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## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

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

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## PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

### Consolidated Income Statement and Consolidated Statement of Comprehensive Income (FY2017 vs FY2016)

|                                                    | FY2017<br>(Unaudited)<br>S\$'000 | FY2016<br>(Audited)<br>S\$'000 | Increase/<br>(Decrease)<br>% |
|----------------------------------------------------|----------------------------------|--------------------------------|------------------------------|
| <b>Revenue</b>                                     | 70,456                           | 80,873                         | -12.9%                       |
| Cost of Sales                                      | (57,974)                         | (65,528)                       | -11.5%                       |
| <b>Gross profit</b>                                | 12,482                           | 15,345                         | -18.7%                       |
| Other income                                       | 2,163                            | 1,947                          | 11.1%                        |
| Administrative expenses                            | (11,505)                         | (13,981)                       | -17.7%                       |
| Finance costs                                      | (1,201)                          | (1,452)                        | -17.3%                       |
| <b>Profit before tax</b>                           | 1,939                            | 1,859                          | 4.3%                         |
| Income tax expense                                 | (365)                            | (51)                           | 615.7%                       |
| <b>Profit net of tax</b>                           | 1,574                            | 1,808                          | -12.9%                       |
| <u>Other comprehensive income, net of tax-</u>     |                                  |                                |                              |
| Foreign currency translation                       | (16)                             | (10)                           | 60.0%                        |
| <b>Total comprehensive income</b>                  | 1,558                            | 1,798                          | -13.3%                       |
| <b>Profit net of tax attributable to:</b>          |                                  |                                |                              |
| Owners of the Company                              | 1,574                            | 1,808                          | -12.9%                       |
|                                                    | 1,574                            | 1,808                          | -12.9%                       |
| <b>Total comprehensive income attributable to:</b> |                                  |                                |                              |
| Owners of the Company                              | 1,558                            | 1,798                          | -13.3%                       |
|                                                    | 1,558                            | 1,798                          | -13.3%                       |

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit for the year is stated after charging/(crediting):

|                                                                             | <b>FY2017<br/>(Unaudited)<br/>S\$'000</b> | <b>FY2016<br/>(Audited)<br/>S\$'000</b> | <b>Increase/<br/>(Decrease)<br/>%</b> |
|-----------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------|---------------------------------------|
| (Write-back)/allowance for doubtful trade receivables, net                  | (286)                                     | 1,463                                   | -120%                                 |
| Bad debts written off                                                       | 120                                       | 23                                      | 422%                                  |
| Inventories written off                                                     | -                                         | 4                                       | -100%                                 |
| Impairment of gross amount due from customers for contract work-in-progress | -                                         | 200                                     | -100%                                 |
| Depreciation of property, plant and equipment                               | 1,869                                     | 2,315                                   | -19%                                  |
| Impairment of other receivables                                             | 17                                        | 400                                     | -96%                                  |
| Write-back for obsolete stock, net                                          | (2)                                       | -                                       | 100%                                  |
| Loss on disposal of property, plant and equipment, net                      | 166                                       | 108                                     | 54%                                   |

