association

The registration number with which our Company was incorporated is Registration No. 201022364R. Our Memorandum of Association states that the liability of our Shareholders is limited.

### Summary of our Articles of Association

#### Directors

##### (a) *Ability of interested directors to vote*

###### Article 104

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

##### (b) *Remuneration*

###### Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

###### Article 78

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, Provided that such extra remuneration (in case of an executive Director) shall not be by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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### Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

### Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

## (c) ***Borrowing***

### Article 112

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## (d) ***Retirement Age Limit***

### Article 93

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, Provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.

### Article 94

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at a General Meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.

### Article 95

The Company at a General Meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or
- (c) where the default is due to the moving of a resolution in contravention of the next following Article; or
- (d) where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

### Article 96

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void.

### (e) ***Shareholding Qualification***

#### Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

## Share Rights and Restrictions

### (a) ***Rights, preferences and restrictions attaching to each class of shares***

#### Article 3

- (A) Subject to the Act and to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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- (B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.
- (C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

### Article 7

- (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrears.
- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

### Article 8

- (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.
- (B) The provisions in Article 8(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.



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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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- (C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

### Article 13

Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) after the date of lodgement of a registrable transfer to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

### Article 40

A reference to a Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:—

- (a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;
- (b) the payment by the Company to CDP of any Dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
- (d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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### Article 41

Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

### Article 63

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

### Article 64

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by Membership in relation to General Meetings.

### Article 65

No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by Membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

## (b) ***Change in Capital***

### Article 9

The Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital;
- (b) cancel the number of any shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled;

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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- (c) sub-divide its shares, or any of them, Provided Always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived; and/or
- (d) convert or exchange any class of shares into or for any other class of shares.
- (e) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attached thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words “non voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.

### Article 10

- (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.
- (B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the “Relevant Laws”), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

### (c) **Change in the Respective Rights of the Various Classes of Shares**

#### Article 8

- (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

- (B) The provisions in Article 8(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
- (C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

### (d) ***Dividends and Distribution***

#### Article 127

The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.

#### Article 128

If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

#### Article 129

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

- (a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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### Article 130

- (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.
- (B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

### Article 131

No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

### Article 132

- (A) The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

### Article 133

The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

### Article 134

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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### Article 135

Any Dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

### Article 136

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend or other moneys payable or property distributable on or in respect of the share.

## (e) ***Limitation on the Right to Own Shares***

### Article 5

- (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).
- (B) Notwithstanding Article 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:
  - (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and



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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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Provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments) and the Instruments that may be issued shall not be more than 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and Instruments to be issued other than on a pro rate basis to existing shareholders of the Company shall be not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company; or
  - (2) if the shareholders of the Company approve the mandate for the issue of new ordinary shares by Special Resolution, the limit on the aggregate number of shares and Instruments issued, whether on a pro rate or non pro rate basis, may be up to 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company. Shareholder approval under this Article 5(B)(2) must not be deemed by way of subscription for shares.
  - (3) (subject to such calculation as may be prescribed by the Designated Stock Exchange) for the purpose of determining the aggregate number of shares and Instruments that may be issued under Articles 5(B)(1) and 5(B)(2), the percentage of the total number of issued shares (excluding treasury shares) in the capital of the Company is based on the Company's total number of issued shares (excluding treasury shares) at the time of the passing resolution approving the mandate for the issue of new ordinary shares, after adjusting for:
    - (a) new shares arising from the conversion or exercise of the Instruments;
    - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate for the issue of new ordinary shares; and
    - (c) any subsequent bonus issue, consolidation or subdivision of shares;
  - (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorize the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

### Article 33

- (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:

- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;
- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (d) the instrument of transfer is in respect of only one class of shares.

### Article 41

Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

### (f) ***Approval for the Issue of New Ordinary Shares***

#### Article 5(B)

- (B) Notwithstanding Article 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:—
- (a) (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or



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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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

Provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments) and the Instruments that may be issued shall not be more than 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares and Instruments to be issued other than on a pro rate basis to existing shareholders of the Company shall be not more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company; or
- (2) if the shareholders of the Company approve the mandate for the issue of new ordinary shares by Special Resolution, the limit on the aggregate number of shares and Instruments issued, whether on a pro rate or non pro rate basis, may be up to 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company. Shareholder approval under this Article 5(B)(2) must not be deemed by way of subscription for shares.
- (3) (subject to such calculation as may be prescribed by the Designated Stock Exchange) for the purpose of determining the aggregate number of shares and Instruments that may be issued under Articles 5(B)(1) and 5(B)(2), the percentage of the total number of issued shares (excluding treasury shares) in the capital of the Company is based on the Company’s total number of issued shares (excluding treasury shares) at the time of the passing resolution approving the mandate for the issue of new ordinary shares, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate for the issue of new ordinary shares; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(g) ***Registration and Recognition as Members of the Company***

Article 31

All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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witnessed, Provided Always that an instrument of transfer in respect of which the transferee is the CDP shall be effective although not signed or witnessed by or on behalf of the CDP. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

### Article 32

The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.

### Article 41

Except as required by the Statutes or law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

### Article 137

Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such shares.

## (h) ***Transfer of Ordinary Shares and Replacement of Share Certificates***

### Article 33

- (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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(B) The Directors may decline to register any instrument of transfer unless:—

- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;
- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (d) the instrument of transfer is in respect of only one class of shares.

### Article 15

Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereon as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

### (i) ***General Meeting of Shareholders***

#### Article 45

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's annual general meeting Annual General Meeting shall not exceed such period as may be prescribed by the Designated Stock Exchange from time to time.

#### Article 46

The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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### Article 48

- (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business (“special business”) is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

### Article 68

- (A) A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, provided that if a Member is a Depositor, the Company shall be entitled and bound:
  - (a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company; and
  - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (C) A proxy need not be a Member of the Company.

### Article 52

No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members, present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.

### Article 57

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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- (a) the chairman of the meeting; or
- (b) not less than two Members present in person or by proxy and entitled to vote; or
- (c) any Member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the Members having the right to vote at the General Meeting; or
- (d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, of which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid on all the shares conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

### Article 151

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the Members *in specie* or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members of different classes of Members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

### Article 10

- (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.
- (B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the “Relevant Laws”), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

### Article 47

Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in manner hereinafter mentioned to all Members other than such as are not under the provisions of these presents entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:—

- (a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at thereat;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to the Designated Stock Exchange.

### (j) ***Voting Rights***

#### Article 61

Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, and to Article 4, each Member entitled to vote may vote in person or by proxy. On a show of hands every Member who is present in person or by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents. For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.

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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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### Article 48

- (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business (“special business”) is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.

### Article 68

- (A) A Member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, provided that if a Member is a Depositor, the Company shall be entitled and bound:
  - (a) to reject any instrument of proxy lodged if the Depositor, is not shown, to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company; and
  - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (C) A proxy need not be a Member of the Company.

