DRIVEN BY INNOVATION

ANNUAL REPORT **2016**

BBR HOLDINGS (S) LTD

Key Financial Highlights

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Sustainability Report

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OUR MISSION

To strengthen our capabilities continuously in order to compete in the building and construction, civil engineering and property markets.

To provide our clients with innovative structural engineering solutions for green and sustainable buildings by leveraging on our strengths and expertise in high specification construction methods, Swiss parentage, strong track record, established reputation and dynamic management team.

To enhance greater opportunities in new markets, so as to further expand our geographical presence and intensify all efforts to bid for both building and infrastructure projects in the region.

NTU Hall Of Residence
(Nanyang Avenue, Singapore)

The Wisteria & Wisteria Mall
(Yishun Avenue 4, Singapore)

CORPORATE PROFILE

BBR Holdings (S) Ltd ("BBR") is one of Singapore's leading construction groups with more than 20 years of industry experience. It currently comprises four core business segments spanning across General Construction, Specialised Engineering, Property Development and Green Technology.

The BBR Group is well-positioned to meet the urbanisation challenge in Asia with our proven track record and good combination of innovative engineering with specialist know-how in construction methods. It has business presence in key markets such as Singapore, Malaysia, and Philippines.

Listed in 1997 on SESDAQ, SGX's then second board, BBR was subsequently upgraded to the Mainboard in September 2006.

BUSINESS OVERVIEW

Specialised Engineering

In 1993, BBR was established with a bold vision to introduce innovative design solutions based on technologies from its Swiss-based BBR Network.

The BBR Network was founded in 1944 when three Swiss engineers, Brandestini, Birkenmaier and Ros, formed a partnership under the name BBR Bureau. Since then, the BBR Network comprises a worldwide network of affiliated companies, joint ventures and franchisees that offer specialist construction engineering activities spanning some 50 countries from around the world.

Since its inception, BBR's technology gained market acceptance quickly and was recognised by our customers for its cost effectiveness and high efficiency levels.

Subsequently, we flourished to take on larger projects in both the public and private sectors in Singapore and the region. BBR's Specialised Engineering arm operates via its subsidiaries, BBR Construction Systems Pte Ltd and BBR Piling Pte Ltd in Singapore, and BBR Construction Systems (M) Sdn Bhd in Malaysia. BBR has also invested in prefabricated pre-finished volumetric modular construction ("PPVC"), whereby entire PPVC modules are built in multiple units complete with all internal finishes, fixtures and fittings. The prefabrication process takes place in a factory and is then transported to the site for installation, similar to a 'legolike' assembly.

General Construction

The General Construction segment comprises the principal activities in design-and-build, general building construction, and civil structural engineering activities undertaken through its wholly-owned subsidiaries, Singapore Engineering & Construction Pte Ltd ("SEC") (formerly known as Singapore Piling & Civil Engineering Private Limited) and Singa Development Pte Ltd ("Singa").

Acquired in 2001, SEC has a more than 40 year history and has been registered with the Building and Construction Authority of Singapore under the "A1" classification for both General Building (CW01) and Civil Engineering (CW02) since 1984, enabling the company to tender for public sector contracts of unlimited value.

Singa has a "A2" and "B2" classification for CW01 and CW02, respectively.

Property Development

Highly synergetic to the Group's broad construction activities, its Property Development business segment has been actively engaged in five development projects since 2006. Lush on Holland Hill, a freehold condominium development with 56 spacious units in two 12-storey blocks, was completed in 2012. 8 Nassim Hill is an upmarket freehold development which comprised 16 super luxury triplex units with basement carparks completed in 2010. Bliss @Kovan is the third freehold site which was developed into a five-storey condominium with 140 luxurious residential units in November 2015.

To date, Lush on Holland Hill and 8 Nassim Hill are fully sold, while 135 units have been sold at Bliss @Kovan. BBR's fourth project is Lake Life, a development comprising 546 units of executive condominium which offers modern and lifestyle design features on a 99-year leasehold HDB land site at Yuan Ching Road/ Tao Ching Road, Jurong. The development is 100% sold and Temporary Occupation Permit was obtained on 30 December 2016.

BBR is currently involved in a mixed residential and commercial development on a 99-year leasehold land parcel at Yishun Avenue 4. The Wisteria comprises 3 towers of 9 storeys housing 72 units of condominium for each tower from level 4 to 12. The residences are directly connected to Wisteria Mall consisting of 2 levels of retail spaces at basement and level 1, comprising food & beverage and retail outlets, including a supermarket and food court. The Wisteria residences was

successfully launched in March 2016 with approximately 91% of units sold to date.

Green Technology

In 2013, BBR established a Green Technology division to carry out system integration and distribution of renewable energy. The Group has bid for projects to supply, install and lease solar panels and grid connected systems for statutory boards and private sector customers.

In 2014, BBR was awarded two major solar leasing projects for 20 years and 25 years, from HDB and a commercial company, respectively. Construction for a 490kW peak grid-tied system for the latter was successfully completed in 2015 and revenue recognition has commenced for electricity generated. BBR's construction of a 6MW peak grid-tied system which involved engineering, procurement and construction works and installation of solar panels on the rooftops of 80 blocks of HDB flats in Ang Mo Kio Town was completed in 2016. A power purchase agreement has been signed with Ang Mo Kio Town Council to maintain, lease and buy all the electricity generated by the system for a tenure of 20 years.

In 2015, BBR is among one of nine consortia selected to participate in the floating photovoltaic ("PV") testbed project at Tengeh reservoir jointly led by Singapore Economic Development Board and the Public Utilities Board. The test-bed project at Tengeh reservoir allow companies to develop, test and evaluate the economic and technical feasibility of installing floating solar PV systems on water, as an alternative to deploying solar systems on rooftops. The project was completed in the last quarter of 2016.

Riding on the back of the potential growth for more green buildings, the Group is steadily implementing green technology as part of its total solutions package for potential project bids.

OUR BUSINESSES

Our Principal Services are:

General Construction

- Design-and-Build
- General Building Construction
- Civil and Structural Engineering
- Conservation and Restoration

Specialised Engineering

- Piling and Foundation Systems
- Post-tensioning
- Stay Cable Systems
- Heavy Lifting
- Bridge Design and Construction
- Maintenance Repair and Retrofitting
- Prefabricated Prefinished Volumetric Construction (PPVC)

Property Development

- Boutique developer for residential as well as mixed commercial and residential development

Green Technology

- System integration and distribution of renewable energy
- Supply, installation and leasing of solar panels and grid connected systems

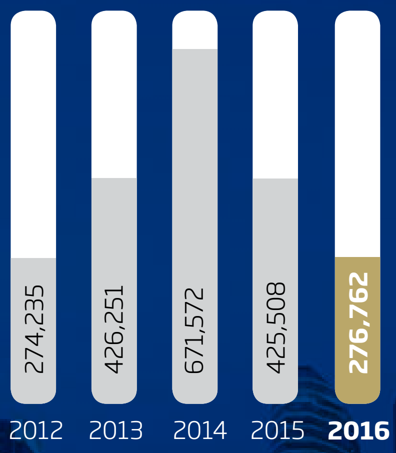
KEY FINANCIAL HIGHLIGHTS

		FY2012	FY2013	FY2014	FY2015	**FY2016**
Revenue	($'000)	274,235	426,251	671,572	425,508	**276,762**
Gross Profit	($'000)	35,406	43,588	28,655	25,207	**13,397**
Profit Before Taxation	($'000)	14,536	22,956	14,805	5,277	**3,270**
Profit After Taxation (PAT)	($'000)	13,407	22,028	11,799	2,611	**1,919**
Profit Attributable to Equity Holders of the Company	($'000)	12,963	21,839	11,230	2,332	**1,129**
Earnings Per Share	(Cents)	4.24	7.13	3.66	0.76	**0.37**
Dividend Per Share	(Cents)	1.2	0.8	0.8	0.4	**0.6**
Dividend Payout	(%)	28.3	11.2	21.9	52.6	**162**
Net Assets (NAV)	($'000)	107,545	125,639	134,317	132,808	**130,824**
NAV Per Share	(Cents)	35.10	40.98	43.61	43.12	**42.48**
Net Debt To Equity[1]	(%)	10.7	28.0	N.A.	0.6	**N.A.**
Return On Equity[2]	(%)	12.3	17.3	8.6	1.9	**1.4**
Return On Total Assets[3]	(%)	5.2	7.1	3.7	0.9	**0.8**
Revenue by Business Segment						
General Construction	($'000)	131,481	273,055	458,326	215,458	**142,862**
Specialised Engineering	($'000)	84,699	111,971	134,626	151,335	**132,771**
Property Development	($'000)	58,027	41,197	78,592	58,569	**-**
Green Technology	($'000)	-	-	-	118	**1,101**
Revenue by Geographical Segment						
Singapore	($'000)	238,893	381,843	570,999	319,317	**216,311**
Malaysia	($'000)	35,342	44,408	100,573	106,191	**60,451**

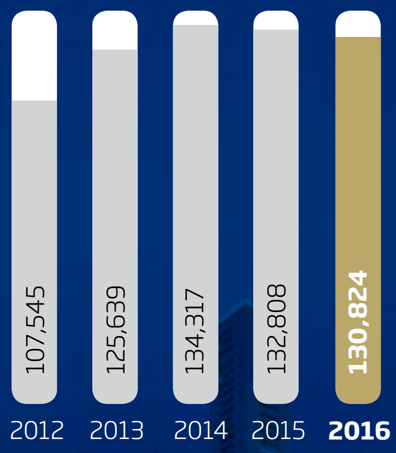
Notes:
1. Net Debt To Equity = Current and non-current loans and borrowings less cash and bank balances divided by total equity
2. Return On Equity = PAT divided by total equity
3. Return On Total Assets = PAT divided by total assets

N.A. - not applicable

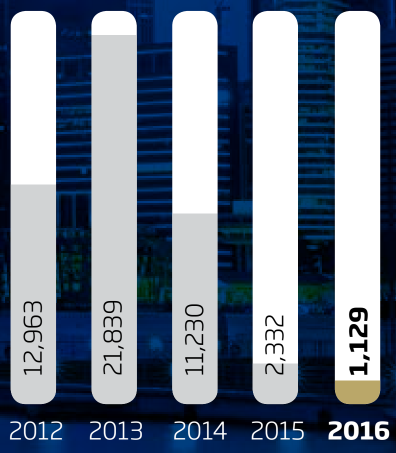
Revenue
($'000)



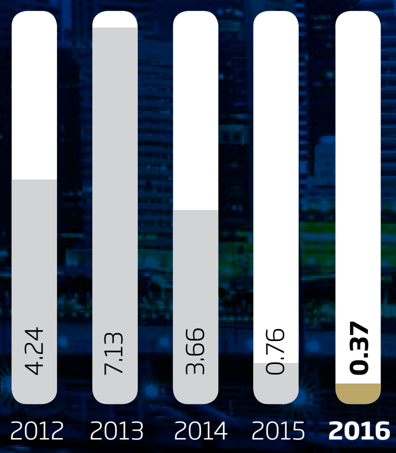
Net Assets
($'000)



Profit Attributable to Equity Holders of the Company
($'000)



Earnings Per Share
(Cents)



Driven by an innovation-centric growth strategy, we are scalable to adapt to the changing tides of the business environment while geared to remain relevant in the future economy of tomorrow.

Prof. Yong Kwet Yew
Independent Director
Non-Executive Chairman

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

The Group has stayed resilient despite the sedate pace in the building and construction industry in Singapore. Against a backdrop of tepid housing market condition and continued economic uncertainties, private sector construction demand is expected to soften. However, this is mitigated by the Building & Construction Authority's anticipated increase in public sector construction demand for most building types and civil engineering works in 2017.

Driven by an innovation-centric growth strategy, we are scalable to adapt to the changing tides of the business environment while geared to remain relevant in the future economy of tomorrow.

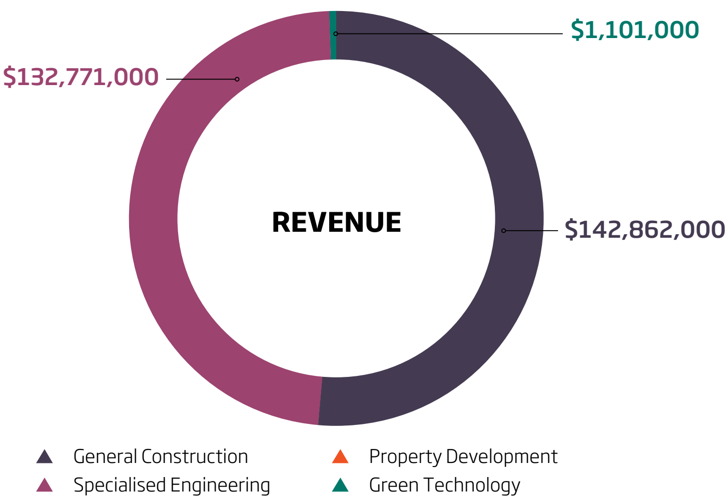
Armed with more than 20 years of excellent track record and a strong reputation, BBR is geared up for sustainable growth which encompasses not only strengthening our robust business model, but harnessing sustainable revenue growth. We remain focused and vigilant in strengthening our core competencies while staying invested in the technology of the future.