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

|                                                               | Group          |               | Company         |                |
|---------------------------------------------------------------|----------------|---------------|-----------------|----------------|
|                                                               | 31 Dec 2017    | 31 Dec 2016   | 31 Dec 2017     | 31 Dec 2016    |
|                                                               | Unaudited      | Audited       | Unaudited       | Audited        |
|                                                               | S\$'000        | S\$'000       | S\$'000         | S\$'000        |
| <b>ASSETS</b>                                                 |                |               |                 |                |
| <b>Non-current assets</b>                                     |                |               |                 |                |
| Property, plant and equipment                                 | 37,631         | 37,012        | 21,233          | 18,576         |
| Investment property                                           | -              | -             | 8,354           | 8,594          |
| Goodwill *                                                    | 980            | 980           | -               | -              |
| Investment in subsidiaries                                    | -              | -             | 17,734          | 17,734         |
| Other receivables                                             | 315            | -             | -               | -              |
| Deferred tax assets                                           | 38             | 38            | -               | -              |
|                                                               | <u>38,964</u>  | <u>38,030</u> | <u>47,321</u>   | <u>44,904</u>  |
| <b>Current assets</b>                                         |                |               |                 |                |
| Gross amount due from customers for contract work-in-progress | 30,706         | 24,761        | -               | -              |
| Asset held for sale                                           | -              | 938           | -               | -              |
| Inventories                                                   | 2,705          | 3,135         | -               | -              |
| Prepaid operating expenses                                    | 651            | 399           | 38              | 70             |
| Trade and other receivables                                   | 12,808         | 16,150        | 67              | 6,850          |
| Income tax recoverable                                        | 6              | 546           | -               | -              |
| Cash and cash equivalents                                     | 4,136          | 3,396         | 848             | 578            |
|                                                               | <u>51,012</u>  | <u>49,325</u> | <u>953</u>      | <u>7,498</u>   |
| <b>Total assets</b>                                           | <u>89,976</u>  | <u>87,355</u> | <u>48,274</u>   | <u>52,402</u>  |
| <b>EQUITY AND LIABILITIES</b>                                 |                |               |                 |                |
| <b>Current liabilities</b>                                    |                |               |                 |                |
| Gross amount due to customers for contract work-in-progress   | 354            | 55            | -               | -              |
| Trade and other payables                                      | 16,003         | 14,132        | 9,527           | 12,437         |
| Other liabilities                                             | 4,962          | 6,404         | 445             | 269            |
| Loan and borrowings                                           | 31,515         | 22,649        | 10,717          | 2,245          |
| Income tax payable                                            | 503            | 163           | -               | -              |
|                                                               | <u>53,337</u>  | <u>43,403</u> | <u>20,689</u>   | <u>14,951</u>  |
| <b>Net current (liabilities)/assets **</b>                    | <u>(2,325)</u> | <u>5,922</u>  | <u>(19,736)</u> | <u>(7,453)</u> |
| <b>Non-current liabilities</b>                                |                |               |                 |                |
| Loan and borrowings                                           | 10,105         | 19,484        | 9,575           | 17,883         |
| Deferred tax liabilities                                      | 138            | 138           | -               | -              |
|                                                               | <u>10,243</u>  | <u>19,622</u> | <u>9,575</u>    | <u>17,883</u>  |
| <b>Total liabilities</b>                                      | <u>63,580</u>  | <u>63,025</u> | <u>30,264</u>   | <u>32,834</u>  |
| <b>Net assets</b>                                             | <u>26,396</u>  | <u>24,330</u> | <u>18,010</u>   | <u>19,568</u>  |
| <b>Equity attributable to owners of the Company</b>           |                |               |                 |                |
| Share capital                                                 | 18,766         | 18,393        | 18,766          | 18,393         |
| Treasury shares                                               | (256)          | (256)         | (256)           | (256)          |
| Foreign currency translation reserve                          | (102)          | (86)          | -               | -              |
| Premium paid on acquisition of non-controlling interests      | (355)          | (355)         | -               | -              |
| Employee share option reserve                                 | 135            | -             | 135             | -              |
| Merger reserves                                               | (7,442)        | (7,442)       | -               | -              |
| Retained earnings                                             | 15,650         | 14,076        | (635)           | 1,431          |
| <b>Total equity</b>                                           | <u>26,396</u>  | <u>24,330</u> | <u>18,010</u>   | <u>19,568</u>  |
| <b>Total equity and liabilities</b>                           | <u>89,976</u>  | <u>87,355</u> | <u>48,274</u>   | <u>52,402</u>  |

\* Goodwill

In accordance with FRS 103, "Business Combinations", a purchase price allocation ("PPA") exercise had been carried out to assess the fair values of the net identifiable assets of Cyber Builders Pte Ltd ("Cyber"), a wholly-owned subsidiary of the Company, the acquisition of which was completed on 15 April 2015.

The excess of the cost of acquisition over the fair values of the net identifiable assets had been recorded as goodwill in the balance sheet and subject to an annual impairment test. In accordance with FRS 103 Business Combinations, the PPA had been finalised within twelve months from the date of acquisition.

\*\* A net current liabilities

As at 31 December 2017, the Group is in a net current liabilities and net asset position of S\$2,325k and S\$26,396k respectively. The construction loan with UOB bank will be due upon obtaining the temporary occupation permit ("TOP") for the proposed property development of 53 Loyang Drive (Property Development). The intention was to refinance the construction loan with a property loan secured against the property upon TOP. As at 31 December 2017, the TOP has yet to be obtained and the property loan has yet to be in place. Accordingly, the non-current construction loan of S\$9,476k was reclassified to current liability as the TOP was expected to be in January 2018.

The Group has obtained and accepted the revised bank facility letter on 31 January 2018 upon issuance of TOP in respect of the Proposed Development. With the revised bank facility letter on 31 January 2018, the loan would be classified as non-current. Hence, the Group and the Company will be in net current asset position as at 31 January 2018 and the Group would be in a net current asset position of S\$7,151k as at 31 December 2017 had the construction loan been refinanced before year end.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

| As at 31 December 2017 (Unaudited) |                      | As at 31 December 2016 (Audited) |                      |
|------------------------------------|----------------------|----------------------------------|----------------------|
| Secured<br>S\$'000                 | Unsecured<br>S\$'000 | Secured<br>S\$'000               | Unsecured<br>S\$'000 |
| 31,515                             | -                    | 22,649                           | -                    |

**Amount repayable after one year**

| As at 31 December 2017 (Unaudited) |                      | As at 31 December 2016 (Audited) |                      |
|------------------------------------|----------------------|----------------------------------|----------------------|
| Secured<br>S\$'000                 | Unsecured<br>S\$'000 | Secured<br>S\$'000               | Unsecured<br>S\$'000 |
| 10,105                             | -                    | 19,484                           | -                    |

**Details of any collateral**

Obligations under finance leases are secured over the leased assets. Trade facilities and bank borrowings are secured by corporate guarantees from the Company. The S\$1.5 million term loan facility provided by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd a subsidiary of the Company and S\$1.0 million term facility provided by Malayan Banking Berhad to Libra Engineering Pte Ltd a subsidiary of the Company are jointly secured by a personal guarantee provided by the Company's Executive Chairman and Chief Executive Officer, Mr Chu Sau Ben, and a corporate guarantee from the Company.