### Article 52

No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members, present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present.

### Article 58

Unless a poll is required, a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken



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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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in such manner (including the use of ballot or voting papers or tickets) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the General Meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

### Article 59

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

## (k) ***Capitalisation and Rights Issue***

### Article 139

(A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 5(B)):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Article 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Article 5(B)) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Article 139, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorize any person to enter on behalf of all the Members



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## APPENDIX C — SELECTED EXTRACTS OF OUR ARTICLES OF ASSOCIATION

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interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

- (C) In addition and without prejudice to the powers provided for by this Article 139, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit.

(I) ***Indemnity***

Article 153

Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court. Without prejudice to the generality of the foregoing, no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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### Singapore

The following is a summary of the main laws and regulations of Singapore that are relevant to our business as at the Latest Practicable Date.

#### **Contractors Registry**

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. Currently, companies which carry on business activities in the construction industry are not required to register with the BCA. However, registration with the Contractors Registry maintained by the BCA is a pre-requisite to tendering for projects in the public sector. Presently, there are six major categories of registration which are sub-classified into various grades. Registration of a contractor with the BCA is dependent on the contractor fulfilling certain requirements relating to, *inter alia*, the value of previously completed projects and personnel resources. The grade assigned to each contractor is dependent on its minimum net worth and paid-up capital.

#### **Factory registration/Factory permit**

For premises that are carrying out building operations and works of engineering construction, the occupiers are required by the MOM to register the premises (or worksite) as a "factory" with the Commissioner for Workplace Safety and Health ("**CWSH**") pursuant to the Workplace Safety and Health (Registration of Factories) Regulations 2008 ("**WSH Factories Regulations**"). Under the WSH Factories Regulations, occupiers of premises or worksites in which building operations and works of engineering construction are intended to be carried out (save for any premises or worksites in which building operations (other than excavation or piling works) or works of engineering construction are being carried out for a period not exceeding two months) must apply to the CWSH to register the worksites as a "factory" one month before the work begins. The validity of a certificate of registration issued by the CWSH varies depending on the classes of factories. Any person who desires to occupy or use any premises as a factory not falling within any of the classes of factories described in the Fifth Schedule of the WSH Factories Regulations shall, before the commencement of operation of the factory, submit a notification to the CWSH informing the CWSH of his intention to occupy or use these premises as such a factory.

#### **Workplace and Health Safety Measures**

Under the MOM's Workplace Safety and Health Act 2006 (Chapter 354A) ("**WSHA**"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of its employees at work. These measures include providing and maintaining for the employees a work environment which is safe and without risk to health, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations 2006 ("**WSHR**"). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any biohazardous material which may constitute a risk to their health and to ensure the safety of persons at work.

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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Pursuant to the WSHR, the following equipment, amongst others, are required to be tested and examined by an examiner (“**Authorised Examiner**”), who is authorised by the CWSH, before they can be used in a factory and thereafter, at specified intervals:–

- Hoist or lift
- Lifting gears
- Lifting appliances and lifting machines

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the owner of the equipment/occupier of the factory to ensure that the equipment complies with the provisions of the WSHR and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The WSHA has recently been amended to expand the scope of the WSHA to cover all workplaces instead of certain classes or description of workplaces which were previously specified in the First Schedule (which has been deleted). The amended WSHA also imposes new duties on a principal who engages any contractor to ascertain that the contractor and any employee of the contractor have the necessary experience, training and qualification. Further, the principal has to take, so far as is reasonably practicable, such measures as are necessary to ensure that any contractor engaged by the principal has taken adequate safety and health measures in respect of any machinery, equipment, plant, article or process used, or to be used, by the contractor or any employee employed by the contractor. This duty includes ascertaining that the contractor has conducted a risk assessment and has informed any person who may be affected by his work of (i) the nature of the risk involved in the work; and (ii) any measure or safe work procedure which has been implemented in the workplace.

The MOM has also introduced a Debarment Scheme for contractors with bad safety record. The purpose of the Debarment Scheme is to improve the safety situation in the construction industry. Under this scheme, contractors who are found to have violated safety requirements at worksites will be given

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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demerit points. A contractor who accumulates more than 18 demerit points within a 12-month period will be issued a warning. Further accumulation of more than 18 demerit points within a 12-month period following the warning will result in the contractor being debarred from employing Non-Traditional Source (“NTS”) foreign workers, such as those from Bangladesh, Pakistan and Thailand.

### Environmental laws and regulations

The Environmental Public Health Act (Chapter 95) (“EPHA”) requires, *inter alia*, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The EPHA also regulates, *inter alia*, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Minister for the Environment and Water Resources has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with by the Ministry of Environment and Water Resources and/or its statutory board, the National Environmental Agency, summarily under the EPHA include any factory or workplace which is not kept in a clean state and any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an Environmental Control Officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPHA.

The Environmental Protection and Management Act (Chapter 94A) seeks to control the levels of pollution in Singapore by regulating the activities of various industries and regulates, *inter alia*, air pollution, water pollution, land pollution, noise pollution, environmental pollution control measures and enforcement. Under the Environmental Protection and Management Act (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such Regulations.

### Approval and execution of plans of building works

Under the BCA’s Building Control Act (Chapter 29), no person shall commence or carry out, or permit or authorise the commencement or carrying out of, any building works unless the plans of the building works have been approved by the Commissioner of Building Control (“CBC”) and in the case of structural works, there is in force a permit granted by the CBC to carry out the structural works. Before an application to the CBC for the approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer (“Qualified Person”) to prepare the said plans in accordance with the Building Control Regulations 2003, and to supervise the building works. The carrying out of structural elements and concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him. Under the Building Control Act, a builder undertaking any building works shall, *inter alia*, (i) ensure that the building works are carried out in accordance with the plans of the building works supplied to it by the Qualified Person and with any terms or conditions imposed by the CBC in accordance with the Building Control Act and the Building Control Regulations 2003, (ii) notify the CBC of any contravention of the provisions of the Building Control Act or the building regulations in connection with those building works and (iii) within seven days from the completion of the building works, certify that the new building has been erected

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, *inter alia*, design and construction and the installation of exterior features. For example, no person shall, without the permission of the CBC install any lift in any building; in installing an air-conditioning unit on the exterior of any building or which projects outwards from any building, a trained air-conditioning unit installer would have to be engaged to carry out the installation works relating to the air-conditioning unit; and whenever soil investigation and determination of the depth of the water table are to be carried out in respect of any building works, the Qualified Person shall submit the soil investigation reports to the CBC.