YEAR IN REVIEW

In financial year 2016 ("FY2016"), the Group reported $276.8 million in revenue, which is a 35% decrease compared to financial year 2015 ("FY2015"). General Construction and Specialised Engineering segments contributed 51.6% and 48.0% respectively to group revenue, with the remaining revenue from Green Technology.

The Singapore business units contributed $216.3 million or 78.2% of the total revenue while the Malaysia division generated $60.5 million or 21.8% of the total revenue.

The Group achieved higher revenue from its new businesses, namely Pre-fabricated Pre-finished Volumetric Construction ("PPVC") under the Specialised Engineering Segment and solar leasing projects under the Green Technology Segment. However, overall revenue for FY2016 was lower mainly due to lower general construction activities. There was no revenue from property development during the year as revenue for sold units from Bliss @Kovan had been fully recognised in FY2015 when Temporary Occupation Permit ("TOP") was obtained. The Group's current property development projects are undertaken through an associate and a joint-venture and hence do not contribute to the Group's revenue in FY2016.



Gross profit for FY2016 was lower at $13.4 million during the year compared to $25.2 million for FY2015 and this was mainly due to decrease in revenue and cost overruns incurred for certain general construction projects. As such, despite an improvement in profit margins for the Specialised Engineering Segment which included PPVC, overall gross margin for the current year was lower at 4.8% compared to 5.9% in FY2015.

Net profit attributable to equity holders of the Company was $1.1 million in the current financial year compared to $2.3 million in FY2015.

Share of results of associates rose to $9.4 million in FY2016 compared to $64,000 in FY2015. This contribution was from the Group's 35% equity interest in Lakehomes Pte Ltd ("Lakehomes"), the developer for Lake Life Executive Condominium in Jurong Lake district. TOP was obtained on 30 December 2016 and Lakehomes recognised revenue and profits for 296 sold units in FY2016 based on financial accounting standards for Executive Condominium development. Revenue and profits for the remaining 250 sold units will be recognised in financial year ending 31 December 2017.

DRIVEN BY INNOVATION

BBR seeks to keep abreast of the building and construction technology innovation curve by investing in PPVC through the acquisition of Moderna Homes Pte. Ltd. ("Moderna Homes") in September 2014. Previously a 75% owned subsidiary of BBR, it is currently a wholly-owned subsidiary after BBR acquired the remaining 25% shares in Moderna Homes from the non-controlling interests in April 2016.

PPVC technology is slated to be the key smart technology for boosting productivity in the building & construction sector. The recent spike in construction project tenders by government agencies in Singapore specifying PPVC applications attests to the upturn of the growth cycle for the adoption of PPVC construction technology.

CHAIRMAN'S MESSAGE

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Moderna Homes is proud to be one of first four selected companies which has been awarded In-Principle Acceptance Certificates for its PPVC design system by seven Singapore government agencies for use in local projects, through the Building Innovation Panel. In addition, the Building & Construction Authority has in 2016, issued to the company an In-Principle Acceptance for "In-Built Bathroom within the Modular Cube Design System" to be used in Singapore building projects. PPVC system has been recognised for its level of innovation and the expected 20% improvement in construction productivity. As the bulk of prefabrication works are moved to a controlled environment off-site within a factory, not only will there be reduced noise and dust pollution, site safety will also be improved.

Moderna Homes possesses the competence to design and assemble prefabricated buildings, and has carved a unique market leadership in the steel PPVC method which can deliver up to 40% improvement in labour productivity and shortened construction timeframe.

Since the first win in Hall of Residence in Nanyang Technological University ("NTU") for 1,213 PPVC modules, it was awarded another NTU residence hall construction project for supply of 717 modules. Subsequently, Moderna Homes was contracted to design and supply 756 PPVC modules to The Wisteria, a private condominium development. This is part of a mixed commercial and residential development along Yishun Avenue 4. The Wisteria is the first residential development under the Government Land Sale programme to adopt PPVC technology and prefabricated bathroom units. In July 2016, the Group secured yet another contract for the design, fabrication, delivery and installation of PPVC modular system for four blocks of housing at Upper Aljunied Road. The scope of works involves design, supply and installation of 1,900 modular units for 380 apartments.

PROPELLED BY GREEN TECHNOLOGY

With the current prevailing lows in oil prices globally, the outlook of the green technology segment has momentarily been dampened by the lowered tariff surcharge rates for solar energy. We hold steadfast the long term view that renewable energy will increasingly be the alternative source to fossil fuels in Singapore and will continue to seek new solar integration projects.

We have successfully completed the design and installation of a 6 MW peak grid-tied solar photovoltaic ("PV") system on the rooftops of 80 HDB flats. All installations have been commissioned in 2016 and in a Power Purchase Agreement signed with Ang Mo Kio Town Council, electricity generated from these solar panels over the next 20 years will be translated to leasing revenue earned, commencing progressively with flats commissioned from the last quarter of 2015.

This year, BBR is among one of the nine consortia which had successfully deployed ten floating PV systems at Tengeh reservoir, each with a capacity of around 100 kW peak in a joint pilot project by Singapore Economic Development Board and the Public Utilities Board.

The PV test-bed project at Tengeh reservoir will allow companies to develop, test and evaluate the economic and technical feasibility of installing floating solar PV systems on water surfaces, as an alternative to deploying solar systems on rooftops.

FINANCIAL POSITION

The financial position of the Group continues to be stable. Net assets stood at $130.8 million as at 31 December 2016, as compared to $132.8 million as at 31 December 2015. Net asset value per share stands at 42.48 cents.

Due to the increase in cash generated from operating activities during the year, cash and bank balances and pledged deposits rose to $63.4 million as at 31 December 2016. This compares favourably


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1. & 2. Lake Life Executive Condominium

with $29.2 million as at 31 December 2015. The improvement in cash flow from operating activities was mainly due to collections from trade receivables from sold units at Bliss @Kovan upon expiry of defects liability period and the increase in amount due to customers for work-in-progress (net). The improvement in the Group's cash position was in spite of repayments for bank borrowings and capital expenditure for a solar leasing plant in the current year.

REWARDING SHAREHOLDERS

Over the years, BBR has consistently delivered good returns to our shareholders. In view of the improved cash position, the Board of Directors recommends an additional tax-exempt one-tier first and final special dividend of 0.2 cents per share over and above the ordinary first and final dividend of 0.4 cents per share for the year, subject to approval by shareholders at the forthcoming Annual General Meeting to be convened. The total dividend of 0.6 cents per share represents a dividend growth of 50 per cent compared to the previous year.

BUSINESS OUTLOOK FOR 2017

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

The construction sector contracted by 2.8 per cent on a year-on-year basis in the fourth quarter, extending the 2.2 per cent decline in the previous quarter. The contraction was largely due to the decline in private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector expanded by 0.8 per cent, a reversal from the 12.6 per cent contraction in the preceding quarter. However, based on the 2017 Budget, the Singapore government has announced that $700 million worth of infrastructure projects, mainly upgrading works, will be brought forward.

The industry outlook remains challenging in the next 12 months with increasing competition amid a weaker construction market and increase in labour cost due to short supply of foreign workers. The Group will continue to focus on its core business by leveraging its strong track record in building construction and civil engineering to secure more projects as well as enhancing cost effectiveness and efficiency optimisation in the management of on-going projects. BBR will also continue to conduct feasibility studies to undertake new property development projects.

Our ongoing projects in Malaysia are progressing well and current order book is healthy. The outlook for the construction industry in Malaysia has improved with the government's strong emphasis on infrastructure projects to stimulate the economy with the implementation of infrastructure projects such as Mass Rapid Transport 2 ("MRT2"), West Coast Expressway ("WCE") and East Coast Rail Link. Apart from securing two out of the ten MRT2 projects, other works for WCE have also been awarded to our subsidiary, BBR Construction Systems (M) Sdn Bhd. The latter aims to secure further spin-off works from these infrastructure projects.

A NOTE OF APPRECIATION

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

Geared up for sustainable growth, BBR is ready for the new opportunities and challenges which the future holds. We will grow from strength to strength in building our market leadership in the construction industry to meet the urbanisation needs of Singapore and beyond.

Prof. Yong Kwet Yew
Independent Director
Non-Executive Chairman

Despite the challenging business environment, we are committed to strengthening our core competencies while we invest upfront in building technology of the future. Our investment in PPVC had reaped the initial results and will be the new growth engine for us. Productivity and cost optimisation will remain our priority to steer BBR ahead in Singapore and the region.

Tan Kheng Hwee Andrew
Executive Director and
Chief Executive Officer

CEO'S BUSINESS REVIEW

In 2016, the building and construction industry was reeling under the pressure of an oversupply of private residential development which has presented a challenge to developers as well as building and construction players in Singapore. Singapore is experiencing a downturn in general construction demand, and, like most Asian economies, are grappling for new growth impetus amidst the slowdown in global economies, including China.

During the year, the Group sustained its active business presence by tendering for private and public projects, as well as new land parcels for property development.

In FY2016, BBR has recorded $276.8 million in revenue, which reflects a 35.0% decrease compared to FY2015. The contributions from General Construction and Specialised Engineering segments were 51.6% and 48.0%, respectively. Although relatively immaterial, revenue from Green Technology in FY2016 had registered improved contribution from FY2015. Revenue from Property Development segment was lacking in FY2016 because there was no sale at Bliss @Kovan in the year. On a positive note, one unit was sold subsequent to the year-end.

Of the $250 million order book, the bulk of the construction projects are in their active stage of construction, while the volume of specialised projects in Singapore and Malaysia has decreased.

Despite the challenging business environment, we are committed to strengthening our core competencies while we invest upfront in building technology of the future. Our investment in Pre-fabricated Pre-finished Volumetric Construction (" PPVC") had reaped the initial results and will be the new growth engine for us. Productivity and cost optimisation will remain our priority to steer BBR ahead in Singapore and the region.

GENERAL CONSTRUCTION

The General Construction segment comprises design and build, general building construction and civil structural engineering works carried out by wholly-owned subsidiaries, Singapore Engineering & Construction Pte Ltd ("SEC") (formerly known as Singapore Piling & Civil Engineering Private Limited) and Singa Development Pte Ltd.

For FY2016, the Group's General Construction business remained the top revenue generator amongst the four business segments. The revenue of $142.9 million constitutes 51.6% of the total revenue generated. It reflects a decline of 33.7% compared to the previous year.

Located at Nanyang Avenue, BBR's hallmark general construction project in the form of the new hall of residence for Nanyang Technological University ("NTU") scores as the first public high rise development in Singapore to deploy a Prefabricated Pre-finished Volumetric Construction ("PPVC") technology. In addition to a full range of recreational facilities catering to over 1,800 students, six blocks of 13-storey student hostel comprising 1,594 hostel rooms was constructed with PPVC methods and completed in 2016.

Awarded the Building and Construction Authority ("BCA") Green Mark Platinum Award, this project boasts unique green and sustainability features which can be traced through the construction system and process, as well as the adoption of state-of-the-art green and information technology systems to encourage sustainability practice and mindset among the residents of the hostel.

Another project under construction is the Wisteria Mall and The Wisteria (apartments) (the "Mixed Development") for $116 million located at Yishun Avenue 4. Construction of the Mixed Development will comprise three 9-storey residential blocks with 216 units of condominium, a 3-storey podium with commercial facilities and carparks and a single level of basement. The residential component have been stipulated to use PPVC and prefabricated bathroom units which is undertaken by BBR's wholly owned subsidiary, Moderna Homes Pte Ltd ("Moderna Homes"), whose "In-Built Bathroom within the Modular Cube Design System " has been approved for use by BCA for projects in Singapore. Construction is expected to be completed in the second half of 2018.

The $80.3 million Walk2Ride project awarded to a joint venture, Singapore Piling – Shincon JV by the Land Transport Authority to design and construct covered linkways within 400 m radius of MRT stations is progressing well and expected to be completed in 2018. BBR's wholly-owned subsidiary, SEC, has a 51% share in the joint venture.

SPECIALISED ENGINEERING

BBR's Specialised Engineering business encompasses piling and foundation systems, post tensioning, stay cable systems, heavy lifting, bridge design and construction, maintenance repair, strengthening and retrofitting works, and PPVC.

The revenue from Specialised Engineering amounted to $132.8 million and constituted 48.0% of total revenue for FY2016.

PPVC

The Group's first application of PPVC technology was at a new hall of residence

CEO'S BUSINESS REVIEW

housing six blocks of 13-storey student hostel for 1,213 modules at NTU. Being BBR's maiden PPVC project, we have overcome initial challenges in the fabrication and fit-out installation processes of the boxes and the production rate has improved after a steep learning curve. The modules were all delivered in the first half of 2016.

In July 2015, BBR secured its second PPVC contract from main contractor Santarli – Zheng Keng JV, for the erection of one block of 11-storey and three blocks of 13-storey student hostel development at Nanyang Crescent, NTU (Western Water Catchment). Consisting of 717 PPVC modules, the supply and installation project is scheduled to be completed in the first quarter of 2017.