The property and construction loans are secured by:

- 1) a corporate guarantees issued by certain entities in the Group;
- 2) a first legal mortgage over the leasehold land and building at 53 Loyang Drive, Singapore 508957 (the "Property"); and
- 3) a legal assignment of rental proceeds or charge over rental account to be executed all current and future rental income of the property in favour of the financial institution.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

|                                                                                    | <b>Group</b>       |                  |
|------------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                    | <b>FY2017</b>      | <b>FY2016</b>    |
|                                                                                    | <b>(Unaudited)</b> | <b>(Audited)</b> |
|                                                                                    | <b>S\$'000</b>     | <b>S\$'000</b>   |
| <b>Cash flows from operating activities</b>                                        |                    |                  |
| Profit before tax                                                                  | 1,939              | 1,859            |
| Adjustments:                                                                       |                    |                  |
| Depreciation of property, plant and equipment                                      | 1,869              | 2,315            |
| (Write-back)/allowance of doubtful trade receivables, net                          | (286)              | 1,463            |
| Bad debts written off                                                              | 120                | 23               |
| Loss on disposal of property, plant and equipment, net                             | 166                | 108              |
| Impairment of other receivables                                                    | 17                 | 400              |
| Impairment of property, plant and equipment                                        | -                  | 4                |
| Fair value loss on asset held for sale                                             | -                  | 62               |
| Write back for stock obsolescences, net                                            | (2)                | -                |
| Inventories written off                                                            | -                  | 4                |
| Impairment of gross amount due from customers for contract work-in-progress        | -                  | 200              |
| Finance costs                                                                      | 1,201              | 1,452            |
| Issurance of performance share plan                                                | 508                | -                |
| Translation difference                                                             | (16)               | (10)             |
| <b>Operating cash flows before working capital changes</b>                         | <b>5,516</b>       | <b>7,880</b>     |
| Changes in working capital:                                                        |                    |                  |
| Increase in gross amount due from customers for contract work-in-progress          | (5,945)            | (728)            |
| Increase/(decrease) in gross amount due to customers for contract work-in-progress | 299                | (20)             |
| Decrease in inventories                                                            | 432                | 278              |
| Increase in prepaid operating expenses                                             | (252)              | (70)             |
| Decrease in trade and other receivables                                            | 3,176              | 940              |
| Increase/(decrease) in trade and other payables                                    | 1,871              | (3,909)          |
| (Decrease)/increase in other liabilities                                           | (1,442)            | 969              |
| Cash flows from operations                                                         | 3,655              | 5,340            |
| Interest paid                                                                      | (1,201)            | (1,452)          |
| Income tax refund/(paid)                                                           | 515                | (721)            |
| <b>Net cash flows from operating activities</b>                                    | <b>2,969</b>       | <b>3,167</b>     |
| <b>Cash flows from investing activities</b>                                        |                    |                  |
| Purchase of property, plant and equipment                                          | (2,667)            | (2,250)          |
| Proceeds from disposal of property, plant and equipment                            | 951                | 54               |
| <b>Net cash flows used in investing activities</b>                                 | <b>(1,716)</b>     | <b>(2,196)</b>   |
| <b>Cash flows from financing activities</b>                                        |                    |                  |
| Proceeds from loans and borrowings                                                 | 9,884              | 6,630            |
| Repayment of loans and borrowings                                                  | (9,967)            | (10,021)         |
| Dividend paid on ordinary shares                                                   | -                  | (822)            |
| <b>Net cash flows used in financing activities</b>                                 | <b>(83)</b>        | <b>(4,213)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                        | <b>1,170</b>       | <b>(3,242)</b>   |
| <b>Cash and cash equivalents at 1 January</b>                                      | <b>2,966</b>       | <b>6,208</b>     |
| <b>Cash and cash equivalents at 31 December (Note 1)</b>                           | <b>4,136</b>       | <b>2,966</b>     |

Note 1: Cash and cash equivalents comprised of bank overdraft amounting S\$127 (2016: S\$430,167).

