

Libra Group Limited and its Subsidiaries

Independent auditor's report

For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Libra Group Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Libra Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matter described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(a) Accounting for the acquisition and consolidation of YC Capital Consolidated Sdn Bhd and its subsidiaries ("YC Group")

In March 2018, the Group acquired 51% equity interest in YC Group, a material subsidiary to the Group. The Group has consolidated the results of YC Group using the statutory audited accounts. However, we have not been able to obtain all the necessary information and explanation in respect of the audit of financial statements of YC Group for the year ended 31 December 2018. We were also unable to perform alternative audit procedures to satisfy ourselves on the reliability of the financial statements of YC Group as at 28 March 2018 (date of acquisition) and 31 December 2018 used by the Group to prepare the consolidated financial statements.

Consequently, we were not able to determine the appropriateness of the financial information of YC Group as at 31 December 2018 and the profit or loss and cash flows for the post-acquisition period included in the Group's consolidated financial statements. We were also unable to assess the appropriateness of the fair value of assets and liabilities of YC Group recorded by the Group as at the date of acquisition, and the recognition and recoverability of the resulting goodwill as disclosed in Note 13 to the financial statements. Similarly, we are also unable to determine the recoverability of the cost of investment in YC Group recorded on the balance sheet of the Company as at 31 December 2018.

Due to the above circumstances, we were also not able to complete our review of the events after the balance sheet date of YC Group.

(b) Accounting for financing transactions

The details of the financing transactions are disclosed in Note 5 and Note 17 to the financial statements.

We were unable to ascertain the completeness of such financing transactions as there is a lack of internal process to separately identify, monitor and appropriately record and present the financing transactions in the financial statements.

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Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(b) Accounting for financing transactions (cont'd)

As at 31 December 2018, the other receivables of the Group included \$2,576,000 arising from financing transactions. We were unable to assess the recoverability of the receivable due to lack of financial information of the debtor. We were also unable to assess if the financing transactions breached any contractual obligations and if there are any further adjustments or consequential effect.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the 'Basis for Disclaimer of Opinion' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirement that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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Report on the Audit of the Financial Statements (cont'd)

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matter referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
15 May 2019