With respect to the construction of residential units at The Wisteria in the Mixed Development along Yishun Avenue 4, PPVC in-built with bathroom units are required to be adopted for at least 65% of the constructed floor area and bathroom units. This move is part of the government's initiative to use labour-efficient construction methods and building design to improve construction productivity, which brings synergistic benefits to the Group's PPVC business.

Deploying the PPVC system will catapult BBR ahead to the next lap in terms of a breakthrough in labour productivity and operational efficiency. This is especially significant as the Singapore construction and building industry is at a crossroad whereby it is challenged by the tight labour market and increased foreign worker levies. The PPVC system fits within the construction industry's initiative to promote green sustainability in the built environment as well as greater environmental awareness in Singapore.

POST-TENSIONING

Throughout the year, we have been actively involved in a number of post-tensioning and structural repair projects in both Singapore and Malaysia. Revenue contribution from Malaysia is approximately 22% for FY2016 and 25% for FY2015.

Our expertise in specialised engineering works, in particular for bridge construction, puts us in good stead to tap on the strong demand for such projects in Malaysia.

Across the causeway, noteworthy projects in progress include two bridge construction projects in Terengganu, Malaysia with combined contract values of approximately RM470 million. Both projects were awarded by Class "A" Bumiputra Contractors to BBR Construction Systems (M) Sdn. Bhd., a Malaysia subsidiary which is 80% owned by the Group. Both projects are scheduled to be completed in 2017.

The first project is for the construction of Pulau Sekati Bridge across Sungai Terengganu and Pulau Sekati, providing an access link from Kuala Terengganu to Telok Pasu and Jeram, Malaysia. There will be two bridges side-by-side, with bridge lengths of 174-metre and 600-metre each, including a walkway for pedestrians. The second project involves the design and construction of a new marina base at Pulau Poh and the bridge connecting Pulau Poh to existing Pengkalan Gawi jetty in Kenyir


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Lake in Terengganu. The scope of works include the construction of main facilities, such as, floating passenger jetty, cargo jetty and cable bridge at Poh Island.

These two projects, among other infrastructure projects, augmented the strength of our strong track record and have certainly marked a new milestone in our decade of strong track record of general construction and specialised engineering projects in Malaysia.

PROPERTY DEVELOPMENT

BBR ventured into the property development segment in 2003 and carved a niche for itself as a boutique developer of contemporary residential properties. From FY2015, BBR has steadily broadened its stronghold in the property development business by investing in a mixed commercial and residential development in Yishun, Singapore.

The revenue from Property Development amounted to $58.6 million and constituted 13.8% of total revenue for FY2015. No sale was recorded in FY2016 from Properties held for sale at Bliss @Kovan, which is 100% owned by the Group. This is a five storey freehold condominium consisting of 140 units with superior design elements. The development received Temporary Occupation Permit ("TOP") in November 2015, and currently has 5 unsold units.

Likewise, BBR's 35% interest in Lakehomes Pte. Ltd. ("Lakehomes") has reaped sound returns with all 546 units at Lake Life Executive Condominium sold since its rousing successful sales launch on 8 November 2014. The project has achieved TOP on 30 December 2016 and Lakehomes has recognised revenue and profits for 296 sold units in FY2016 based on financial accounting standards for

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3. NTU Hall of Residence (Nanyang Crescent)
4. Galaxis, Fusionopolis 5
5. Floating Solar at Tengah Reservoir

Executive Condominium development, of which, 35% has been recorded by BBR as its share of profits in associate. Revenue and profits for the remaining sold units is expected to be recognised in financial year ending 31 December 2017.

The 99-year leasehold HDB land site at Yuan Ching/Tao Ching Road in Jurong, Singapore was awarded by The Housing & Development Board on 2 August 2013. Lake Life boasts of modern and lifestyle design elements built on a land area of 217,304 square metres.

BBR is part of a consortium to develop a proposed mixed 60% residential and 40% commercial development by Northern Resi Pte. Ltd. ("Resi") and Northern Retail Pte. Ltd. ("Retail"), respectively, along Yishun Avenue 4. BBR has an effective equity interest of 25.05% in the Mixed Development.

The 99-year leasehold site has an area of approximately 9,759.8 square metres and is expected to obtain TOP by the second half of 2018. Resi will develop and sell 216 units of condominium units at The Wisteria, and Retail, being a company incorporated for long term property investment purposes, will develop the commercial segment named Wisteria Mall and be the single strata owner upon completion.

Sales for residential units at The Wisteria was successfully launched in August 2016 and to date, approximately 91% has been sold. Revenue and profits for private condominiums sales are progressively recognised based on percentage of completion method.

GREEN TECHNOLOGY

The Green Technology division was established in 2013 to carry out system integration and distribution of renewable energy. The Group sets to bid for projects to supply, install and lease solar panels and grid connected systems for statutory boards and private sector customers. Riding on the wave of the potential growth for more green buildings, the Group plans to implement green technology as part of its total solutions package for potential project bids.

BBR completed the design and installation of a 6 MW peak grid-tied solar photovoltaic ("PV") system on the rooftops of HDB flats for Ang Mo Kio Town Council ("AMKTC") in the first half of 2016. Since then, BBR has started to earn solar leasing revenue under the 20-years power purchase agreement with AMKTC whereby AMKTC is to purchase electricity generated from the solar panels.

The Green Technology segment has also completed the design and installation of a 490 kW peak grid-tied PV system for GKE Warehousing & Logistics Pte Ltd in the third quarter of 2015. It currently earns revenue for electricity generated by solar panels on the rooftop of its warehouse under a 25-year solar leasing agreement with the customer.

In FY2016, BBR participated in and completed a Floating PV testbed pilot project in Singapore which is led by the Singapore Economic Development Board and the Public Utilities Board.

CONCLUDING REMARKS

During the year, BBR has steered a firm course amidst a challenging business environment.

The newly-acquired building competencies in PPVC will put BBR in good stead for future tender requirements and harness the increase in construction productivity. We are also optimistic that the Green Technology will be the next growth engine in due course.

BBR will continue to contribute and enhance our value to ensure Strength, Stability and Sustainability of the Group in Singapore and Asia.

Tan Kheng Hwee Andrew
Executive Director and
Chief Executive Officer


MR MARCEL POSER
MR TAN KHENG HWEE
ANDREW
PROF
YONG KWET YEW
MR BRUNO
SERGIO VALSANGIACOMO

MR ROMANO
WILLIAM FANCONI

MS LUK KA LAI CARRIE
(MRS CARRIE CHEONG)

MR SOH GIM TEIK

BOARD OF DIRECTORS

1

PROF YONG KWET YEW

Independent Non-Executive Director, Chairman of the Board, Chairman of the Nomination Committee, Chairman of the Remuneration Committee, Chairman of the BBR Share Plan Committee and Member of the Audit Committee

Prof Yong Kwet Yew was appointed a Director of BBR Holdings (S) Ltd on 19 August 1997. He obtained his PhD from the University of Sheffield, UK under a Grouped Scholarship in Engineering and is currently a Professor of Civil Engineering and Vice President (Campus Infrastructure) at the National University of Singapore. He has conducted extensive research in Infrastructure and geotechnical engineering and has delivered over 30 keynote and guest lectures at international conferences, as well as published over 200 technical papers.

Highly respected for his industry expertise, he has served as a consultant to government agencies as well as local and international companies in more than 150 major construction projects in Singapore, Asean, China and the region.

Prof Yong is past Chairman of the Association of Geotechnical Societies in Southeast Asia and chairs several government advisory committees and professional committees. He is a Fellow of the Institution of Engineers and an Accredited Adjudicator of Singapore Mediation Centre. He is also a Board and Executive Committee Member of the Land Transport Authority of Singapore, as well as the Non-Executive Chairman and Independent Director of Tritech Group Limited.

For his significant contributions to the university, construction safety and land transport development, he was conferred the Public Administration Medal (2000), the Public Service Medal (2004) and the Public Service Star (2008) respectively. He was also awarded the MND Medallion (2016) for distinguished service to the MND group of agencies.

2

MR TAN KHENG HWEE ANDREW

Executive Director, Chief Executive Officer, Member of the BBR Share Plan Committee and Member of the Investment Committee

Mr Tan Kheng Hwee Andrew is a founding member of BBR Holdings (S) Ltd and was appointed as the Managing Director/Chief Executive Officer since 1 April 1994. He is responsible for the strategic management and business development of the Group. Prior to setting up the Company, he spent two years after graduation in the civil service and worked for another 13 years with a public listed company. Mr Tan served as the President of Singapore Concrete Institute from 1997 to 1999.

Mr Tan holds a Bachelor of Engineering (Honours) from the University of Singapore and a Master of Science from the National University of Singapore. He is also a registered Professional Engineer and a member of the Institute of Engineers (Singapore).

3

MR BRUNO SERGIO VALSANGIACOMO

Non-Executive Director, Member of the Remuneration Committee and Member of BBR Share Plan Committee

Mr Bruno Sergio Valsangiacomo was appointed a Director of BBR Holdings (S) Ltd on 11 February 1997. He is the Chairman of Tectus S.A., BBR Holding AG, Proceq S.A. and FFC Fincoord Finance Coordinators Ltd., as well as a Board member of other Tectus Group associated companies.

He is a founder of Tectus Dreamlab Pte Ltd, a cross-functional research centre in Fusionopolis, Singapore, leading various next-generation initiatives including VIP - a holistic platform for asset monitoring and maintenance to serve global markets in partnership with Singapore research and government agencies.

Mr Valsangiacomo is a founding shareholder and Executive Chairman of ITI Holdings S.A., Luxembourg. Since its formation in 1991, ITI Group built the largest broadcasting, media and entertainment group in Poland, and its core company, publicly-listed TVN Group, was sold to Scripps Networks Interactive Inc. in 2015.

Mr Valsangiacomo is a founding partner of Virtually Live, a virtual reality company specialised in virtual live event experiences, NeuroPro Ltd, a company developing next generation tools for applied brain science and The Brain Forum, an independent charitable foundation dedicated to helping fulfil the potential of brain science to benefit humanity.

He graduated with a Bachelor of Business Administration from the School of Economics and Administration in Zurich.

4

MR MARCEL POSER

Non-Executive Director

Mr Marcel Poser was appointed a Director of BBR Holdings (S) Ltd on 24 April 2015. Prior to this appointment, he was an Alternate Director of the Company since 4 August 2011.

Mr Poser has been Chief Executive Officer and Director of Tectus SA since 2011. He is also concurrently the Chairman of BBR VT International Ltd, Executive Co-Chairman of Proceq SA and Director of BBR Holding AG, Moderna Homes Pte Ltd (Singapore) and other Tectus Group associated companies. He is founding partner and Director of Tectus Dreamlab Pte Ltd, a cross-functional research centre in Fusionopolis, Singapore, leading various next-generation research and development projects.

He started his professional career in the field of steel construction and construction engineering machinery for tunnels and bridges in Switzerland, the European Union, Asia-Pacific, Africa and the United States. In 2002, he joined the BBR Group as Project Manager, where he subsequently held the position of Chief Technical Officer. From 2006 until 2011, he spearheaded the development and formation of the BBR Network franchise as CEO of BBR VT International.

Mr Poser earned his undergraduate degree in civil engineering from Zurich University of Applied Sciences and a master's degree from the Cockrell School of Engineering at The University of Texas at Austin in 2001. In 2016 he received the Outstanding Young Engineering Graduate Award from the University of Texas at Austin.

5

MR ROMANO WILLIAM FANCONI

Alternate Director to Mr Marcel Poser

Mr Romano William Fanconi was appointed an Alternate Director to Mr Marcel Poser on 24 April 2015.

Mr Fanconi has been Managing Partner of FFC Fincoord Finance Coordinators AG since 1995 and within the Tectus Group of companies, he is responsible for M&A, legal, finance and administration. He is also concurrently a member of the board of directors of Tectus S.A., BBR Holding AG, BBR VT International, Proceq S.A. and other Tectus Group associated companies.

He initially focused on media as Corporate Secretary of leading Polish media and entertainment group ITI Group. ITI Group built the largest broadcasting, media and entertainment group in Poland, and its core company, publicly-listed TVN Group, was sold to Scripps Networks Interactive Inc. in 2015. Mr Fanconi is also a founding partner of Virtually Live, a virtual reality company specialised in virtual live event experiences.

Mr Fanconi holds a Bachelor Degree in Business Administration from the Lucerne School of Economics and Business Administration.

6

MS LUK KA LAI CARRIE (MRS CARRIE CHEONG)

Independent Non-Executive Director, Chairperson of the Audit Committee, Member of the Nomination Committee, Member of the Remuneration Committee and Member of the Investment Committee

Ms Luk Ka Lai Carrie was appointed a Director of BBR Holdings (S) Ltd on 24 September 1997. She is a Director and Chief Executive Officer of Carrie Cheong & Ethel Low Consulting Pte. Ltd., a company which provides business advisory services, financial management and corporate services. She has extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers and mergers and acquisitions.

Ms Luk holds a Master of Business Administration from the University of Brunel, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountant, a member of the Institute of Singapore Chartered Accountants, a practising Chartered Secretary and an Associate of The Institute of Chartered Secretaries and Administrators. She also serves as an Independent Director on the board of another public-listed company in Singapore.