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

|                                                     | Attributable to Owners of the Company |                 |                              |                                                     |                |                   |                               |              |
|-----------------------------------------------------|---------------------------------------|-----------------|------------------------------|-----------------------------------------------------|----------------|-------------------|-------------------------------|--------------|
|                                                     | Share capital                         | Treasury shares | Foreign currency translation | Premium on acquisition of Non-Controlling interests | Merger reserve | Retained earnings | Employee share option reserve | Total equity |
|                                                     | S\$'000                               | S\$'000         | S\$'000                      | S\$'000                                             | S\$'000        | S\$'000           | S\$'000                       | S\$'000      |
| <b>Group (Unaudited)</b>                            |                                       |                 |                              |                                                     |                |                   |                               |              |
| Balance as at 1 January 2017                        | 18,393                                | (256)           | (86)                         | (355)                                               | (7,442)        | 14,076            | -                             | 24,330       |
| Profit for the financial year                       | -                                     | -               | -                            | -                                                   | -              | 1,574             | -                             | 1,574        |
| <u>Other comprehensive income</u>                   |                                       |                 |                              |                                                     |                |                   |                               |              |
| Foreign currency translation                        | -                                     | -               | (16)                         | -                                                   | -              | -                 | -                             | (16)         |
| T total comprehensive income for the financial year | -                                     | -               | (16)                         | -                                                   | -              | 1,574             | -                             | 1,558        |
| Issuance of Performance Share Plan                  | 373                                   | -               | -                            | -                                                   | -              | -                 | -                             | 373          |
| Grant of equity-settled share option to employees   | -                                     | -               | -                            | -                                                   | -              | -                 | 135                           | 135          |
| Balance as at 31 December 2017                      | 18,766                                | (256)           | (102)                        | (355)                                               | (7,442)        | 15,650            | 135                           | 26,396       |
| <b>Group (Audited)</b>                              |                                       |                 |                              |                                                     |                |                   |                               |              |
| Balance as at 1 January 2016                        | 18,393                                | (256)           | (76)                         | (355)                                               | (7,442)        | 13,090            | -                             | 23,354       |
| Profit for the financial year                       | -                                     | -               | -                            | -                                                   | -              | 1,808             | -                             | 1,808        |
| <u>Other comprehensive income</u>                   |                                       |                 |                              |                                                     |                |                   |                               |              |
| Foreign currency translation                        | -                                     | -               | (10)                         | -                                                   | -              | -                 | -                             | (10)         |
| T total comprehensive income for the financial year | -                                     | -               | (10)                         | -                                                   | -              | 1,808             | -                             | 1,798        |
| Dividend on ordinary shares                         | -                                     | -               | -                            | -                                                   | -              | (822)             | -                             | (822)        |
| Balance as at 31 December 2016                      | 18,393                                | (256)           | (86)                         | (355)                                               | (7,442)        | 14,076            | -                             | 24,330       |

|                                                   | Attributable to Owners of the Company |                 |                   |                               |               |
|---------------------------------------------------|---------------------------------------|-----------------|-------------------|-------------------------------|---------------|
|                                                   | Share capital                         | Treasury shares | Retained earnings | Employee share option reserve | Total equity  |
|                                                   | S\$'000                               | S\$'000         | S\$'000           | S\$'000                       | S\$'000       |
| <b>Company (Unaudited)</b>                        |                                       |                 |                   |                               |               |
| Balance as at 1 January 2017                      | 18,393                                | (256)           | 1,431             | -                             | 19,568        |
| Loss for the financial year                       | -                                     | -               | (2,066)           | -                             | (2,066)       |
| Issuance of Performance Share Plan                | 373                                   | -               | -                 | -                             | 373           |
| Grant of equity-settled share option to employees | -                                     | -               | -                 | 135                           | 135           |
| <b>Balance as at 31 December 2017</b>             | <b>18,766</b>                         | <b>(256)</b>    | <b>(635)</b>      | <b>135</b>                    | <b>18,010</b> |
| <b>Company (Audited)</b>                          |                                       |                 |                   |                               |               |
| Balance as at 1 January 2016                      | 18,393                                | (256)           | 1,819             | -                             | 19,956        |
| Profit for the financial year                     | -                                     | -               | 434               | -                             | 434           |
| Dividends on ordinary shares                      | -                                     | -               | (822)             | -                             | (822)         |
| <b>Balance as at 31 December 2016</b>             | <b>18,393</b>                         | <b>(256)</b>    | <b>1,431</b>      | <b>-</b>                      | <b>19,568</b> |

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

|                                             | FY2017 (Unaudited) |         | FY2016 (Audited) |         |
|---------------------------------------------|--------------------|---------|------------------|---------|
|                                             | No. of Shares      | S\$'000 | No of Shares     | S\$'000 |
| <b>Issued share capital</b>                 |                    |         |                  |         |
| At beginning of financial year              | 119,269,000        | 18,393  | 119,269,000      | 18,393  |
| Issuance pursuant to Performance Share Plan | 2,043,098          | 373     | -                | -       |
| At end of financial year                    | 121,312,098        | 18,766  | 119,269,000      | 18,393  |

The number of treasury shares as at 31 December 2017 was 1,769,900 (31 December 2016:1,769,900).

There are no outstanding options and convertibles as at 31 December 2017 and as 31 December 2016 respectively.

**Grant of Share Awards Pursuant to the Performance Share Plan ("PSP")**

During the financial year, the Company issued and allotted 2,043,098 ordinary shares in the share capital of the Company at the market price of S\$0.18 under the Performance Share Plan.