If the CBC is of the opinion that any building works, other than structural works, have been or are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property; (ii) will cause, or will be likely to cause, a total or partial collapse of any adjoining or other building or street or land; or (iii) will render, or will be likely to render, any adjoining or other building or street or land so dangerous that it will collapse or be likely to collapse either totally or partially, he may, by order, direct the person for whom those building works have been or are being carried out to immediately stop the building works and to take such remedial or other measures as he may specify to prevent the abovementioned situations from happening.

Under the Fire Safety Act (Chapter 109A), the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence (“**CCD**”) for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate qualified person to prepare those plans. No person shall commence or carry out or permit or authorise the commencement or carrying out of any fire safety works in any building unless the CCD has approved all the plans of the fire safety works. Upon completion of any fire safety works, the person for whom the fire safety works had been carried out shall apply for a fire safety certificate from the CCD in respect of the completed fire safety works.

Where, in the opinion of the CCD, any fire safety works are carried out or have been carried out in contravention of the Fire Safety Act or any regulations made thereunder, he may by order in writing require (i) the cessation of the unauthorised fire safety works until such order is withdrawn; (ii) such work or alteration to be carried out to the unauthorised fire safety works or the building or part thereof to which the unauthorised fire safety works relate as may be necessary to comply with the Fire Safety Act or any regulations made thereunder; or (iii) the demolition of the building or part thereof to which the unauthorised fire safety works relate.

Under the Fire Safety Act, no person shall store or keep, or caused to be stored or kept, any petroleum or flammable material except, *inter alia*, under the authority of and in accordance with the provisions of a licence from the CCD and every condition therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations.

### Public Sector Standard Conditions of Contract for Construction Works

The Public Sector Standard Conditions of Contract for Construction Works (“**PSSCOC**”) was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC contains terms relating to, *inter alia*, the general obligations of the contractor, programme for the works, quality in construction, commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.



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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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### Employment of Foreign Workers

The availability and the employment cost of skilled and unskilled foreign workers are affected by the Government's policies and regulations on the immigration and employment of foreign workers in Singapore. The policies and regulations are set out in, *inter alia*, the Employment of Foreign Manpower Act (Chapter 91A) and the relevant Government Gazettes.

The availability of the foreign workers to the construction industry is regulated by the MOM through the following policy instruments:

- (a) approved source countries;
- (b) issuance of work permits;
- (c) the imposition of security bonds and levies;
- (d) dependency ceilings based on the ratio of local to foreign workers; and
- (e) quotas based on Man-Year Entitlements ("**MYE**") in respect of workers from NTS and the People's Republic of China ("**PRC**").

The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian Sources ("**NAS**"). NTS include countries such as India, Sri Lanka, Thailand, Bangladesh, Myanmar, the Philippines and Pakistan. NAS include Hong Kong, Macau, South Korea, and Taiwan. Before we are allowed to employ construction workers from the approved source countries, In-Principle Approvals ("**IPAs**") have to be sought for each individual's work permit. The foreign construction worker is required to undergo a medical examination by a registered Singapore doctor and must pass such medical examination before a work permit can be issued to him.

For each NAS, NTS or PRC construction worker whom we have successfully obtained a work permit, a security bond of S\$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Immigration. The employment of foreign workers is also subject to the payment of levies. Following the release of the Singapore Budget 2011 in February 2011, the MOM has proposed an upward revision of the levy rates of foreign workers. The changes will be phased in from January 2012 to July 2013 at six-month intervals. The average levy rates for the construction sector will go up by an average of S\$320 per month for every work permit holder between February 2011 and July 2013. The levy rates for employment pass holders will also be increased. For S pass holders, depending on the number of S pass holders employed by companies, the foreign worker levy will be increased to between S\$300 and S\$450 by July 2013. The Singapore government has also on 3 October 2011 announced an increase in the administrative fees for most work passes, starting from 1 December 2011.

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers.

The MYE allocation system is a work permit allocation system pertaining to the employment of construction workers from the NTS and the PRC. MYEs represent the total number of foreign workers that each main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. At the time of the MYE application, the balance duration of the project must be at least one month and the total remaining contract value of the project must be at least

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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S\$500,000. To employ NTS and PRC construction workers, the employer must make an application for MYE, “Prior Approval” and IPAs for individual work permits. The allocation of MYE is in the form of the number of “man-years” required to complete a project and only main contractors may apply for MYE. All levels of sub-contractors are required to obtain their MYE allocation from their main contractors. A main contractor’s MYE will expire on the completion date of the relevant project with effect from 1 January 2007.

Under the work permit conditions, employers are required to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set by various government agencies, including the National Environment Agency, the PUB, the Singapore Civil Defence Force and the BCA. A list of approved off-site housing is provided by the relevant approving agencies, namely the URA, the Singapore Land Authority, the Jurong Town Corporation and the HDB.

An employer of foreign workers is also subject to, *inter alia*, the provisions set out in the Employment Act (Chapter 91), the Employment of Foreign Workers Act (Chapter 91A), the Immigration Act (Chapter 133) and the Immigration Regulations.

### Work Injury Compensation

The Work Injury Compensation Act (Chapter 354) (“WICA”), which is regulated by the MOM, applies to workmen in all industries in respect of injury suffered by them in the course of their employment and sets out, *inter alia*, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of employment is caused to a workman, the employer shall be liable to pay compensation in accordance with the provisions of WICA.

### Building and Construction Industry Security of Payment Act

Prior to the introduction of the Building and Construction Industry Security of Payment Act (Chapter 30B) (“BCISPA”), a construction contract between a main contractor and a sub-contractor would typically contain a “pay when paid” provision. Such provision would provide that the liability of the main contractor to pay money owing to the sub-contractor is contingent or conditional on payment to the main contractor by a third party of the whole or part of that money, or make the due date for payment of money owing by the main contractor to the sub-contractor contingent or conditional on the date on which payment of the whole or any part of that money is made to the main contractor by the third party. With the introduction of the BCISPA by the Ministry of National Development, such “pay when paid” provisions in construction or supply contracts are now rendered unenforceable and have no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

The BCISPA, regulated by the BCA, confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISPA also contains provisions relating to, *inter alia*, the amount of the progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date). In addition, the BCISPA, *inter alia*, endorses the following rights:

- (a) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make



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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication process in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;

- (b) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication as if it were a judgment debt, if such claimant is not paid after it obtains judgment against the respondent pursuant to an adjudication; and
- (c) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

### Malaysia

As one of the Group's subsidiaries is a company incorporated in Malaysia, its operations are subject to Malaysian law. Set out below is a summary of certain material provisions of Malaysian law in effect as of the date hereof that may apply to the subsidiary in Malaysia ("**Subsidiary**"). This summary does not purport to be a complete review of all the laws in Malaysia that are applicable to the subsidiary.