7

MR SOH GIM TEIK

Independent Non-Executive Director, Chairman of the Investment Committee, Member of the Audit Committee and Member of the Nomination Committee

Mr Soh Gim Teik was first appointed a Director of BBR Holdings (S) Ltd on 8 August 2008. With more than 38 years of extensive industry experience in corporate governance, finance and general management, he is currently a member of the Institute of Singapore Chartered Accountants and a Fellow of the Singapore Institute of Directors where he serves on its Governing Council as 2nd Vice Chairman.

Besides serving as an Independent director on the boards of listed companies, he also holds other independent directorship appointments in a number of charitable and non-profit organisations.

Mr Soh holds a Bachelor of Accountancy from the then University of Singapore (now the National University of Singapore).

SENIOR MANAGEMENT

1. **MR JOHN MO KUAN SHENG**
   Managing Director, BBR Construction Systems Pte Ltd / BBR Piling Pte Ltd / Moderna Homes Pte Ltd / BBR Modular Construction Sdn Bhd; **Director**, BBR Construction Systems (M) Sdn Bhd

2. **MR KHOR YEW CHAI**
   Executive Director, Singapore Engineering & Construction Pte Ltd / Singa Development Pte Ltd; **Director**, Moderna Homes Pte Ltd

3. **DR. JEREMY WU CHEE SHIEN**
   Corporate Development Director, BBR Holdings (S) Ltd; **Executive Director**, Singapore Engineering & Construction Pte Ltd / Singa Development Pte Ltd / BBR Greentech Pte Ltd

4. **MR CHAN TUCK MENG**
   Commercial Manager, BBR Development Pte Ltd

5. **MR VOON YOK LIN**
   Managing Director, BBR Construction Systems (M) Sdn Bhd / SP Piling Sdn Bhd

6. **MR PAUL CHEONG KIN FOO**
   Director, BBR Construction Systems (M) Sdn Bhd / SP Piling Sdn Bhd

7. **MS MARIA LOW SIEW JOO**
   Chief Financial Officer, BBR Holdings (S) Ltd; **Director**, BBR Development Pte Ltd / BBR Kovan Pte Ltd / BBR Property Pte Ltd / Alika Properties Pte Ltd / Angels Medical Private Limited / BBR Greentech Pte Ltd

MR JOHN MO KUAN SHENG

Mr John Mo Kuan Sheng is the Managing Director of BBR Construction Systems Pte Ltd since 1999. He is in charge of day-to-day operations, marketing and business development for the Specialised Engineering business, which includes mainly post-tensioning, bored piling and prefabricated pre-finished volumetric construction.

Prior to joining the Group in 1994, Mr Mo worked in several construction companies from 1988 to 1993.

He holds a Bachelor of Engineering (Civil) from the National University of Singapore.

MR KHOR YEW CHAI

Mr Khor Yew Chai joined as Executive Director on 6 June 2016.

Prior to joining BBR, Mr Khor held senior management positions in management of multi-discipline integrated construction, engineering, infrastructure and building works. His last appointment was Executive Director (Operation) with Feng Ming Construction, where he was responsible for achieving business goals aligning to the corporate vision and mission besides accountable for driving the business performance and delivery of key financial goals in line with the organizational business plans and financial targets. Mr Khor was also an Executive Director managing the Singapore and Middle East construction business for Downer Edi Pte Ltd, an Australian listed MNC.

He holds a Bachelor of Engineering (Civil Engineering) from National University of Singapore, a Master of Science (Civil Engineering) from National University of Singapore; and a Master of Science (Integrated Construction Management) from Nanyang Technological University.

DR. JEREMY WU CHEE SHIEN

Dr. Jeremy Wu joined our Group on 3 May 2016 as Corporate Development Director of BBR Holdings (S) Ltd and was appointed an Executive Director for the General Construction Division and other subsidiaries.

Prior to joining us, Dr. Wu was the General Manager (Operations) in public-listed Keong Hong Holdings Ltd, where he was responsible for the overall performance of the construction division which includes the management of projects and project staff, driving the progress of projects, productivity of site staff & site works, quality control & assurance, environmental health and safety, and profitability of the projects.

Dr. Wu was previously also the Director (Business Development and Contracts) at PM Link Pte Ltd, CPG Corporation where he was responsible for the business plans and expansion of the company in Singapore and the region.

During his years in Australia, Dr. Wu also undertook a 3 year lectureship (assistant professor level) in project and facilities management, and was the Director of the Construction Management & Facilities Management Programs at the School of Architecture and Building, Deakin University, Australia. He was regularly involved in industry research and co-authoring of Australian government and industry based research projects/publications such as The Sydney Opera House Facilities Management (FM) Exemplar Project supported by the Ministry of Industry, Tourism, and Resources (in collaboration with CSIRO); Office Churn for the Facility Management Association of Australia.

Dr. Wu holds an Honours degree in Bachelor of Building (Hons) from The National University of Singapore; Master of Building in Construction Economics from University of Technology Sydney; Master of Construction Management from University of New South Wales; and a Doctorate (PhD) in Construction Project Management and Knowledge Management from The University of Sydney.

SENIOR MANAGEMENT

MR CHAN TUCK MENG

Mr Chan Tuck Meng is the Commercial Manager of BBR Development Pte. Ltd., where he is responsible for property development and sales and marketing of the Group's development properties.

Prior to BBR Development Pte. Ltd., he has worked in various other capacities within the BBR Group.

He holds a Bachelor of Engineering (Civil) (Honours) from the National University of Singapore and a Master of Business Administration (Accountancy) from the Nanyang Technological University.

MR VOON YOK LIN

Mr Voon Yok Lin is the Managing Director of BBR Construction Systems (M) Sdn. Bhd., where he is responsible for the overall operations and management.

Prior to joining the Group in 1994, he worked in various capacities in a Malaysian construction firm, which specialises in pre-stressing construction technology.

He holds a Bachelor of Science (Honours) in Civil Engineering from the University of Strathclyde, Scotland, in the United Kingdom. He is a registered Professional Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.

MR PAUL CHEONG KIN FOO

Mr Paul Cheong Kin Foo joined BBR Construction Systems (M) Sdn. Bhd. as an Accounts/Administration Manager on 15 November 1997 and is responsible for the financial and administration matters of the company. He was appointed as a Director of BBR Construction Systems (M) Sdn. Bhd. on 4 January 2007.

Prior to joining the Group, he worked for about 15 years in the trading, manufacturing and services industries.

He is a graduate of the Association of International Accountants (United Kingdom) and has a Diploma in Computer Studies from the National Centre for Information Technology, United Kingdom.

MS MARIA LOW SIEW JOO

Ms Maria Low Siew Joo joined BBR Holdings (S) Ltd as Deputy Chief Financial Officer on 9 September 2009 and was appointed the Chief Financial Officer in December 2009. She is responsible for all financial matters within the Group.

Prior to joining the Group, she was the General Manager, Finance of a public listed company involved in providing engineering solutions to the port industry.

She holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

CORPORATE STRUCTURE

BBR

- **SPECIALISED ENGINEERING**
  - 100% BBR Construction Systems Pte. Ltd.
  - 100% BBR Piling Pte. Ltd.
  - 100% Moderna Homes Pte. Ltd.
    - 100% BBR Modular Construction Sdn. Bhd.
  - 80% BBR Construction Systems (M) Sdn. Bhd.
    - 100% SP Piling Sdn. Bhd.
  - 100% Siam - BBR Co., Ltd
  - 40% BBR Philippines Corporation
- **GENERAL CONSTRUCTION**
  - 100% Singapore Engineering & Construction Pte. Ltd.[1]
    - 100% Singa Development Pte. Ltd.
    - 33.3% Daejeon Riverside Expressway Co. Ltd
- **PROPERTY DEVELOPMENT**
  - 100% BBR Development Pte. Ltd.
    - 100% BBR Kovan Pte. Ltd.
    - 100% Alika Properties Pte. Ltd.
    - 100% BBR Property Pte. Ltd.
      - 50% Northern Development Pte. Ltd.
        - 50.1% NorthernOne Development Pte. Ltd.
          - 100% Northern Resi Pte. Ltd.
          - 100% Northern Retail Pte. Ltd.
    - 35% Lakehomes Pte. Ltd.
- **GREEN TECHNOLOGY**
  - 100% BBR Greentech Pte. Ltd.
    - 100% Angels Medical Private Limited

Note [1] - formerly known as Singapore Piling & Civil Engineering Private Limited

AWARDS & ACCOLADES

ARCHITECTURAL HERITAGE

2016	International Architecture Award from the Chicago Athenaeum Museum of Architecture and Design, the European Centre Architecture Art Design and Urban Studies for Bliss @Kovan
2009	Architectural Heritage Award from the Urban Redevelopment Authority (URA) for the restoration of 9 King George's Avenue (Peoples' Association Headquarters)
2003	Architectural Heritage Award from the URA for the restoration of Asian Civilisation Museum, Empress Place
2001	Architectural Heritage Award from the URA for the Restoration of 101 Penang Road (House of Tan Yeok Nee)
1998	Architectural Heritage Award from the URA for the Restoration of Asian Civilisation Museum
1995	Architectural Heritage Award from the URA for the Restoration of River House at Clarke Quay

BEST BUILDABLE DESIGN

2006	Best Buildable Design Award from the Building and Construction Authority (BCA) for Yu Neng Primary School
2001	Best Buildable Design Award from the BCA for North Spring Primary School and Poi Ching School

QUALITY

2013	BCA Quality Mark (QM) Star Award for good workmanship for Lush on Holland Hill
2012	Housing and Development Board (HDB) Quality Partners Award for Building Improvement Works to Void Deck Columns using Polymer Fibre Wrapping

GREEN MARK

2014	Green Mark Platinum from the BCA for Galaxis (Fusionopolis 5)
2014	Green Mark Platinum from the BCA for Residential Hall at North Hill Nanyang Technological University
2011	Green Mark GoldPlus from the BCA for Bliss @Kovan
2010	Green Mark Certified from the BCA for Lush on Holland Hill
2009	Green Mark GoldPlus from the BCA for Icon@IBP
2008	Green Mark Gold from the BCA for 8 Nassim Hill
2007	Green Mark GoldPlus from the BCA for Peoples' Association Headquarters

CONSTRUCTION ENVIRONMENT

2016	ASEAN Energy Awards, Winner in the ASEAN Best Practices Awards for Energy Efficient Buildings for the Galaxis (Fusionopolis 5)
2014	Green and Gracious Builder Star Award
2013	Green and Gracious Builder Merit Award
2012	Construction Environmental Award – Certificate of Merit from the Land Transport Authority (LTA) for Contract ER 361 (Widening of Keppel Viaduct)

CONSTRUCTION EXCELLENCE

2016 Award for Construction Excellence (Merit) from the BCA for Galaxis (Fusionopolis 5)

2014 Award for Construction Excellence from the BCA for Lush on Holland Hill

1997 Award for Construction Excellence from the Construction Industry Development Board (CIDB) for SAFTI Military Institute Phase III

1994 Award for Construction Excellence from the CIDB for Reconstruction of Sir Arthur's Bridge

CONSTRUCTION PRODUCTIVITY

2016 BCA Construction Productivity Award for the Galaxis (Fusionopolis 5)

2015 BCA BIM Gold Award as the Builder for the Galaxis (Fusionopolis 5)

2014 Construction Productivity Gold Award from the BCA for Lush on Holland Hill

2014 BCA BIM Gold Award as the Builder for Residential Halls at North Hill, Nanyang Technological University

SAFETY

2016 WSH Performance Awards 2016 (Silver) by WSH Council & Ministry of Manpower (MOM)

2016 CultureSAFE Certificate of Commendation by WSH Council

2016 RoSPA Health & Safety Awards 2016 (Silver) by the Royal Society for the Prevention of Accidents for Bliss @Kovan, HDB Kallang Whampoa Contract 28B and Residential Hall at North Hill Nanyang Technological University

2013 Certificate of Recognition for Million Accident Free Man-hours from LTA for Contract 937B Tai Seng Facility Building

2006 Safety Management Silver Award from Concord Associates for Deep Tunnel Sewerage System Changi Water Reclamation Plant Contract C4A

1999 Safety Performance Merit Award from the MOM for Temasek Secondary School

1998 Safety Performance Merit Award from the MOM for Raffles Girls' Primary School

1996 Safety Management Bronze Award from Concord Associates for Central Ministries Building

COMPANY RANKING

2015 ANZ Global Business Excellence Award

2014 Singapore 1000 Company - Emerging 2014 Award from DP Information Group

2013 Singapore 1000 Company – Emerging 2013 Award from DP Information Group

2012 Singapore 1000 Company – Emerging 2012 Award from DP Information Group

PROJECT GALLERY

Hall of Residence (Nanyang Avenue) at Nanyang Technological University, Singapore

Located at Nanyang Avenue, the $196 million contract for the construction of the new hall of residence for Nanyang Technological University ("NTU") scored as the first public high-rise development in Singapore using Prefabricated Pre-finished Volumetric Construction ("PPVC") system with up to 40% improvement in labour productivity and shortened construction timeframe.