- 1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

|                                                           | 31 Dec 2017<br>Unaudited | 31 Dec 2016<br>Audited |
|-----------------------------------------------------------|--------------------------|------------------------|
| Total number of issued shares                             | 121,312,098              | 119,269,000            |
| Total number of treasury shares                           | (1,769,900)              | (1,769,900)            |
| Total number of issued shares (excluding treasury shares) | <u>119,542,198</u>       | <u>117,499,100</u>     |

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of FY2017.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's independent auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has adopted the new or revised Singapore Financial Reporting Standard ("FRS") and Interpretations to FRS ("INT FRS") that are effective for financial periods beginning on or after 1 January 2017. Save for this, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Company has adopted the new and/or revised Financial Reporting Standards (FRSs) and interpretations that are effective for annual periods beginning 1 January 2017. Presently, the Company does not expect the adoption of the new and/or revised FRS and the interpretations to have any material impact on the financial statements of the Company for the current reporting period.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

|                                                                           | <b>Group</b>                |                           |
|---------------------------------------------------------------------------|-----------------------------|---------------------------|
|                                                                           | <b>FY2017<br/>Unaudited</b> | <b>FY2016<br/>Audited</b> |
| Profit attributable to owners of the Company (S\$'000)                    | 1,574                       | 1,808                     |
| Weighted average number of ordinary shares in issue                       | 118,724,959                 | 117,499,100               |
| Basic and diluted earnings per ordinary share<br>("EPS")(Singapore cents) | 1.33                        | 1.54                      |

The basic and diluted EPS for the respective financial years are computed based on the profit attributable to the owners of the Company and the weighted average of the Company's ordinary shares in issue during the respective financial years.

The basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue during and as at the end of the respective financial years.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares (excluding treasury shares) of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

|                                                                                                                | <b>Group</b>                       |                                  | <b>Company</b>                     |                                  |
|----------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                                                                                                                | <b>31 Dec 2017<br/>(Unaudited)</b> | <b>31 Dec 2016<br/>(Audited)</b> | <b>31 Dec 2017<br/>(Unaudited)</b> | <b>31 Dec 2016<br/>(Audited)</b> |
| Net asset value per ordinary share based on issued share capital (excluding treasury shares) (Singapore cents) | 22.08                              | 20.71                            | 15.07                              | 16.65                            |
| Number of issued shares (excluding treasury shares)                                                            | 119,542,198                        | 117,499,100                      | 119,542,198                        | 117,499,100                      |

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**(i) Review of the Group's income statement (FY2017 vs FY2016)**

During the year under review, the Group's total revenue decreased by S\$10.4 million (12.9%), from S\$80.9 million in FY2016 to S\$70.5 million in FY2017.

This decrease was attributable to 1) lower revenue from the mechanical and electrical engineering ("M&E") segment of S\$13.5 million (25.2%) from S\$53.5 million in FY2016 to S\$40.0 million in FY2017, primarily due to decrease in work done; 2) lower revenue from the manufacturing segment of S\$0.3 million (2.1%) from S\$14.3 million in FY2016 to S\$14 million in FY2017, primarily due to lower ducting sales; but partly offset by 3) increase in revenue from the building and construction solutions segment of S\$3.4 million (26.0%) from S\$13.1 million in FY2016 to S\$16.5 million in FY2017 as a result of increasing project realisation with higher order intake secured.

The Group's cost of sales decreased by S\$7.5 million (11.5%), from S\$65.5 million in FY2016 to S\$58.0 million in FY2017. The decrease is in tandem with the decline in revenue as a result of slowdown in project activities.

Our Group's gross profit of S\$12.5 million in FY2017 was lower than S\$15.3 million in FY2016, mainly due to 1) a decline of S\$1.8 million in gross profit from the M&E segment arising from lower volume of on-going engineering projects; and 2) a decline of S\$1.5 million from the manufacturing segment due to a decrease in sales, 3) a decline of S\$0.5 million from the building and construction solutions segment due to write off work-in-progress.

Other income increased by S\$0.3 million from S\$1.9 million in FY2016 to S\$2.2 million in FY2017 mainly due to write-back of doubtful trade receivables.

Administrative expenses decreased by S\$2.5 million (17.9%) from S\$14 million in FY2016 to S\$11.5 million in FY2017. This was mainly due to lesser provision in trade and other receivables during FY2017.

Finance costs decreased by S\$0.3 million from S\$1.5 million in FY2016 to S\$1.2 million in FY2017, mainly due to the decrease in trade financing utilised by the Group in FY2017, which was in line with the decrease in the Group's project activities.

The Group's profit before tax in FY2017 was S\$1.9 million, as compared to profit before tax of S\$1.9 million in FY2016.

Tax expense in FY2017 amounted to S\$0.4 million as compared to tax expense of S\$0.1 million in FY2016 is due to less tax incentives.