#### **1. Land Matters — National Land Code**

- 1.1 Land matters in Peninsular Malaysia (where the Subsidiary is located) is governed by the National Land Code 1965 ("**NLC**"). The NLC is a system of land title where a register of land holdings maintained by the state land registrar or administrator guarantees an indefeasible title to those included in the register. All land dealings such as transfer, charge and leases must be registered with the relevant state land registrar or administrator.
- 1.2 Under the NLC, the Subsidiary is deemed to be a "foreign company" although it is incorporated in Malaysia as more than 51% of its shares are owned by a foreign entity. Due to this, where the Subsidiary wishes to acquire land in peninsula Malaysia, it must obtain the prior approval from the relevant state authority ("**SA**") before it can proceed to register the transfer of the land to its name. This requirement is however not applicable in the following situations:
  - (a) where the land to be acquired is categorized for industrial use;
  - (b) if the transaction has been approved by the SA pursuant to another section under the NLC; or
  - (c) if the proposed acquisition is exempted by any rules issued by the relevant land registrar or administrator.
- 1.3 The SA has full discretion to approve with or without conditions or reject the application.

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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### 2. Land Matters — Government Policies on Acquisition of Properties by Non-Bumiputra

2.1 Further, in connection with land matters, the Malaysian government has, via the Economic Planning Unit (“EPU”), issued the Guideline on the Acquisition of Properties (“**Guideline**”) in January 2010. It is not a law and does not have the force of law but it is nonetheless actively enforced by the relevant government agencies.

2.2 Under the Guideline, certain restrictions and/or requirements are imposed in relation to the purchase or acquisition of certain properties in Malaysia by (i) non-Bumiputra<sup>1</sup> (including foreigners) and (ii) non-Bumiputra owned (including foreign owned) Malaysian companies.

#### 2.3 Prohibited Transactions

In relation to the Subsidiary, being wholly owned by a foreign company, it is not allowed to acquire the following properties in Malaysia:

- (a) properties valued less than RM500,000 per unit;
- (b) residential units under the category of low and low-medium cost;
- (c) properties built on Malay reserved land; and
- (d) properties allocated to Bumiputra interest in any property development project.

#### 2.4 Permitted Transactions subject to EPU's Approval

The Subsidiary will have to obtain the prior approval of the EPU in relation to the acquisitions of properties (other than residential units) from Bumiputra interest and/or government agency falling within the following categories:

- (a) **direct** acquisition of property valued at RM20 million and above, resulting in the dilution in the ownership of property held by Bumiputra interest and/or government agency; or
- (b) **indirect** acquisition of property by other than Bumiputra interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputra interest and/or government agency, having property more than 50 per cent. of its total assets, and the said property is valued more than RM20 million.

#### 2.5 Permitted Transactions not subject to EPU's Approval

Acquisitions falling within the following categories of transactions are not subject to the prior approval of the EPU but the Subsidiary may require consent or approval from other relevant Ministries and/or government authorities depending on the circumstances:

- (a) acquisition of a commercial unit valued at RM500,000 and above;
- (b) acquisition of agricultural land valued at RM500,000 and above or being at least five (5) acres in area for specified agricultural activities;

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<sup>1</sup> For Peninsular Malaysia, the term refers to Malay individual or aborigine as defined in Article 160(2) of the Federal Constitution;

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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- (c) acquisition of industrial land; or
- (d) acquisition of a residential unit by a foreign interest.

### 2.6 Exemptions

There are certain exemptions contained in the Guideline with regard to the approval requirement as set out in paragraph 2.4 above. A potential exemption which may be relied on by the Subsidiary is the acquisition of properties in an approved area which has been granted the status of being a regional development corridor by the relevant authorities (e.g. the Iskandar Development Region).

## 3. The Iskandar Development Region (“Iskandar Malaysia”)

3.1 Iskandar Malaysia is the new southern development corridor in Johor that has been identified as one of the catalyst developments to spur the growth of the Malaysian economy. Iskandar Malaysia is administered by the Iskandar Regional Development Authority (“**IRDA**”) which is a Federal statutory body established under the Iskandar Regional Development Authority Act 2007. In developing Iskandar Malaysia, the IRDA may grant to qualified applicants, the Incentives Support Package comprising the following fiscal and non-fiscal incentives:

- (a) exemption from income tax;
- (b) exemption from the requirement to withhold tax on certain payment to non-residents;
- (c) flexibilities under the foreign exchange administration rules;
- (d) exemption from foreign investment committee guidelines;
- (e) unrestricted employment of expatriate employees; and
- (f) exemption from import duties, excise duties and sales tax in relation to the importation/ purchase of cars (one car each) for personal use by approved foreign knowledge workers employed by the qualified applicants.

3.2 To qualify for the Incentives Support Package, the applicants will have to be a resident company incorporated in Malaysia (“**Resident Company**”) and fall within one of the following categories of qualified applicants:

- (a) Approved Developer

A Resident Company which purchases or acquires any right(s) over part or the whole of the land in an approved node in Iskandar Malaysia to undertake development in accordance with the master plan for the node.

- (b) Approved Development Manager

A Resident Company appointed by an Approved Developer to provide management, supervisory or marketing services to the said Approved Developer.

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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(c) IDR-Status Company

A Resident Company undertaking a qualifying activity in an approved node for customers located in the approved node and outside of Malaysia or wholly for customers located outside Malaysia.

3.3 As at the Latest Practicable Date, the Subsidiary has not applied for the Incentives Support Package.

### 4. Exchange Controls

4.1 Notwithstanding that the Subsidiary is wholly-owned by a non-resident, for exchange control purposes it is deemed as a resident and is subject to exchange control rules like any other resident in Malaysia.

#### 4.2 Borrowings

The Subsidiary is free to borrow:

- (a) any amount in Malaysian currency from any residents in Malaysia;
- (b) any amount in foreign currency from:
  - (i) a non-resident, non-bank related company;
  - (ii) a licensed onshore bank; and
  - (iii) licensed international Islamic banks;
- (c) in foreign currency, up to the equivalent of RM100 million in aggregate on a corporate group basis from non-residents other than those referred to in paragraph 4.2(b) above, including through the issuance of foreign currency denominated bonds onshore and offshore.

#### 4.3 Guarantees

The Subsidiary may extend guarantees in favour of overseas parties for the benefit of its parent or subsidiary companies. However, in relation to financial guarantees exceeding RM50 million or its equivalent in foreign currency, the said guarantees has to be registered and acknowledged by the Malaysian Central Bank prior to the making of the payment. Performance guarantees are not subject to this requirement.

#### 4.4 Investment in Malaysia and Repatriation of Profits

There is no restriction for a non-resident to invest in Malaysia, whether to purchase ringgit assets, such as property in Malaysia or to subscribe or purchase securities in Malaysia. There is also no restriction for a non-resident to transfer abroad in foreign currency any profits or returns from their investment in Malaysia, including divestment proceeds.