Spanned over the NTU North Hill precinct are six blocks of 13-storey student hostel comprising 1,594 hostel rooms, as well as a full range of recreational facilities catering to over 1,800 students. The project was completed in the third quarter of 2016.

The Wisteria and Wisteria Mall, Singapore

BBR has been awarded the construction contract for The Wisteria and Wisteria Mall, a mixed residential and commercial development, respectively, at Yishun Avenue 4. The Wisteria comprises 3 towers of 9 storeys housing 72 units of condominium each from level 4 to 12. The residences are directly connected to Wisteria Mall which consists of 2 levels of retail spaces at basement and level 1, comprising food and beverage and retail outlets, including a supermarket and food court.

As part of the government's initiative to use labour-efficient construction methods and building design to improve construction productivity, PPVC and Prefabricated Bathroom Units are required to be adopted for at least 65% of the constructed floor area and bathroom units, respectively, for The Wisteria. Construction for the mixed development has commenced in early 2016 and will take approximately 32 months to complete.

Pulau Poh at Terengganu, Malaysia

The project involves the design and construction of a new marina base at Pulau Poh and the bridge connecting Pulau Poh to existing Pengkalan Gawi jetty in Kenyir Lake in Terengganu. The project was awarded by a Class "A" Bumiputra contractor in 2014.

Targeted for completion in June 2017, the scope of the project include the construction of main facilities, such as, floating passenger jetty, cargo jetty and cable bridge at Poh Island.

Hall of Residence (Nanyang Crescent) at Nanyang Technological University, Singapore

This project is BBR's second PPVC contract for the fabrication, supply and installation of 717 hostel rooms within one block of 11-storey and three blocks of 13-storey student hostel development and one block of 4-storey multi-storey car park with ancillary facilities at Nanyang Crescent, NTU (Western Water Catchment). The project is awarded by Santarli – Zheng Keng JV and is scheduled to be completed in the first quarter of 2017.

HDB Solar Leasing at Ang Mo Kio Town, Singapore

Under a solar leasing model, BBR designed, installed and will operate and maintain a 6MWp (Megawatt peak) grid-tied solar photovoltaic system on the rooftops of 80 HDB residential blocks. The Ang Mo Kio Town Council has signed a power purchase agreement over a 20-year tenure to pay for the solar generated electricity, at a preferential rate that is not higher than retail electricity tariff rate.

The approximately 22,000 solar panels installed are expected to generate more than 7GWh of electricity annually. The electricity generated will be used to power public services in common areas such as lift operations, corridor and staircase lightings, and water pumps.

Lake Life Executive Condominium Development, Singapore

The 99-year leasehold development, Lake Life Executive Condominum, is a prestigious development project by Lakehomes Pte. Ltd, a 35% owned associate of the Group.

Located at Yuan Ching Road/Tao Ching Road in Jurong West, it is the first executive condominium in the Jurong district after 17 years. At the heart of the URA Masterplan for Jurong Lake District, 546 units of executive condominium with modern and lifestyle design features have been built on 217,304 square feet of land.

The development obtained TOP on 30 December 2016 and all 546 units have been sold.

SUSTAINABILITY REPORT

OUR PEOPLE

Navigating Success In The Future Economy Requires Our People To Deliver Their Best Towards Sustaining BBR's Long Term Success

To underscore our care and commitment towards our employees, BBR drives a holistic Human Resource ("HR") strategy focused on fair remuneration and equal opportunities, training and development, employee wellness and engagement, and work-life harmony.

We are taking progressive steps to go beyond compliance with labour laws in Singapore to develop and implement human resource policies and staff engagement programmes that aim to help employees build long-term, fulfilling careers with BBR.

Open Recruitment & Retention Strategy

Identifying, recognising and rewarding quality employees is essential in our hiring and retention strategy. We advocate fair employment practices by ensuring equal opportunities for recruitment, fair compensation, career progression and training opportunities.

We provide fair employment opportunities to all, regardless of age, gender, race, or nationality. BBR advocates a policy of harnessing diversity in human resource as evidenced by a fair distribution of employees from varied nationalities and age groups to support our key markets in Singapore and Malaysia.

Nationality[Note]

As at 31 Dec	2016 (%)	2015 (%)
Singaporean	16.9	15.5
Malaysian	13.7	11.3
Filipino	5.7	5.4
Indian	16.0	16.2
Bangladeshi	37.2	41.2
Sri Lankan	0.2	0.2
Indonesian	0.2	0.2
Burmese	3.7	4.2
Thai	2.7	3.0
Chinese PRC	3.7	2.8
Total	**100**	**100**

Gender[Note]

As at 31 Dec	2016 (%)	2015 (%)
Male	87	90
Female	13	10
Total	**100**	**100**

We maintain a policy of employee diversity through providing employment opportunities to young and older workers beyond the official retirement age of 65. As at January 2017, the youngest staff is 22 years old while we have 4 senior staff of age 65 and above.

Age profile of employees[Note]

As at 31 Dec	2016 (%)	2015 (%)
Staff		
Below 30 Years	14	13
31 to 50 Years	58	59
51 to 65 Years	24	25
Above 65 Years	4	3
Total	**100**	**100**
Workers		
Below 30 Years	47	48
31 to 50 Years	50	50
51 to 60 Years	3	2
Total	**100**	**100**

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

[Note] Statistics in this section relates to employees of Singapore incorporated companies only

PMET classification for staff[Note]

As at 31 Dec	2016 (%)	2015 (%)
Professional	28	29
Management	1	1
Executive	8	8
Technical	60	60
Others	3	2
Total	**100**	**100**

BBR employs a merits-focused approach in its annual performance appraisal process, rewarding our staff on the basis of contribution, abilities and experience, regardless of age, gender, race, or nationality.
Our staff enjoy an attractive remuneration cum bonus package with generous benefits. There is also a BBR Share Plan established since 2010 to recognise outstanding executives and directors of the Group who have contributed to the growth of BBR. Our remuneration structure has been designed to enhance overall job satisfaction, morale and motivation, as attested by the strong retention rate of staff within our ranks and file, with over 36% of staff being with the Group for more than 5 years.

Years of service[Note]

As at 31 Dec	2016 (%)	2015 (%)
Below 5 years	64	65
6 to 10 years	20	16
10 to 20 years	10	10
> 20 years	6	9
Total	**100**	**100**

Developing Human Capital

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

New employees undergo an orientation programme to help them understand the Company's policies, procedures as well as immerse in BBR's core values.

In line with the organisation's strategic objectives as well as the individual's areas of responsibility and growth track, staff are encouraged to upgrade and improve their skill sets by undergoing personal, professional as well as technical training courses at the Company's expenses. Training and development not only ensure that employees are adequately equipped to perform their functional roles, but also raise their overall competencies and productivity levels, and prepare them to serve in larger capacities in the future. We are committed to invest in the training and further education of our staff as demonstrated in the following table[Note]:

	2016	2015
Average number of employees	592	907
Total training hours	8,683	11,873
Average training hours per employee	14.67	13.09

“Investing in human capital development is our core strategy to future-proof ourselves for the unforeseeable changes in the future economy. We strongly believe in continuously upskilling our employees in order for them and the organisation to be well-positioned to brace for the challenges of tomorrow. With a workforce of 590 staff and foreign workers from 10 nationalities, we have increased the average training hours per employee to 14.67 manhours in 2016.”
said Mr Andrew Tan Kheng Hwee, CEO of BBR

Reaching for Industry Standards

BBR is fully committed to compliance on all applicable labour laws where we operate and ensuring compliance through on-going monitoring and auditing.

BBR not only complies with all mandatory labour laws and training requirements stipulated by the Singapore Ministry of Manpower (“MOM”) and the Building and Construction Authority (“BCA”), we also take steps to meet prevailing industry standards and plan ahead to meet future targets.

By 2017, MOM will require all construction firms to have at least 10% of their work permit holders (“WPHs”) to be qualified as “Higher Skilled” R1 workers. As at January 2017, through a programme of continuous training and development, 58 % of WPHs are “Higher Skilled” R1. Foreign workers in this category are given a monthly skills incentive allowance of $100, thereby encouraging their co-workers to be upgraded as well.

Training & Further Education

Since 2011, BBR has been sponsoring potential and current employees for further education through its scholarship programme.

Note Statistics in this section relates to employees of Singapore incorporated companies only

SUSTAINABILITY REPORT

To-date, two eligible staff have been sponsored postgraduate scholarships while eight undergraduate scholarships and/or sponsorships had been offered by BBR in partnership with BCA under the BCA-Industry Built Environment Undergraduate Scholarship Programme. During the course of their studies, the undergraduates will undertake industrial attachment programmes (internship) at BBR in various departments to give them a broad overview of the Company's operations, hands-on working experience and insightful on-the-job learning opportunities.

Upon graduation, the scholars will embark on their new careers with BBR, thereby augmenting the growing talent pool under BBR's banner. BBR has plans to widen its scholarship programme to include students from polytechnics and Institute of Technical Education in the near future.

The Company organises both local and overseas industry immersion programmes for its staff as part of its learning journey. In addition, support staff and colleagues from the different business segments are urged to attend orientation sessions conducted at different project sites to raise general awareness of construction processes and latest construction methods.

Work-Life Harmony & Wellness

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

To promote staff engagement and team spirit, we encourage all staff to take part in year-round activities such as community service and volunteerism events organised under BBR CARE, as well as festive get together celebrations during Hari Raya, Chinese New Year, Deepavali and Christmas. As a token of appreciation, every employee receives an auspicious red packet from the management during Chinese New Year.

▲ BCA Awards 2016

In addition to a comprehensive group medical insurance programme implemented since 2014, the Company also sponsors health screening and dental care of up to $350 per employee per annum.

Employees are also treated to Healthy Fruits/Snacks Day programme which aims to inculcate good and healthy eating habits. Staff are encouraged to attend wellness talks and health screenings by external consultants during lunch breaks at the head office.

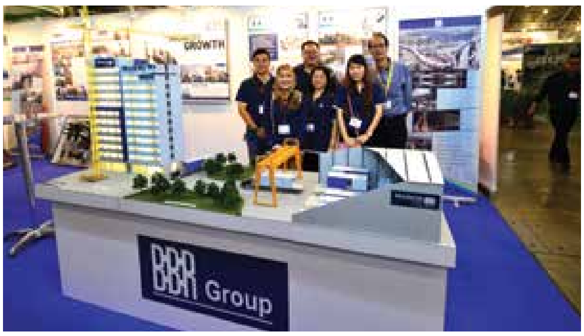
Towards creating a better work-life balance, working hours for staff at project sites have improved in 2014 with the switch from a six-day work week to having alternate Saturdays off.

▲ Ushering Chinese New Year 2017

Shaping Our Future

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

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



▲ Singapore Construction Productivity Week & BuildTech Asia 2016

ENVIRONMENTAL, HEALTH & SAFETY

Building Workplace Safety and Health and Environmental Awareness

The BBR Group is committed to embracing the highest standards of Workplace Safety and Health ("WSH") and environmental practices and inculcating the best practices in the BBR Group. We are guided by the steadfast commitment to our employees for a safe working environment in which one can work and excel with full confidence.

The management team sets a strong foundation by providing clear direction within the organisation of the value of an effective occupational health and safety management approach to foster risk-free and environmentally-friendly premises. Our Quality, Environment, Health and Safety ("QEHS") department is responsible for leading the Group in adhering to all WSH regulations as stipulated by the Ministry of Manpower ("MOM").

At BBR, we have adhered fully to the WSH requirements set out by MOM and we have rigorously put in place not only the safety measures, but also the risk management guidelines for WSH Hazards in Construction and Landscape Industries. They are Work at Heights, Crane Safety, Confined Space, Asbestos, Noisy Environments, Ergonomics Risk Factors and Heat Stress.

In addition to the adoption of local as well as international WSH systems and practices, we have attained bizSAFE and CultureSAFE certifications for our General Construction, Specialised Engineering and Green Technology divisions. At the same time, major operating subsidiaries of BBR have adopted ISO 9001, OHSAS 18001 and 14001 systems.

We conduct bizSAFE risk assessments on all aspects of our work programme and project implementation. Surveillance and monitoring programmes such as observation and intervention are conducted to improve safety and health at workplace.

BBR practices Safety Time Out regularly, which is a planned event to take stock of and review the existing WSH systems and work processes or particular activity and thereafter implement necessary measures to keep safety practices in check and uphold good WSH standards.

We have implemented regular safety training and regular safety system review for all our operation sites. Occupational, safety and health induction courses are conducted for all site personnel and subcontractors. In 2016 alone, we have invested 4,956 hours of skilled based and technical training in Environment, Health and Safety ("EHS") for our employees in Singapore.

	2016	2015
Total EHS training hours	4,956	8,270
Average EHS training hours per employee	6.40	9.12

▲ BBR Safety Day 2016

Our management is committed to ensuring Safety First by regular inspection of project sites and review of safety implementations on site with the project members. Our subcontractors are required to submit risk assessment and safe work procedures prior to the commencement of work.