**(ii) Review of the Group's financial position**

**Non-Current Assets**

Non-current assets increased by S\$1.0 million to S\$39.0 million as at 31 December 2017 from S\$38.0 million as at 31 December 2016. The increase was mainly due to additional cost capitalization of S\$2.5 million for asset-under construction of the Company's factory at 53 Loyang Drive offset by S\$1.8 million depreciation charged in the review year and increase in other receivables of S\$0.3 million reclassified from current assets.

### **Current Assets**

As at 31 December 2017, current assets stood at S\$51.0 million. This was an increase of S\$1.7 million as compared to S\$49.3 million as at 31 December 2016 due to the following:

- a) increase in gross amount due from customers for contract work-in-progress of S\$5.9 million as a result of increased project execution towards the end of year closing; and
- b) increase in cash and cash equivalents of S\$0.7 million mainly attributable to sales proceeds of disposal of non-current asset held for sale;

Partially offset by

- c) decrease in trade and other receivables of S\$3.4 million in line with the decrease in revenue during the year and stringent credit monitoring from debtors;
- d) decrease in inventories of S\$0.4 million due to improved inventory management;
- e) decrease in asset held for sale of \$0.9 million as a result of disposal of property at located Ang Mo Kio Street 62; and
- f) decrease in prepaid operating expenses S\$0.2 million in line with the decrease in during the year.

### **Current Liabilities**

As at 31 December 2017, current liabilities stood at S\$53.3 million, which represented an increase of S\$9.9 million when compared to S\$43.4 million as at 31 December 2016. This increase was mainly due to:

- a) increase in trade and other payables of S\$1.9 million due to slow down of payment to vendors;
- b) increase in amount due to customers for contract work-in-progress of S\$0.3 million due to more advance collection from customers;
- c) increase in tax payable of S\$0.3 million due to less tax incentive; and
- d) increase in loans and borrowings of S\$9.5 million due to reclassification of construction loan from non-current liabilities less S\$0.6 million in reduction of trust receipt utilization and repayment of bank borrowings and bill payables at year end;

Offset by

- e) decrease in other liabilities of S\$1.5 million due to lower accrued project costs.

### **Non-Current Liabilities**

As at 31 December 2017, non-current liabilities decreased by S\$9.4 million to S\$10.2 million from S\$19.6 million as at 31 December 2016, mainly due to reclassification of construction loan of S\$9.5 million which was secured for the asset under construction at 53 Loyang Drive to current liabilities less S\$0.1 million additional loan during the year.

### **Equity attributable to owners of the Company**

Equity attributable to owners of the Company amounted to S\$26.4 million as at 31 December 2017, which reflected an increase of S\$2.1 million when compared to S\$24.3 million as at 31 December 2016, mainly arising from S\$1.5 million net profits for the year and S\$0.4 million due to share awards issued under the Performance Share Plan during the period under review.

The Group has a working capital of S\$7.1 million as at 31 December 2017, compared to S\$5.9 million as at 31 December 2016, mainly due to increase in gross amount due from contract customer work in progress.

## **Review of Group's Cash Flow**

In FY2017, the net cash flows generated from operating activities amounted to S\$3.0 million mainly due to operating cash flows before working capital changes of S\$5.0 million, adjusted for net working capital outflows of S\$2.8 million, as well as interest paid of S\$1.2 million. The net working capital outflows were mainly due to the increase in gross amount due from customers for contract work-in-progress of S\$5.9 million, increase in prepaid operating expenses of S\$0.3 million, and decrease in other liabilities of S\$1.4 million, partially offset by the increase in gross amount due to customers for contract work-in-progress of S\$0.3 million, decrease in trade and other receivables of S\$3.2 million, decrease in trade and other payables of S\$1.9 million, and the decrease in inventories of S\$0.4 million.

Net cash used in investing activities of S\$1.7 million in FY2017 was mainly attributable to purchase of property, plant and equipment of S\$2.6 million and partially offset by sales proceeds of disposal of non-current asset held for sales of S\$0.9 million.

Net cash used in financing activities amounted to S\$0.1 million in FY2017 due to the repayment of bank loans and borrowings of S\$10.0 million offset by proceeds from loans and borrowings of S\$9.9 million which was mainly attributable to term loan drawdown and trust receipt for project financing.

As at 31 December 2017, the Group's cash and cash equivalents stood at S\$4.1 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable as no forecast or prospect statement has been disclosed to shareholders.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The business environment in Singapore remains challenging amid economic uncertainties in the next 12 months with continuous pressure on contract value and stiff competition for new projects to be secured. The Group will continue to focus on cost control in managing the completion of existing projects. As such, the Group will continue to pursue investment opportunities beyond Singapore as and when they arise.

The Company obtained approval to acquire 51% of the issued and paid-up share capital of YC Capital Consolidated Sdn Bhd (YC Group) at an Extraordinary General Meeting held on 5 February 2018.

The acquisition of YC Group is in line with the Company's strategy to diversify its revenue streams as approved by shareholders on 5 August 2015. YC Group with its subsidiaries includes 5 businesses in the Tourism sector namely Y.C. Travel & Tours Sdn Bhd which provides travel and tour services, KL Premium Outlet Sdn Bhd which is a retailer of luxury items, Tian Di Global Sdn Bhd which is primarily a retailer of bedding products made from local latex, Fame Local Products Sdn Bhd which is a retailer of local goods and products and Cocoffee De Peninsula Sdn Bhd which is a retailer of local chocolate and coffee products.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends have been declared or recommended for FY2017.