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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### 5. Intellectual Property

#### 5.1 Trade Mark

The Malaysian trade mark system is governed by the Trade Marks Act 1976 and applies throughout Malaysia. Pursuant to the Act, a single central trade mark office was created in Kuala Lumpur to administer a trade mark registration for the whole of Malaysia.

Upon registration of the trade mark pursuant to the Act, the owner is conferred exclusive right to use his/her/its trade mark in respect of the goods or services upon which the trade mark was registered. The Registration Certificate issued by the Trade Mark Office, until challenged, is conclusive evidence of trade mark ownership in Malaysia.

If there is unauthorised use of the trade mark by a third party, the owner is entitled to take legal action for infringement under the Act. Further, they may lodge complaints to the Enforcement Division of Ministry of Domestic Trade, Cooperatives and Consumerism for appropriate actions under the Trade Description Act 1972.

Note that registration under the Act is not compulsory but without registration, owners will not enjoy the remedies and protection accorded to a registered trade mark under the Act. The owner of an unregistered mark may still bring an action in court against an infringing party under the common law action for “passing off”. This type of action is, however, more complicated in that the owner would have to prove amongst others, the origin of the mark, his/her/its ownership of the trade mark, and most importantly, that the infringer had by using such a mark misled or deceived the public into thinking that the infringing goods or services offered are or were that of the owner’s.

#### 5.2 Copyright

The law on copyright is governed by the Copyright Act 1987. Copyright is the exclusive right given under the Act for a determinable time period to the owner of a work (which meets the pre-requisites and qualifies for copyright protection under the Act) to control the doing of various acts, including the reproduction and distribution, in relation to the work in Malaysia. Unlike trade marks, copyright protection for a qualified work is afforded automatically upon creation without any additional requirement for registration under the Act. Where the work is created by an employee under a contract of service during the course of his/her work or by a person commissioned to create such work, copyright of the work is deemed under the Act to have been automatically transferred to the employer or the party commissioning such work.

### 6. Employees

#### 6.1 The Employment Act 1955 (“EA”)

The EA prescribes minimum terms and conditions of employment for protection of employees:

- (a) that are paid less than RM1,500.00 in wages (not including commission, subsistence allowance or overtime pay); or

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## APPENDIX D — DESCRIPTION OF RELEVANT LAWS AND REGULATIONS

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- (b) regardless of the amount of wages paid, that are engaged:
  - (i) to perform manual labour;
  - (ii) to operate or maintain mechanically propelled vehicles used for the transport of passengers or goods or for reward or commercial purposes;
  - (iii) to supervisor of other employees employed to perform manual labour;
  - (iv) in any capacity on any vessel registered in Malaysia and who is not an officer certified under the Merchant Shipping Acts of the United Kingdom, is not the holder of a local certificate as defined in Part VII of the Merchant Shipping Ordinance 1952, or has not entered into an agreement under Part III of the same Ordinance; or
  - (v) as a domestic servant.

These minimum terms include, amongst others, minimum number of annual, sick and maternity leave, maximum working time, overtime, notice requirement for termination and termination benefits. There are also provisions in the EA specifying the process that employees may use to make a claim against their employers for breach of contract or non-compliance with the provisions of the Act.

In relation to employees that do not fall within the EA, employers are not bound to offer the minimum terms and are free to negotiate the terms of employment with these employees.

### 6.2 The Employees Provident Fund Act 1991 (“**EPF Act**”)

Employees Provident Fund is a compulsory savings scheme for all employees in Malaysia. Under the EPF Act, both employees and employers are required to make monthly contributions to a government managed retirement fund. As at the Latest Practicable Date, the monthly contribution to be made by the employer and the employee are 12% and 11% of the employee’s wages respectively.

### 6.3 The Employees Social Security Act 1991 (“**SOCSSO Act**”)

Similar to the EPF Act, the SOCSSO Act requires both employees and employers to contribute to the program. The program is like an insurance scheme. Under the program, any employee covered under the program who meets with an accident due to employment or while commuting to and from work or contracts an occupational disease is eligible for free medical treatment at approved panel clinics or government hospitals and may make claims up to a certain sum depending on his/her contributions.

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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### 1. NAME OF THE PLAN

The Plan shall be called the “Libra Performance Share Plan”.

### 2. DEFINITIONS

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<b>“Act”</b>	:	<b>Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time.</b>
<b>“Adoption Date”</b>	:	<b>The date on which the Plan is adopted by the Company in general meeting.</b>
<b>“Articles”</b>	:	<b>The articles of association of the Company, as amended, supplemented or modified from time to time.</b>
<b>“Auditors”</b>	:	<b>The auditors of the Company for the time being.</b>
<b>“Award”</b>	:	<b>A contingent award of Shares granted under Rule 5.</b>
<b>“Award Date”</b>	:	<b>In relation to an Award, the date on which the Award is granted pursuant to Rule 5.</b>
<b>“Award Letter”</b>	:	<b>A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.</b>
<b>“CDP”</b>	:	<b>The Central Depository (Pte) Limited.</b>
<b>“Catalist”</b>	:	<b>The sponsor-supervised listing platform of the SGX-ST.</b>
<b>“Catalist Rules”</b>	:	<b>SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time.</b>
<b>“Committee”</b>	:	<b>The committee comprising Directors duly authorised and appointed by the Board of Directors to administer the Plan.</b>
<b>“Company”</b>	:	<b>Libra Group Limited.</b>
<b>“Control”</b>	:	<b>The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.</b>
<b>“Controlling Shareholder”</b>	:	<b>A person who has an interest of 15.0% or more of the total votes attached to all the voting shares in the Company or in fact exercises Control over the Company.</b>

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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<b><i>“Depositor”</i></b>	:	A person being a Depository Agent or holder of a securities account maintained with CDP but not including a holder of a sub-account maintained with a Depository Agent.
<b><i>“Group”</i></b>	:	The Company and its subsidiaries.
<b><i>“Group Executive”</i></b>	:	Any employee of the Group (including any Group Executive Director who meets the relevant age and rank criteria and who shall be regarded as a Group Executive for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4.
<b><i>“Group Executive Director”</i></b>	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
<b><i>“Group Independent Director”</i></b>	:	A director of the Company and/or any of its subsidiaries, as the case may be, who is not a Group Executive Director.
<b><i>“Market Value”</i></b>	:	<p>In relation to a Share, on any day:</p> <p>(a) the average price of a Share on the Singapore Exchange over the five (5) immediately preceding Trading Days; or</p> <p>(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.</p>
<b><i>“New Shares”</i></b>	:	New ordinary shares in the capital of the Company.
<b><i>“Participant”</i></b>	:	A Group Executive who has been granted an Award.
<b><i>“Performance Condition”</i></b>	:	In relation to the Award, the condition specified on the Award Date in relation to that Award.
<b><i>“Performance Period”</i></b>	:	The three (3) years from the Award Date, during which the Performance Condition is to be satisfied.
<b><i>“Plan”</i></b>	:	The Libra Performance Share Plan, as the same may be modified or altered from time to time.