Promoting A Safety Culture

The Group remains committed to enhancing and achieving a strong and sound safety culture and instilling a positive mindset among our employees that encourage responsibility towards oneself and one's co-workers.

Safety management starts from the project planning stage and is practised through the various stages of design, construction and management till project completion.

Over the past years, our comprehensive construction safety programme has evolved and the principles and processes behind this programme have also been refined.

Some of these include:

- A rigorous subcontractor and supplier selection and approval process, which shortlists companies with good safety track records.

SUSTAINABILITY REPORT

- Risk assessment procedures to identify among other things, situations and processes that may potentially cause injury to staff. After identification, we will evaluate the likelihood of the risk and the severity of its impact, and devise preventive measures to be put in place.
- Field regular safety audits at construction worksites.
- Prior to any work commencement, BBR requires vendors to submit Safe Work Procedure ("SWP") and Risk Assessment ("RA") on the works they are to carry out. Respective project and safety personnel will then review these submissions to ensure that the vendors are cognisant of their procedures and safety measures set out. Only approved SWP and RA will be given Permit-To-Work to start work.
- Safety Induction Courses are conducted for authorised persons prior to entry of construction sites to raise awareness of WSH and site safety regulations.
- Regular Toolbox meetings are conducted to instil safety culture to employees and vendors. During the meetings, the safety officer will highlight safety offences and incidences, and remind attendees on safety measures and regulations.
- BBR implemented a composite fine system to deter poor WSH behaviour or practices on-site by employees and vendors.
- All construction sites have an Emergency Preparedness and Response Plan in-place. This plan is introduced during Safety Induction Courses and Toolbox meetings. The plan will also be on display on noticeboards around the site.

We also maintain a QEHS Journal via our intranet in order to share the key learning points from our daily operations with our team of safety officers.

A Safety Day was organised on 10 October 2016 for staff and workers of Moderna Homes Pte Ltd, BBR's wholly owned subsidiary at its yard on Jurong Port Road. Through educational talks, coupled with a series of fun and competitive games, the importance of Safety First was imparted to 70 participants.

Occupational Health

Since 2015, BBR has adopted the guidelines set by Guide to Total Workplace Safety and Health whose objectives are to actively encourage staff health and wellness promotion programmes. Total Workplace Safety and Health ("TWSH") is an integrated approach which views a safe and healthy workplace as one that has workers and managers collaborating in a continual improvement process to protect and promote the health, safety, and well-being of all workers as well as sustainability of the workplace.

Through the TWSH approach, risk assessment processes take individual risk factors into consideration. Integrating programmes that control risks in the workplace together with the promotion of health can create synergies that result in improved productivity, performance, staff attendance, employee retention, financial performance, return on investment and quality of life.

In conjunction with TWSH, BBR's QEHS team has organised health and sports programme such as jogging, soccer tournaments and badminton for participation by the team and project staff.

In 2016, lunch talks by external consultants on general health and well-being have been organised. In an office ergonomics talk by Healing Hands Chiropractics, staff learnt the importance of healthy work postures and the ingredients of a healthy diet and nutrition.

As part of BBR's efforts to enhance preparedness for medical emergencies, we have invested in an Automated External Defibrillator (AED). This is a portable electronic device that automatically diagnoses life-threatening cardiac arrhythmias and the application of electrical therapy to stop the arrhythmia, allowing the heart to re-establish its effective rhythm. We have received training by the vendor for the proper use of the AED.

▲ Lunch Talk Series on Office Ergonomics

Winning QEHS Awards

Green and Gracious Builders Award has been introduced by the BCA to raise environmental consciousness and professionalism of builders. It is also a benchmark of a builder's corporate social responsibility to the environment and the general public. Apart from setting standards for green practices, it also sets standards for gracious practices.

Singapore Engineering and Construction Pte Ltd ("SEC") (formerly known as Singapore Piling & Civil Engineering Private Limited) has received The Green and Gracious Builders Award Star 2014 and Green and Gracious Builders Award Merit 2013. Singa Development Pte Ltd ("Singa") was also awarded the same in 2013. Subsequently in 2014, SEC received BCA Green Mark Awards for its projects, Galaxis and Kallang Trivista.

In 2016, BBR Greentech Pte Ltd and BBR Piling Pte Ltd were presented the WSH Performance Award (Silver) and WSH Award 2016 (Certificate of Commendation), respectively. The Group also received ROSPA Health & Safety Award 2016 (Silver) for a number of its general construction projects awarded by The Royal Society for the Prevention of Accidents.

▲ WSH Awards 2016 Ceremony

Promoting Environmental Consciousness

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

Four subsidiaries, namely SEC, Singa, BBR Construction Systems Pte Ltd and BBR Piling Pte Ltd, have been given due recognition in planning and implementing environmental initiatives through the attainment of ISO 14001.

BBR supports Earth Hour which is the annual energy conservation event whereby individuals and communities pledged to turn off their lights for 60 minutes as a symbol of their commitment to protecting the planet. In support of Earth Hour 2016, we have rolled out "Switch Off, Turn Up", an 8-step programme to switch off all electronic devices and lightings for 60 minutes on 8 March 2016. Approximately 174,182 watts of electricity was saved by the BBR Group on that day.

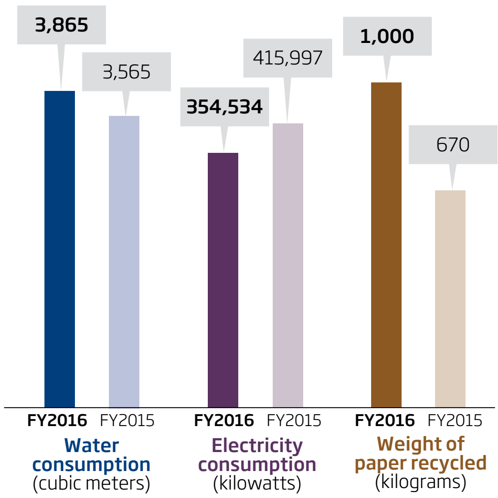
BBR site teams are trained to treat and remove water pollutants at worksites before discharging the treated water into the public water drainage system. All site teams provide recycling bins on site to encourage recycling.

BBR has adopted the Happy Toilet Programme which is supported by the National Environment Agency. This is a star-grading initiative centred on Design, Cleanliness, Effectiveness, Maintenance and User Satisfaction of toilets, and it serves to maintain good hygiene standards at the worksites.

To-date, BBR has consecutively received 5-star gradings (out of a maximum of 6-star) in 2013 and 2014 for its toilets at Galaxis worksite. In addition, toilets at construction site, Lush on Holland Hill and The Wisteria and Wisteria Mall on Yishun Ave 4, received a similar 5-star grading in 2012 and 2016, respectively.

We have been monitoring our water, electricity and paper usage to control consumption levels so as to maintain cost efficiencies.

Consumption at BBR head office:



Initiatives in 2017 and Beyond

BBR is actively integrating sustainability management with project executions at construction sites as well as at the head office.

Among the first initiatives we will embark on are:

1. Paper recycling programme to optimise the recycling efforts; and
2. Energy efficiency programme by lowering utilities consumption.

The commitments and targets for 2017 are currently being evaluated by management.

SUSTAINABILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY

Driving Social Impact

At BBR, we play our part in caring for the community and lending a helping hand to those in need. Responsible corporate citizenry is a core pillar of our business approach and sustainability strategy.

We recognise the importance of encouraging our employees to play an active role in the communities of which we are a part of, and in doing so, develop their leadership potential, corporate camaraderie, community spirit and environmental awareness.

Our corporate social responsibility ("CSR") philosophy and vision took shape in 2014 with the formation of BBR CARE, with the mission of "Making a Difference".

BBR Care

A Group-wide CSR platform led and championed by our Chief Executive Officer, Mr Andrew Tan Kheng Hwee, BBR CARE aims to foster community initiative and involvement across all levels of the organisation. The core thrusts of BBR CARE encompass encouraging employee volunteerism, empowering community engagement and enhancing the environment.

Realising our vision, we embarked on several local and overseas employee-led community-enhancing initiatives over the years. In 2016, more than 377 volunteer hours were contributed by employees to the Group's community engagement programmes.

Improving Community Welfare

On 13 April 2016, BBR supported the gift of life whereby 15 employees volunteered for a Blood Donation Drive organised by the Singapore Contractors Association Limited (SCAL), in collaboration with the Singapore Red Cross.

On 10 November 2016, BBR rallied 74 employees to participate in the Walk for Rice programme organised by Ernst & Young LLP under the initiative of South East Community Development Council and sponsored by the NTUC FairPrice Co-operative Limited. Covering a distance of 5 km, our participation helped to raise approximately 1,850 bowls of rice for needy families.

▲ Walk for Rice 2016

▲ SCAL Blood Donation Drive 2016

	2016	2015
Total number of events	2	3
Total number of volunteers	89	71
Total volunteered hours	377	322
Increased participation over preceding year	45%	162%

Building the Future

In our journey to sustainability, the Group's community outreach and engagement efforts are evolving towards a long-term social investment strategy incorporating clear, sustainable objectives to contribute meaningfully to communities where we operate.

We constantly seek to bolster the comprehensiveness of our CSR framework, by driving the sustainability agenda at the core and across all areas of our businesses.

BBR CARE will continue its mission to make a difference by deepening existing community engagement efforts such as our Care-and-Share Programme with the AWWA. We also continue efforts to actively scan across a broad spectrum of opportunities locally and in the region to widen our engagement for a positive impact to those in need.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Prof Yong Kwet Yew
Independent Director
PhD, B.E (Hons), PEng, FIES, MSID,
Accredited Adjudicator

Mr Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer
B.E. (Hons), M.Sc., MIES, PEng, FSCI, MSID

Mr Bruno Sergio Valsangiacomo
Non-Executive Director
BBA

Mr Marcel Poser
Non-Executive Director
M.Sc. Eng./Dipl.Ing.SIA

Mr Romano William Fanconi
Alternate Director to Mr Marcel Poser
BBA

Ms Luk Ka Lai Carrie
Independent Director
MBA, FCCA, ACIS, ACS, CA (Singapore), MSID, MSIM

Mr Soh Gim Teik
Independent Director
BAcc, CA (Singapore), FSID

AUDIT COMMITTEE AND RISK MANAGEMENT COMMITTEE

Ms Luk Ka Lai Carrie (Chairperson)
Prof Yong Kwet Yew
Mr Soh Gim Teik

NOMINATION COMMITTEE

Prof Yong Kwet Yew (Chairman)
Ms Luk Ka Lai Carrie
Mr Soh Gim Teik

REMUNERATION COMMITTEE

Prof Yong Kwet Yew (Chairman)
Mr Bruno Sergio Valsangiacomo
Ms Luk Ka Lai Carrie

BBR SHARE PLAN COMMITTEE

Prof Yong Kwet Yew (Chairman)
Mr Bruno Sergio Valsangiacomo
Mr Tan Kheng Hwee Andrew

INVESTMENT COMMITTEE

Mr Soh Gim Teik (Chairman)
Mr Tan Kheng Hwee Andrew
Ms Luk Ka Lai Carrie

COMPANY SECRETARY

Ms Chiang Chai Foong
FCIS, FCS, MSID

REGISTERED OFFICE

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BBR Building
Singapore 486126
Tel : (65) 6546 2280
Fax : (65) 6546 2268
Website : www.bbr.com.sg
Email : enquiry@bbr.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax : (65) 6536 1360

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in-charge: Lim Tze Yuen
(Appointed with effect from financial year ended 31 December 2016)

BANKERS

Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd
Malayan Banking Berhad
Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Limited
United Overseas Bank Limited
AFC Merchant Bank
Sumitomo Mitsui Banking Corporation
RHB Bank Berhad
CIMB Bank Bhd
Ambank Bhd
AmIslamic Bank Bhd

FINANCIAL REPORT CONTENTS

DIRECTORS' STATEMENT

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

OPINION OF THE DIRECTORS

In the opinion of the directors,

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

(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.

DIRECTORS

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

Prof. Yong Kwet Yew	(Non-Executive Chairman)
Tan Kheng Hwee Andrew	(Executive Director and Chief Executive Officer)
Bruno Sergio Valsangiacomo	
Luk Ka Lai Carrie	
Soh Gim Teik	
Marcel Poser	
Romano William Fanconi	(Alternate Director to Marcel Poser)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
BBR Holdings (S) Ltd				
Ordinary shares				
Tan Kheng Hwee Andrew	17,250,474	17,250,474	228,400	228,400
Bruno Sergio Valsangiacomo	-	-	85,632,978	85,632,978
Romano William Fanconi	80,000	80,000	-	-

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES *(cont'd)*

By virtue of section 7 of the Singapore Companies Act, Cap. 50, Bruno Sergio Valsangiacomo is deemed to have interests in shares of the subsidiaries of the Company.

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

THE BBR SHARE PLAN

The BBR Share Plan ("the Plan") was approved by members of the Extraordinary General Meeting held on 28 April 2010.