**(b)(i) Amount per share (cents):**

Not applicable.

**(b)(ii) Previous corresponding period (cents):**

No dividends were declared for the corresponding period of the immediately preceding financial year.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) Book closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect**

No dividend has been declared/recommendeded for FY2017.

**13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The S\$1.5 million term loan facility provided by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd a subsidiary of the Company and S\$1.0 million term facility provided by Malayan Banking Berhad to Libra Engineering Pte Ltd a subsidiary of the Company are secured jointly by corporate guarantee issued by the Company and personal guarantee by Mr Chu Sau Ben (please refer to Section 1(b)(ii)). The outstanding amount as at 31 December 2017 was S\$668,062. No consideration was/will be paid to Mr Chu Sau Ben for the provision of the aforesaid personal guarantee.

The Company did not obtain a general mandate from shareholders for IPTs.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set up in Appendix 7H) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the required format.

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for operating segments of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

|                                                   | Investment<br>holding<br>S\$'000 | Mechanical &<br>Electrical<br>S\$'000 | Manufacturing<br>S\$'000 | Building &<br>Construction<br>Solutions<br>S\$'000 | Adjustments &<br>Eliminations<br>S\$'000 | Total<br>S\$'000 |
|---------------------------------------------------|----------------------------------|---------------------------------------|--------------------------|----------------------------------------------------|------------------------------------------|------------------|
| <b>FY2017 (Unaudited)</b>                         |                                  |                                       |                          |                                                    |                                          |                  |
| <b>REVENUE</b>                                    |                                  |                                       |                          |                                                    |                                          |                  |
| External revenue                                  | -                                | 39,954                                | 14,029                   | 16,473                                             | -                                        | 70,456           |
| Inter-segment                                     | 1,712                            | 25                                    | 2,601                    | 1,366                                              | (5,704)                                  | -                |
| Total revenue                                     | 1,712                            | 39,979                                | 16,630                   | 17,839                                             | (5,704)                                  | 70,456           |
| <b>RESULTS</b>                                    |                                  |                                       |                          |                                                    |                                          |                  |
| Segment gross profit                              | 1,712                            | 7,732                                 | 2,943                    | 26                                                 | 69                                       | 12,482           |
| Depreciation                                      | (307)                            | (333)                                 | (445)                    | (147)                                              | (637)                                    | (1,869)          |
| Write-back for doubtful<br>trade receivables, net | -                                | -                                     | 286                      | -                                                  | -                                        | 286              |
| Bad debts written off                             | -                                | -                                     | (120)                    | -                                                  | -                                        | (120)            |
| Other income                                      | 947                              | 675                                   | 347                      | 2,298                                              | (2,104)                                  | 2,163            |
| Finance costs                                     | (471)                            | (250)                                 | (228)                    | (240)                                              | (12)                                     | (1,201)          |
| Other expenses                                    | (4,098)                          | (3,572)                               | (2,554)                  | (2,919)                                            | 3,341                                    | (9,802)          |
| Profit before tax                                 | (2,217)                          | 4,252                                 | 229                      | (982)                                              | 657                                      | 1,939            |
| Income tax expense                                | -                                | (329)                                 | -                        | (36)                                               | -                                        | (365)            |
| Profit for the financial<br>year                  | (2,217)                          | 3,923                                 | 229                      | (1,018)                                            | 657                                      | 1,574            |
| <b>ASSETS</b>                                     |                                  |                                       |                          |                                                    |                                          |                  |
| Additions to property,<br>plant and equipment     | 2,725                            | 20                                    | 499                      | 201                                                | (778)                                    | 2,667            |
| Segment assets                                    | 48,273                           | 35,944                                | 16,053                   | 29,741                                             | (40,035)                                 | 89,976           |
| <b>LIABILITIES</b>                                |                                  |                                       |                          |                                                    |                                          |                  |
| Segment liabilities                               | 30,263                           | 18,014                                | 9,731                    | 24,335                                             | (18,763)                                 | 63,580           |