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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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<b><i>“Release”</i></b>	:	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.
<b><i>“Release Schedule”</i></b>	:	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
<b><i>“Released Award”</i></b>	:	An Award which has been released in accordance with Rule 7.
<b><i>“Retention Period”</i></b>	:	In relation to an Award, such period commencing on the Vesting Date in relation to that Award as may be determined by the Committee on the Award Date.
<b><i>“SGX-ST”</i></b>	:	Singapore Exchange Securities Trading Limited.
<b><i>“Shares”</i></b>	:	Ordinary shares in the capital of the Company.
<b><i>“Shareholders”</i></b>	:	Registered holders for the time being of the Shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
<b><i>“Substantial Shareholder”</i></b>	:	A person who has an interest in one or more voting shares, and the total votes attached to that share, or those shares, represent not less than 5.0% of the total votes attaching to all the voting shares in the Company.
<b><i>“Trading Day”</i></b>	:	A day on which the Shares are traded on Catalist.
<b><i>“Vesting”</i></b>	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.
<b><i>“Vesting Date”</i></b>	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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- 2.2 For purposes of the Plan, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 2.3 Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning ascribed to it under the Act or any statutory modification thereto, as the case may be.
- 2.6 The term “Associate” shall have the meaning ascribed to it by the Catalist Rules as set out below:
- (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
    - (i) his immediate family;
    - (ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more of the total votes attached to all the voting shares;
  - (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more of the total votes attached to all the voting shares.
- 2.7 The term “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively in Section 130A of the Act.

### 3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

- (a) foster a culture of ownership within the Group which aligns the interests of Group Executives with the interests of Shareholders;
- (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group and to achieve key financial and operational goals of the Company and/or their respective business units; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff whose contributions are important to the long term growth and profitability of the Group.

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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### 4. ELIGIBILITY OF PARTICIPANTS

- 4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

(a) Group Executives

Employees of the Group and Group Executive Directors who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months.

Controlling Shareholders of the Company and their Associates are not eligible to participate in the Plan.

(b) Group Independent Directors

Group Independent Directors who have attained the age of 21 and hold such rank as may be designated by the Committee from time to time.

(c) Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under 4.1(a) above and who are also Associates of Controlling Shareholders.

- 4.2 Employees who are Associates of Controlling Shareholders shall (notwithstanding that they meet the eligibility criteria in Rule 4.1(a) above) not participate in the Plan unless:

- (a) their participation; and  
(b) the Awards to be granted to them,

have been approved by the independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of our Company for the participation in the Plan of an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, our Company shall procure that the circular, letter or notice to the Shareholder in connection therewith shall set out the following:

- (a) clear justifications for the participation of such Associates of Controlling Shareholders; and  
(b) clear rationale for the terms of the Awards to be granted to such Associates of Controlling Shareholders.

- 4.3 Save as prescribed by Rule 853 of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, whether or not implemented by any other companies within the Group.

- 4.4 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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### 5. GRANT OF AWARDS

- 5.1 Except as provided in Rule 8, the Committee may grant Awards to Group Executives and Group Independent Directors as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force, provided that no Participant who is a member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 5.2 The number of Shares (which are the subject of each Award) to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his 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 with which the Performance Condition may be achieved within the Performance Period, provided that in relation to Associates of Controlling Shareholders:
- (a) the aggregate number of Shares which may be offered by way of grant of Awards to Participants who are Associates of Controlling Shareholders under this Plan shall not exceed 25.0% of the total number of Shares available under this Plan, and such aggregate number of Shares which may be offered to such Participants under this Plan has been approved by the independent Shareholders of the Company in a separate resolution. For the purposes of obtaining such approval of the independent Shareholders, the Remuneration Committee shall procure that the circular, letter or notice to the shareholders in connection therewith shall set out clear rationale for the participation of and grant of Awards to Participants who are Associates of Controlling Shareholders, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in this Plan of Associates of Controlling Shareholders who at the relevant time were already Participants; and
  - (b) the number of Shares available to each Associate of a Controlling Shareholder shall not exceed 10.0% of the Shares available under this Plan.
- 5.3 The Committee shall decide in relation to an Award:
- (a) the Participant;
  - (b) the Award Date;
  - (c) the Performance Period;
  - (d) the number of Shares which are the subject of the Award;
  - (e) the Performance Condition;
  - (f) the Release Schedule; and
  - (g) any other condition(s) which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a takeover offer being made for the Shares or if (i) shareholders of the Company or (ii) under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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- (b) if anything happens which causes the Committee to conclude that:
  - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
  - (ii) the Performance Condition and/or Release Schedule should be waived, and shall notify the Participants of such change or waiver.
- 5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
  - (a) the Award Date;
  - (b) the Performance Period;
  - (c) the number of Shares which are the subject of the Award;
  - (d) the Performance Condition;
  - (e) the Release Schedule; and
  - (f) any other conditions which the Committee may determine in relation to that Award.
- 5.6 Participants are not required to pay for the grant of Awards.
- 5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

### 6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award shall, to the extent not yet released, immediately lapse without any claim whatsoever against the Company:
  - (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
  - (b) subject to Rule 6.2(b), where the Participant is a Group Executive, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
  - (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant being a Group Executive ceases to be in the employment of the Group by reason of:
  - (i) ill-health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (ii) redundancy;
  - (iii) retirement at or after the legal retirement age;
  - (iv) retirement before the legal retirement age with the consent of the Committee;
  - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
  - (vi) his transfer of employment between companies within the Group where such reason for cessation of employment is approved in writing by the Committee;
  - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
  - (viii) any other event approved by the Committee;
- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a takeover offer for the Shares becomes or is declared unconditional;
- (b) compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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- (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

### 7. RELEASE OF AWARDS

#### 7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the further right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

- (b) Shares which are the subject of a Released Award shall be vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.



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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.

### 7.2 Release of Award

On vesting of the Award, after the end of each Performance Period, the Committee has the discretion to determine whether to issue new Shares or to procure the transfer of existing Shares, or a combination of both methods to the Participant. Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

### 7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions the Memorandum and Articles of Association of the Company (including provisions relating to the liquidation of the Company); and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

“Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

### 7.4 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

### 7.5 Moratorium

Shares which are allotted and issued or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.