The Plan is a share incentive plan. The Plan is proposed on the basis that it is important to retain employees whose contributions are important to the well-being and prosperity of the Group and to recognise outstanding executives and directors of the Group who have contributed to the growth of the Group. The Plan will give participants an opportunity to have a personal equity interest in the Company and will assist in achieving the following positive objectives:

(a) the motivation of each participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) the retention of key executives and directors of the Group whose contributions are important to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by employees with the long term prosperity of the Group;

(d) to make employee remuneration sufficiently competitive to recruit and retain employees with relevant skills to contribute to the Group and to create value for the shareholders; and

(e) to align the interests of the participants with the interests of the shareholders.

The Plan is administered by The BBR Share Plan Committee ("the Committee") whose members are Prof. Yong Kwet Yew (Chairman), Tan Kheng Hwee Andrew and Bruno Sergio Valsangiacomo.

The size of the Plan shall not exceed 10% of the issued ordinary share capital of the Company. The participants are not required to pay for the grant of awards or for the shares allotted or allocated pursuant to an award. Shares granted shall be vested over a period of time, subject to the satisfaction of specific performance conditions of the Group and individual service conditions i.e. the participant must remain an employee of BBR on date of vesting and release. Performance conditions to be set include targets based on criteria such as successful completion of a project, market share, market ranking, the financial results of the Group, profitability and return on equity, return on investment as well as total shareholders' return and economic value added.

Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time on or before the award date and are not undischarged bankrupts and have not entered into a composition with their respective creditors and non-executive Directors are eligible to participate in the Plan.

Controlling shareholders and associates of controlling shareholders shall not be eligible to participate in the Plan.

The Plan shall be in force up to a maximum period of 10 years from the date on which the Plan was adopted and may be continued beyond the stipulated period with the approval of shareholders by way of ordinary resolution in general meeting and of such relevant authorities which may then be required.

Details of performance share awards of the Company during the year are set out as follows:

THE BBR SHARE PLAN *(cont'd)*

Name of participant	Granted in financial year ended 31.12.16	Aggregate granted since commencement of Plan to 31.12.16	Aggregate released since commencement of Plan to 31.12.16	Aggregate outstanding as at 31.12.16
Director of the Company – Tan Kheng Hwee Andrew	–	650,000	650,000	–
Key management and executives of the Group	–	3,210,000	3,210,000	–
As at 31 December 2016	**-**	**3,860,000**	**3,860,000**	**-**

AUDIT COMMITTEE

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

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

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

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

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

AUDITOR

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

On behalf of the board of directors,

Tan Kheng Hwee Andrew
Executive Director and Chief Executive Officer

Luk Ka Lai Carrie
Non-Executive Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

1) Revenue recognition on construction contracts

We draw your attention to Note 2.17 (construction contracts), Note 3.2 (key sources of estimation uncertainty) and Note 20 (gross amount due from/(to) customers for contract work-in-progress).

As at 31 December 2016, the Group has $6,118,000 gross amount due from customers for contract work-in-progress and $33,635,000 gross amount due to customers for contract work-in-progress. The Group is involved in engineering and construction projects for which it recognized revenue based on the progress of the projects. Contract revenue is recognized by making reference to the stage of completion of the contract activity on balance sheet date when the outcome of a construction contract can be estimated reliably. Significant judgments and estimates by management are required in assessing the progress of the contracts, including evaluation of contractual adjustments to revenue due to variation works and key material price adjustments. As such, we considered revenue recognition on construction contracts to be a key audit matter.

We carried out procedures to understand and walkthrough the Group's process for evaluating contractual arrangements, and management's assessment of contractual adjustments arising from variation works and key material price adjustments. We assessed the objectivity and competence of both internal and external quality surveyors in their assessments of the value of works as of balance sheet date, and corroborates the projects' progress to on-site observations and analysis with reference to the projects budgets. We also used the results of these procedures to assess our audit of provision for foreseeable losses (see matter 2 below).

Key Audit Matters *(cont'd)*

2) Provision for foreseeable losses

We draw your attention to Note 2.17 (construction contracts), Note 3.2 (key sources of estimation uncertainty) and Note 20 (gross amount due from/(to) customers for contract work-in-progress).

As at 31 December 2016, the carrying amount of the Group's provision for foreseeable losses was $665,000 in respect of work-in-progress for projects. The Group reviews its on-going projects to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in profit or loss when it is probable that total project costs will exceed total contract revenue. This assessment process involves significant management estimates, and expectations of the negotiations with various parties involved in the projects. The reasons are that such estimation uncertainty may arise from many factors that are outside the control of the Group, including but not limited to adjustments to contract sum (see matter 1 above) and assessment of costs to complete, liquidated damages and back charges to subcontractors. As such, we have considered provision for foreseeable losses to be a key audit matter.

We carried out procedures to walkthrough and understand the Group's process in reviewing and approving tender proposals, monitoring costs incurred in projects and updating the total projects costs estimates.

We assessed the appropriateness of management's assumptions by discussing and reviewing correspondences with customers, considering the accuracy and consistency of similar estimates made in prior projects (with the same customers) and obtaining the latest contractual information. We also considered the progress of projects where there may be indicator of delays in projects and such delays may result in additional manpower and material costs as well as liquidated damages on the costs estimates. For projects where there were disputes with customers and contractors, we obtained legal opinion on disputes with customers and contractors to assess reasonableness of provision for foreseeable losses. We incorporate the information we obtained from matter 1 above to evaluate management's overall assessment for provision for foreseeable losses.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Revenue	4	276,762	425,508
Cost of sales		(263,365)	(400,301)
Gross profit		13,397	25,207
Other operating income	5	3,556	3,651
Other (expense)/income		(233)	31
Administrative costs		(8,019)	(9,297)
Other operating costs		(15,453)	(13,153)
Finance costs	6	(448)	(557)
Share of results of joint ventures		1,062	(669)
Share of results of associates		9,408	64
Profit before taxation	7	3,270	5,277
Income tax expense	8	(1,351)	(2,666)
Profit for the year		1,919	2,611
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		(477)	(1,734)
Other comprehensive income for the year		(477)	(1,734)
Total comprehensive income for the year		1,442	877
Profit attributable to:			
Equity holders of the Company		1,129	2,332
Non-controlling interests		790	279
		1,919	2,611
Total comprehensive income attributable to:			
Equity holders of the Company		734	955
Non-controlling interests		708	(78)
		1,442	877
Earnings per share (cents per share)	9		
Basic		0.37	0.76
Diluted		0.37	0.76

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

STATEMENTS
OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	10	42,979	44,258	18,641	20,171
Intangible assets	11	419	419	–	–
Investments in subsidiaries	12	–	–	54,898	56,099
Investments in associates	13	10,162	1,115	260	260
Investments in joint ventures	14	–	–	–	–
Other investments	15	–	–	–	–
Deferred tax assets	16	424	735	–	–
Trade receivables	17	7,355	7,520	–	–
Loans to an associate	18	20,136	19,257	–	–
Loans to a joint venture	18	20,525	17,360	–	–
Current assets					
Amounts due from subsidiaries	19	–	–	3,547	12,858
Properties held for sale	21	9,463	8,395	–	–
Gross amount due from customers for contract work-in-progress	20	6,118	30,532	–	–
Inventories	21	7,343	10,156	–	–
Trade receivables	17	55,866	113,617	–	–
Other receivables	22	2,458	3,393	876	291
Pledged deposits	23	4,657	5,275	–	–
Cash and bank balances (including fixed deposits)	23	58,730	23,935	1,047	1,226
		144,635	195,303	5,470	14,375
Current liabilities					
Amounts due to subsidiaries	19	–	–	4,947	12,490
Gross amount due to customers for contract work-in-progress	20	33,635	28,968	–	–
Trade and other payables	24	44,372	80,582	307	279
Deferred income	25	159	–	–	–
Other liabilities	25	2,142	2,661	547	677
Loans and borrowings	26	3,201	12,591	443	3,109
Income tax payables		4,890	640	193	–
		88,399	125,442	6,437	16,555
Net current assets/(liabilities)		56,236	69,861	(967)	(2,180)
Non-current liabilities					
Trade payables	24	5,699	8,180	–	–
Deferred income	25	2,933	–	–	–
Deferred tax liabilities	16	239	4,864	–	–
Loans and borrowings	26	14,710	12,137	10,123	10,557
		134,655	135,344	62,709	63,793
Equity attributable to equity holders of the Company					
Share capital	27	43,967	43,967	43,967	43,967
Treasury shares	28	(69)	(69)	(69)	(69)
Foreign currency translation reserve		(2,652)	(2,257)	–	–
Retained earnings		89,578	91,167	18,811	19,895
		130,824	132,808	62,709	63,793
Non-controlling interests		3,831	2,536	–	–
Total equity		134,655	135,344	62,709	63,793

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Share capital (Note 27)	Treasury shares (Note 28)	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Parent						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2016	43,967	(69)	(2,257)	91,167	**132,808**	2,536	**135,344**
Total comprehensive income							
Profit for the year	–	–	–	1,129	**1,129**	790	**1,919**
Other comprehensive income for the year	–	–	(395)	–	**(395)**	(82)	**(477)**
Total comprehensive income for the year	–	–	(395)	1,129	**734**	708	**1,442**
Contributions by and distributions to owners							
Dividends paid on ordinary shares (Note 29)	–	–	–	(1,232)	**(1,232)**	–	**(1,232)**
Total transactions with owners in their capacity as owners	–	–	–	(1,232)	**(1,232)**	–	**(1,232)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control (Note 12)	–	–	–	(1,486)	**(1,486)**	587	**(899)**
Total changes in ownership interests in subsidiaries	–	–	–	(1,486)	**(1,486)**	587	**(899)**
Balance at 31 December 2016	43,967	(69)	(2,652)	89,578	**130,824**	3,831	**134,655**
Balance at 1 January 2015	43,967	(69)	(880)	91,299	**134,317**	2,614	**136,931**
Total comprehensive income							
Profit for the year	–	–	–	2,332	**2,332**	279	**2,611**
Other comprehensive income for the year	–	–	(1,377)	–	**(1,377)**	(357)	**(1,734)**
Total comprehensive income for the year	–	–	(1,377)	2,332	**955**	(78)	**877**
Contributions by and distributions to owners							
Dividends paid on ordinary shares (Note 29)	–	–	–	(2,464)	**(2,464)**	–	**(2,464)**
Total transactions with owners in their capacity as owners	–	–	–	(2,464)	**(2,464)**	–	**(2,464)**
Balance at 31 December 2015	43,967	(69)	(2,257)	91,167	**132,808**	2,536	**135,344**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Share capital (Note 27)	Treasury shares (Note 28)	Retained earnings	Total equity
	Attributable to equity holders of the Company			
	$'000	$'000	$'000	$'000
Balance at 1 January 2016	43,967	(69)	19,895	**63,793**
Profit for the year	–	–	148	**148**
Total comprehensive income for the year	–	–	148	**148**
Contributions by and distributions to owners				
Dividends paid on ordinary shares (Note 29)	–	–	(1,232)	**(1,232)**
Total transactions with owners in their capacity as owners	–	–	(1,232)	**(1,232)**
Balance at 31 December 2016	43,967	(69)	18,811	**62,709**
Balance at 1 January 2015	43,967	(69)	35,551	**79,449**
Loss for the year	–	–	(13,192)	**(13,192)**
Total comprehensive income for the year	–	–	(13,192)	**(13,192)**
Contributions by and distributions to owners				
Dividends paid on ordinary shares (Note 29)	–	–	(2,464)	**(2,464)**
Total transactions with owners in their capacity as owners	–	–	(2,464)	**(2,464)**
Balance at 31 December 2015	43,967	(69)	19,895	**63,793**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$'000	$'000
Cash flows from operating activities		
Profit before taxation	3,270	5,277
Adjustments for:		
Depreciation of property, plant and equipment	5,661	5,335
Amortisation of deferred income	(93)	-
Interest expense	448	509
Write-back of allowance for doubtful receivables (net)	(209)	(705)
Allowance for inventories obsolescence	718	73
Impairment loss on property, plant and equipment	368	-
Write-off of trade payables	-	(87)
Share of results of joint ventures	(1,062)	669
Share of results of associates	(9,408)	(64)
Interest (income)/expense arising from the discount implicit in non-current trade receivables	(68)	48
Fair value adjustment on derivatives	(19)	(57)
Gain on disposal of property, plant and equipment	(123)	(164)
Disposal/liquidation of associates	15	576
Interest income	(1,285)	(634)
Net effect of exchange rate changes in consolidating subsidiaries	(149)	(1,802)
Operating cash flows before working capital changes	(1,936)	8,974
Decrease in development properties	-	75,715
Increase in properties held for sale	(1,102)	(8,395)
Increase/(decrease) in amount due to customers for work-in-progress (net)	29,456	(4,067)
Decrease/(increase) in trade receivables	58,224	(33,711)
Decrease in other receivables	927	1,303
Decrease/(increase) in inventories	2,065	(6,643)
Decrease in trade and other payables	(38,675)	(8,503)
Increase in deferred income	2,944	-
Decrease in other liabilities	(124)	(2,008)
Cash generated from operations	51,779	22,665
Interest paid	(596)	(1,057)
Interest received	810	634
Income tax paid	(1,415)	(1,996)
Net cash generated from operating activities	50,578	20,246