|                                                  | Investment<br>holding<br>S\$'000 | Mechanical &<br>Electrical<br>S\$'000 | Manufacturing<br>S\$'000 | Building &<br>Construction<br>Solutions<br>S\$'000 | Adjustments &<br>Eliminations<br>S\$'000 | Total<br>S\$'000 |
|--------------------------------------------------|----------------------------------|---------------------------------------|--------------------------|----------------------------------------------------|------------------------------------------|------------------|
| <b>FY2016 (Audited)</b>                          |                                  |                                       |                          |                                                    |                                          |                  |
| <b>REVENUE</b>                                   |                                  |                                       |                          |                                                    |                                          |                  |
| External revenue                                 | -                                | 53,497                                | 14,262                   | 13,114                                             | -                                        | 80,873           |
| Inter-segment                                    | 3,740                            | 3,495                                 | 5,301                    | 12,653                                             | (25,189)                                 | -                |
| Total revenue                                    | 3,740                            | 56,992                                | 19,563                   | 25,767                                             | (25,189)                                 | 80,873           |
| <b>RESULTS</b>                                   |                                  |                                       |                          |                                                    |                                          |                  |
| Segment gross profit                             | 3,740                            | 9,535                                 | 4,448                    | 510                                                | (2,888)                                  | 15,345           |
| Depreciation                                     | (302)                            | (365)                                 | (449)                    | (117)                                              | (1,082)                                  | (2,315)          |
| Impairment of<br>contract in<br>progress         | -                                | (200)                                 | -                        | -                                                  | -                                        | (200)            |
| Allowance for doubtful<br>trade receivables, net | -                                | -                                     | (463)                    | (1,000)                                            | -                                        | (1,463)          |
| Bad debts written off                            | -                                | -                                     | -                        | (23)                                               | -                                        | (23)             |
| Other income                                     | 1,980                            | 390                                   | 665                      | 4,441                                              | (5,529)                                  | 1,947            |
| Finance costs                                    | (774)                            | (485)                                 | (310)                    | (226)                                              | 343                                      | (1,452)          |
| Other expenses                                   | (4,195)                          | (4,714)                               | (2,183)                  | (678)                                              | 1,790                                    | (9,980)          |
| Profit before tax                                | 449                              | 4,161                                 | 1,708                    | 2,907                                              | (7,366)                                  | 1,859            |
| Income tax expense                               | (15)                             | 459                                   | (321)                    | (174)                                              | -                                        | (51)             |
| Profit for the financial<br>year                 | 434                              | 4,620                                 | 1,387                    | 2,733                                              | (7,366)                                  | 1,808            |
| Additions to property,<br>plant and equipment    | 9,071                            | 106                                   | 1,057                    | 107                                                | (471)                                    | 9,871            |
| Segment assets                                   | 52,402                           | 35,566                                | 17,625                   | 26,025                                             | (44,263)                                 | 87,355           |
| <b>LIABILITIES</b>                               |                                  |                                       |                          |                                                    |                                          |                  |
| Segment liabilities                              | 32,834                           | 21,317                                | 11,432                   | 19,979                                             | (22,537)                                 | 63,025           |

### **Geographical segments**

Our Group's revenue is derived mainly from Singapore and as such, it is not meaningful to report the Group's results by geographical segments.

#### **16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments**

Please refer to Paragraph 8.

17. **A breakdown of sales**

|                                                                                                     | FY2017<br>(Unaudited)<br>S\$'000 | FY2016<br>(Audited)<br>S\$'000 | Increase/<br>(Decrease)<br>% |
|-----------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|------------------------------|
| <b>1<sup>st</sup> Half</b>                                                                          |                                  |                                |                              |
| Sales reported for the 1 <sup>st</sup> half year                                                    | 30,829                           | 44,173                         | (30.2)                       |
| Operating profit after tax before<br>deducting minority interests reported for<br>the 1st half year | 761                              | 1,602                          | (52.5)                       |
| <b>2<sup>nd</sup> Half</b>                                                                          |                                  |                                |                              |
| Sales reported for the 2 <sup>nd</sup> half year                                                    | 39,627                           | 36,700                         | 8.0                          |
| Operating profit after tax before<br>deducting minority interests reported for<br>the 2nd half year | 813                              | 206                            | 294.7                        |

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

|              | FY2017   | FY2016     |
|--------------|----------|------------|
|              | S\$      | S\$        |
| Ordinary     | -        | 822        |
| <b>Total</b> | <b>-</b> | <b>822</b> |

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

| Name         | Age | Family relationship with any director, CEO &/or substantial shareholder | Current position and duties, and the year the position was first held                                                                                               | Details of changes in duties and position held, if any during the year |
|--------------|-----|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Chu Fai Fong | 47  | Sister of Executive Chairman and CEO, Chu Sau Ben                       | <b>Group Credit Controller of Libra Group Limited (since 2013)</b><br><br>Responsible for the Group customers' credit evaluation and accounts receivable management | No change during the year                                              |

|                |    |                                                    |                                                                                                                                                           |                                           |
|----------------|----|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| Chu Kee Yong   | 45 | Sister of Executive Chairman and CEO, Chu Sau Ben  | <b>Assistant General Manager of Libra Engineering Pte Ltd (Since 2015)</b><br><br>Responsible for overseeing the operations and production of the Company | No change during the year                 |
| Chu Siow Leong | 42 | Brother of Executive Chairman and CEO, Chu Sau Ben | <b>General Manager of Libra Engineering Pte Ltd (Since 2017)</b><br><br>Responsible for overseeing the operations and production of the Company           | Promoted as General Manager during FY2017 |

**BY ORDER OF THE BOARD**

Chu Sau Ben  
Executive Chairman and Chief Executive Officer

Date: 1 March 2018