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## **APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN**

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### **8. LIMITATION OF THE SIZE OF THE PLAN**

- 8.1 The aggregate nominal amount of new Shares which may be issued pursuant to Awards granted under the Plan on any date, when added to the nominal amount of new Shares issued and issuable in respect of all Awards granted under the Plan, shall not exceed 15.0% of the issued and paid-up share capital 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.
- 8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

### **9. ADJUSTMENT EVENTS**

- 9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction) shall take place, then:
- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
  - (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the nominal amount, class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

### **10. ADMINISTRATION OF THE PLAN**

- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

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## **APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN**

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- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
  - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or
  - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including, for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

### **11. NOTICE AND COMMUNICATIONS**

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

### **12. MODIFICATIONS OF THE PLAN**

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

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## APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN

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- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in nominal amount of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;
- (b) the definitions of “Group Executive”, “Group Executive Director”, “Group Independent Director”, “Participant”, “Performance Period” and “Release Schedule” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

### 13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

### 14. DURATION OF THE PLAN

- 14.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company’s shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

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## **APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN**

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14.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

14.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

### **15. TAXES**

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

### **16. COSTS AND EXPENSES OF THE PLAN**

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award, shall be borne by the Company.

### **17. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on Catalist in accordance with Rule 7.1(c).

### **18. DISCLOSURES IN ANNUAL REPORTS**

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) the Participants who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent five (5) per cent. or more of the aggregate of the total number of new Shares available under the Plan;
- (c) the name of the Participant;
- (d) the number of new Shares issued to such Participant during the financial year under review (including terms);

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## **APPENDIX E — RULES OF THE LIBRA PERFORMANCE SHARE PLAN**

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- (e) the aggregate number of Shares comprised in Awards granted under the Plan during the financial year under review;
- (f) the aggregate number of Shares comprised in Awards granted under the Plan since the commencement of the Plan to the end of the financial year under review;
- (g) the aggregate number of Shares comprised in Awards which have Vested under the Plan since the commencement of the Plan to the end of the financial year under review and in respect thereof, the proportion of new Shares issued upon the Release of the Vested Awards granted under the Plan;
- (h) the aggregate number of Shares comprised in Awards granted under the Plan which have not yet Vested, as at the end of the financial year under review; and
- (i) such other information as may be required by the Catalist Rules or the Act.

If any of the above is not applicable, an appropriate negative statement shall be included therein.

### **19. DISPUTES**

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

### **20. GOVERNING LAW**

The Plan shall be governed by, and construed in accordance with, the laws of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of Singapore.

### **21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B)**

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act (Chapter 53B).

### **22. ELIGIBLE SHAREHOLDERS**

Shareholders who are eligible to participate in the scheme must abstain from voting on any resolution relating to the Plan (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries).

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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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You are invited to apply and subscribe for and/or purchase the Placement Shares at the Issue Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES AND INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for the Placement Shares may only be made by way of the printed Placement Shares Application Form.

**YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**

3. **You are allowed to submit only one application in your own name for the Placement Shares.**

**If you, being other than an approved nominee company, have submitted an application for Placement Shares in your own name, you should not submit any other application for Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent.**

**Joint and multiple applications for the Placement Shares shall be rejected. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code (Chapter 224) and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent.**

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses as furnished in their Application Form bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies and licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from CDP will be sent to your address last registered with CDP.**
9. **Our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or remittances which are not honoured upon the first presentation.**
10. **Our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
11. Our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision with regards hereto will be entertained. In deciding the basis of allotment and/or allocation which shall be at the discretion of our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent, due consideration will be given to the desirability of allotting and/or allocating the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted and/or allocated to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounce, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted and/or allocated to you.



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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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13. In the event that we lodge a supplementary or replacement offer document (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Placement, and the Placement Shares have not been issued and/or transferred, we (and on behalf of the Vendor) will (as required by law), and subject to the SFA, at our sole and absolute discretion either:
- (a) within seven (7) days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw; or
  - (b) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 13(a) above to withdraw your application, we (and on behalf of the Vendor) shall pay to you all monies paid by you on account of your application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven (7) days from the receipt of such notification.

In the event that at any time at the time of the lodgement of the Relevant Document, the Placement Shares have already been issued and/or transferred but trading has not commenced, we (and on behalf of the Vendor) will (as required by law), and subject to the SFA, either:

- (c) within seven (7) days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Placement Shares; or
- (d) deem the issue and/or transfer as void and refund your payment for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 13(c) above to return the Placement Shares issued and/or transferred to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Placement Shares, whereupon we (and on behalf of the Vendor) shall, subject to the SFA, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Placement Shares issued and/or transferred to him shall be void.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement offer document.

14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted and/or allocated to you pursuant to your application, to us, the Vendor, the Manager, Sponsor and Placement Agent, as well as the Sub-Placement Agent and, any other parties so authorised by the foregoing persons.
15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or the Sub-Placement Agent or their designated sub-placement agent(s).

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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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16. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such Placement Shares as may be allotted and/or allocated to you, in each case, on the terms of and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company;
  - (b) agree that the aggregate Issue Price for the Placement Shares applied for is due and payable to our Company and the Vendor upon application;
  - (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, the Vendor, the Manager, Sponsor and Placement Agent and Sub-Placement Agent in determining whether to accept your application and/or whether to allot and/or allocate any Placement Shares to you; and
  - (d) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendor, the Manager, Sponsor and Placement Agent and/or the Sub-Placement Agent will infringe any such laws as a result of the acceptance of your application.
17. Our acceptance of applications will be conditional upon, amongst others, our Company, the Vendor, the Manager, Sponsor and Placement Agent and Sub-Placement Agent being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares (including the Vendor Shares) and the New Shares on the Catalist;
  - (b) the Management Agreement and the Placement Agreement referred to in the section “General and Statutory Information — Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
  - (c) the Authority or other competent authority, has not served a stop order (“**Stop Order**”) which directs that no or no further shares to which this Offer Document relates be allotted and/or allocated.
18. In the event that a Stop Order in respect of the Placement Shares is served by the Authority or other competent authority, and
- (a) in the case where the Placement Shares have not been issued, and/or transferred, all applications shall be deemed to have been withdrawn and cancelled and we shall refund (at your own risk) all monies paid on account of your application of the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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- (b) If the Placement Shares have already been issued and/or transferred but trading has not commenced, the issue of the Placement Shares (as required by law) shall be deemed void and our Company (and on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, refund (at your own risk) all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom).

This shall not apply where only an interim stop order has been served.

19. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority or other competent authority, no Placement Shares shall be issued during the time when the interim Stop Order is in force.
20. The Authority or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued, listed on a securities exchange and trading in the Placement Shares has commenced.
21. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website <http://www.sgx.com> and through a paid advertisement in a local newspaper.
22. We will not hold any application in reserve.
23. We will not allot and/or allocate Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
24. Additional terms and conditions for applications by way of Application Form are set out on pages F-5 to F-8 of this Offer Document.

### ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORM

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including, but not limited to, the terms and conditions appearing below, as well as those set out in the section entitled “Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Placement Shares must be made using the **BLUE** Application Form accompanying and forming part of this Offer Document. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and in this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances which are not honoured upon their first presentation.**

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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Form, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company, the Vendor, the Manager, Sponsor and Placement Agent and the Sub-Placement Agent reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
  - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.
7. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Tricor Barbinder Share Registration Services, 80 Robinson Road, #02-00, Singapore 068898, to arrive by 12.00 noon on 10 November 2011 or such other time as our Company**

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## APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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and the Vendor may, in consultation with the Manager, Sponsor and Placement Agent and the Sub-Placement Agent, decide. **Local Urgent Mail or Registered Post must NOT be used.** Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**LIBRA GROUP SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by us, the Vendor or the Manager, Sponsor and Placement Agent or the Sub-Placement Agent for applications and application monies or remittance received.

8. Monies paid in respect of unsuccessful applications are expected to be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of allocating of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management Agreement and/or the Placement Agreement or the Placement does not proceed for any reason, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days from the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of a Stop Order by the Authority or the SGX-ST (acting as agent on behalf of the Authority), the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days from the date of the Stop Order.
9. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.
10. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
11. You irrevocably agree and acknowledge that your application is subject to risks of fire, acts of God and other events beyond the control of our Company, our Directors, the Manager, Sponsor and Placement Agent, the Sub-Placement Agent and/or any other party involved in the Placement and if, in any such event, our Company and/or the Manager, Sponsor and Placement Agent and/or the Sub-Placement Agent does not receive your Application Form, you shall have no claim whatsoever against our Company, the Manager, Sponsor and the Placement Agent and the Sub-Placement Agent and/or any other party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
12. By completing and delivering the Application Form, you agree that:
  - (a) in consideration of our Company and the Vendor having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 10 November 2011** or such

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## **APPENDIX F — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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other time or date as our Company and the Vendor may, in consultation with the Manager, Sponsor and Placement Agent and Sub-Placement Agent, decide and by completing and delivering the Application Form, you agree that:

- (i) your application is irrevocable; and
- (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) neither our Company, the Manager, Sponsor and the Placement Agent, the Sub-Placement Agent nor any other party involved in the Placement shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 11 above or to any cause beyond their respective controls;
- (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Vendor, the Manager, Sponsor and Placement Agent and/or the Sub-Placement Agent or any other person involved in the Placement shall have any liability for any information not so contained;
- (g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, the SGX-ST, our Company, the Vendor, the Manager, Sponsor and Placement Agent, the Sub-Placement Agent or other authorised operators; and
- (h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decides to allot and/or allocate any smaller number of Placement Shares or not to allot and/or allocate any Placement Shares to you, you agree to accept such decision as final.



# MILESTONES

**Libra Group Limited is an integrated M&E solutions provider to the public and private sectors in Singapore.**

## 1997-1998

- Incorporation of Kin Xin Engineering
- Kin Xin Engineering clinched ACMV insulation projects at, amongst others, a branch of a major bank and condominium projects

## 2000-2003

- Kin Xin Engineering awarded projects for the supply and installation of ACMV ductwork and refrigerant copper pipes

## 2004

- Kin Xin Engineering awarded a project for the supply and installation of ACMV ductwork and chilled water pipes at a water reclamation plant at Changi

## 2005

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

## 2007

- Kin Xin Engineering awarded first contract to supply and install electrical system, fire alarm system and ACMV ducts using insulated ducts manufactured by Libra Engineering

## 2008

- Awarded more contracts to supply and install ACMV works, electrical and fire alarm works
- Staff strength of nearly 200
- Secured project to supply ductwork for a hotel development in Marina Bay

## 2009

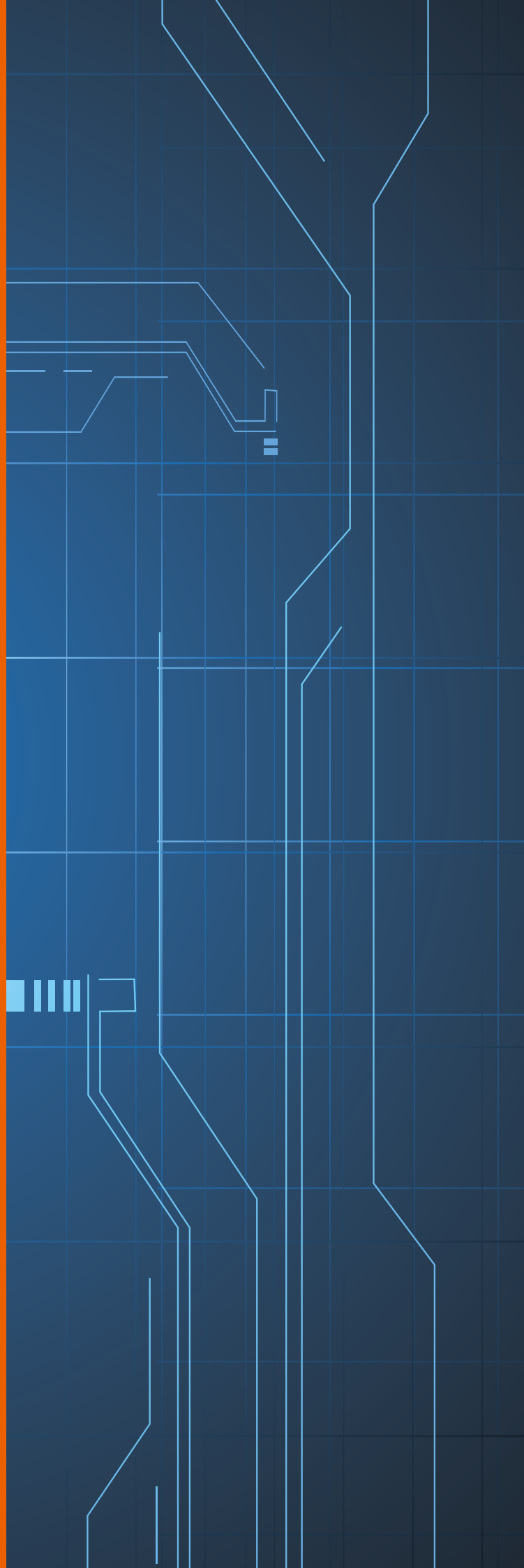
- Libra Engineering started trading ACMV related accessories

## 2010

- Incorporation of Libra Engineering (Malaysia) to expand ACMV duct manufacturing capacity
- Secured projects as a NSC
- Successfully acquired BCA L5 financial grading in the air-conditioning, refrigeration and ventilation works category and in the integrated building services category

## 2011

- Successfully obtained BCA's builder's licence – General Builder Class 1





**LIBRA GROUP LIMITED**

(Company Registration No.: 201022364R)

(Incorporated in the Republic of Singapore on 20 October 2010)

101 Defu Lane 10  
Singapore 539222

[www.libragroup.com.sg](http://www.libragroup.com.sg)