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	2016	2015
	$'000	$'000
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 23)	(4,846)	(24,853)
Proceeds from disposal of property, plant and equipment	267	329
Proceeds from disposal/liquidation of an associate	–	638
Net cash outflow on acquisition of non-controlling interests	(899)	–
Net cash inflow on acquisition of a subsidiary (Note 12(c))	27	–
Dividends received from an associate	–	4,800
Investment in a joint venture	–	(250)
Distribution of profits from a joint venture	772	315
Net cash used in investing activities	(4,679)	(19,021)
Cash flows from financing activities		
Loans to an associate	(560)	–
Repayment of loans from an associate	–	13,825
Loans to a joint venture	(2,690)	(19,865)
Repayment of loans from a joint venture	–	2,505
(Repayment of)/proceeds from bank borrowings, secured	(3,942)	4,092
Dividends paid on ordinary shares	(1,232)	(2,464)
Proceeds from long term borrowings	5,257	16,448
Repayment of long term borrowings	(7,119)	(29,706)
Repayment of finance leases	(1,028)	(2,020)
Decrease in pledged deposits	554	628
Net effect of exchange rate changes in consolidating subsidiaries	80	270
Net cash used in financing activities	(10,680)	(16,287)
Net increase/(decrease) in cash and cash equivalents	35,219	(15,062)
Net effect of exchange rate changes on cash and cash equivalents	(383)	706
Cash and cash equivalents at beginning of the year	23,646	38,002
Cash and cash equivalents at end of the year (Note 23)	58,482	23,646

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

NOTES
TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

BBR Holdings (S) Ltd ("the Company") is a limited liability company, which is incorporated in the Republic of Singapore and publicly traded on the mainboard of Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 50 Changi South Street 1, BBR Building, Singapore 486126.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries, associates and joint ventures are set out in Notes 12, 13 and 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ("$'000") except when otherwise indicated.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have a material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

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

FRS 115 *Revenue from Contracts with Customers*

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

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

During 2016, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group is in the business of property development and construction. The Group expects the following impact upon adoption of FRS 115:

(a) ***Variable considerations***

Certain construction contracts contain provisions that allow the customer a right to claim liquidated damages in the event of delays or defects, and entitles the Group to receive bonus considerations if certain performance benchmarks are achieved. Currently, the Group recognises contract revenue measured at the fair value of the consideration received or receivable, before taking into account liquidated damages, and excluding any bonus considerations. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved.

Such provisions give rise to variable consideration under FRS 115, and will be required to be estimated at contract inception and reassessed at each statement of financial position date. FRS 115 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

(b) ***Significant financing component***

A significant financing component exists when the receipt of consideration does not match the timing of the transfer of goods or services to the customer. If a financing arrangement is significant to a contract, the Group is required to adjust the transaction price by discounting the amount of promised consideration.

The Group currently recognises deferred income for the upfront payment received from a customer. Under FRS 115, the Group adjusts the amount of consideration and accretes the contract liability by recognising an interest expense based on Group's incremental borrowing rate.

Transition

The following practical expedients are available when applying FRS 115 retrospectively.

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

FRS 115 *Revenue from Contracts with Customers* (cont'd)

Transition *(cont'd)*

- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:
  - identifying the satisfied and unsatisfied performance obligations;
  - determining the transaction price; and
  - allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue

The Group plans to adopt the new standard on the required effective date using the modified retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) ***Classification and measurement***

The Group intends to hold its currently held-to-maturity debt instruments assets to collect contractual cash flows, and accordingly measured at amortised cost when it applies FRS 109.

(b) ***Impairment***

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 *Leases*

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

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will have no material impact on the financial statements in the period of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.4 Foreign currency

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

(a) ***Transactions and balances***

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) ***Consolidated financial statements***

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the statement of financial position date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. 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.

2.5 Basis of consolidation and business combinations

(a) ***Basis of consolidation***

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(a) *Basis of consolidation (cont'd)*

- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

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

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

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

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

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

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

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

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.7 Subsidiaries

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

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

2.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) ***Joint operations***

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) ***Joint ventures***

The Group recognises its interest in joint ventures as investments and accounts for the investment using the equity method. The accounting policy for investments in joint ventures is set out in Note 2.9.

2.9 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

2.9 Joint ventures and associates *(cont'd)*

Under the equity method, the investment in associates or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or make payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 Property, plant and equipment

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

Leasehold building and certain plant and equipment are measured at fair value less depreciation charged subsequent to the date of revaluation. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold building and certain plant and equipment at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold properties	8 to 42 years
Plant and equipment	1 to 25 years
Motor vehicles	5 years
Other assets	1 to 10 years

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

NOTES
TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.10 Property, plant and equipment *(cont'd)*

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

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

An item of property, plant and equipment is de-recognised 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 de-recognised.

2.11 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 assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

Impairment losses are recognised in profit or loss.

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. 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.

2.12 Financial assets

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

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

All regular way purchases and sales of financial assets are recognised or de-recognised 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.

(a) ***Financial assets at fair value through profit or loss which are held for trading***

Non-derivative financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Group does not designate any financial assets as held-to-maturity investments or available-for-sale financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.12 Financial assets *(cont'd)*

(b) ***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.

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Properties held for sale

Properties held for sale are completed properties which are intended for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Costs capitalised include the purchase price of the properties or cost of land and other directly related development expenditure, including borrowing costs incurred in developing the properties.

2.15 Impairment of financial assets

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

(a) ***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 asset 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

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

(a) ***Financial assets carried at amortised cost*** *(cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been 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 reversed is recognised in profit or loss.

(b) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.16 Inventories

Inventories are stated at the lower of cost which is determined using the weighted average method and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimate costs necessary to make the sale.

2.17 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 statement of financial position date, when the outcome of a construction contract can be estimated reliably.

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

An expected loss on the 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 professional surveys of work performed.

2.18 Borrowing costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.19 Financial liabilities

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

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

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss, including exchange differences.

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

2.20 Provision

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

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

2.21 Employee benefits

(a) ***Defined contribution plans***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The state pension schemes for Singapore and Malaysia are Central Provident Fund and Employee Provident Fund respectively. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to statement of financial position date.

(c) ***Performance share plan***

Eligible employees of the Group may be granted performance share awards which will be released subject to the completion of service and achievement of prescribed performance targets. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted. The cost is recognised in the profit or loss, with a corresponding increase in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.22 Leases

(a) ***As lessee***

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

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

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

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24 (e).

2.23 Taxation

(a) ***Current tax***

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

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

(b) ***Deferred tax***

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

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

- Where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.23 Taxation *(cont'd)*

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date 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 each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

(c) ***Sales tax***

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax 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 tax authority is included as part of receivables or payables in the statement of financial position.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.24 Revenue *(cont'd)*

(a) ***Construction contracts***

Accounting policy for recognising construction contract revenue is stated in Note 2.17.

(b) ***Sale of development properties under construction***

Where development property is under construction and agreement has been reached to sell such property before construction is completed, the directors consider whether the contract comprises:

– A contract to construct a property; or
– A contract for the sale of property

(i) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(ii) Where the contract is judged to be for the sale of a property, revenue is recognised when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

- If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

- INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements ("SPAs") prescribed in the Housing Developers Rules. For Singapore trading properties under deferred payment scheme, executive condominiums and overseas trading properties, revenue and profit are recognised upon transfer of significant risks and rewards of ownership of the properties to the purchases using the completion of construction method.

(c) ***Sale of goods***

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

(d) ***Interest income***

Interest income is recognised using the effective interest method.

(e) ***Rental income***

Rental income arising on commercial property sub-leases and the Group's plant and equipment rented is accounted for on a straight line basis over the lease terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.24 Revenue *(cont'd)*

(f) ***Dividend income***

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

(g) ***Management fees***

Management fees are recognised when services are rendered.

(h) ***Leasing income from solar systems installations***

Revenue is recognised for electricity generated by solar panels and grid-connected systems installed over the lease period.

2.25 Share capital and share issuance expenses

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

2.26 Contingencies

A contingent liability is:

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

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

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised in the statement of financial position 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.

2.27 Treasury shares

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

2.28 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Judgements made in applying accounting policies

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

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, deferred tax provisions and deferred tax assets in the period in which such determination is made. The carrying amounts of the Group's income tax payables, deferred tax assets and deferred tax liabilities at 31 December 2016 were $4,890,000 (2015: $640,000), $424,000 (2015: $735,000) and $239,000 (2015: $4,864,000), respectively.

3.2 Key sources of estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

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

Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's useful lives. Management estimates the useful lives of construction plant and equipment to be within 1 to 13 years. These are common life expectancies applied in the construction industry. The useful lives of grid-tied solar photovoltaic systems constructed by the Group correspond to their respective lease periods, ranging from 20 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment at the statement of financial position date is disclosed in Note 10 to the financial statements. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4% (2015: 3%) variance in the Group's profit before taxation for the year.

Revenue recognition on construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the statement of financial position date, when the outcome of a construction contract can be estimated reliably. The stage of completion is determined by reference to professional surveys of work performed.

Significant judgments and estimates by management are required in assessing the progress of the contracts, including evaluation of contractual adjustments to revenue due to variation works and key material price adjustments. The carrying amounts of assets and liabilities as well as the construction revenue are disclosed in Note 20 Gross amount due from/(to) customers for contract work-in-progress and Note 4 Revenue to the financial statements, respectively.

Impairment of loans and Receivables

The Group assesses at each statement of financial position date whether there is any objective evidence that a loan and receivable 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.

When 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 amounts of loans and receivables at the statement of financial position date are disclosed in Note 17 to the financial statements.

Foreseeable losses

The Group reviews its work-in-progress for projects to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in profit or loss when it is probable that total costs will exceed total contract revenue. This assessment process involves significant management estimates, and expectations of the negotiations with various parties involved in the projects. The reasons is that such estimation uncertainty may arise from many factors that are outside the control of the Group, including but not limited to non-performance of subcontractors, increase in cost of construction materials and foreign worker levies, inclement weather or restricted working hours leading to project delays. As at 31 December 2016, the carrying amount of provision for foreseeable losses was $665,000 (2015: $2,874,000) in respect of work-in-progress for projects.

4. REVENUE

	Group	
	2016	**2015**
	$'000	$'000
Construction revenue	275,073	365,412
Sale of development properties	–	58,569
Sale of goods	560	1,381
Solar leasing income	1,101	118
Management fee from an associate	28	28
	276,762	425,508

5. OTHER OPERATING INCOME

	Group	
	2016	**2015**
	$'000	$'000
Gain on disposal of property, plant and equipment	123	164
Training and testing fees	547	914
Rental income of premises	1,000	1,085
Sale of scrap	39	23
Rental income of equipment	4	406
Interest income from:		
Deposits	629	287
Loans to a joint venture	475	347
Long outstanding receivables	181	–
Management service fees	89	88
Interest income arising from the discount implicit in non-current trade receivables	68	–
Amortisation of deferred income	93	–
Others	308	337
	3,556	3,651

6. FINANCE COSTS

	Group 2016	Group 2015
	$'000	$'000
Interest expense on:		
Bank loans and bank overdrafts	403	393
Finance leases	45	116
Interest expense arising from the discount implicit in non-current trade receivables	-	48
	448	557

7. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	Group 2016	Group 2015
	$'000	$'000
Auditors of the Company:		
Audit fees	237	234
Non-audit fees	26	12
Depreciation of property, plant and equipment	5,661	5,335
Impairment loss on property, plant and equipment	368	-
Inventories recognised as expenses in cost of sales (Note 21)	28,733	78,184
Fair value adjustment on derivative	(19)	(57)
Disposal/liquidation of an associate	15	576
Foreign exchange loss (net)	252	26
Grant income from government authorities	(110)	(179)
Allowance for inventories obsolescence	718	73
Write-back of allowance for doubtful receivables (net)	(209)	(705)
Write-off of trade payables	-	(87)
Rental expenses in relation to:		
Premises	1,610	1,887
Equipment	11	24

8. INCOME TAX EXPENSE

Major components of income tax expense

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

	Group	
	2016	**2015**
	$'000	$'000
Statement of comprehensive income		
Current income tax:		
- Singapore	3,996	65
- Foreign	1,696	1,536
Over provision in respect of previous years	(27)	(104)
	5,665	1,497
Deferred income tax:		
(Reversal)/origination of temporary differences	(3,695)	1,088
(Over)/under provision of deferred income tax in respect of previous year	(619)	81
	(4,314)	1,169
Income tax expense recognised in profit or loss	1,351	2,666

Relationship between income tax expense and accounting profit

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

	Group	
	2016	**2015**
	$'000	$'000
Profit before taxation	3,270	5,277
Tax at the domestic rates applicable to profits in the countries where the Group operates	894	1,251
Adjustments:		
Income not subject to tax	(180)	(330)
Over provision of income tax in respect of previous years	(27)	(104)
(Over)/under provision of deferred income tax in respect of previous year	(619)	81
Benefits from previously unrecognised tax losses and deferred tax assets	(548)	(141)
Utilisation of investment and enhanced allowances	(154)	(246)
Non-deductible expenses	1,861	581
Effect of partial tax exemption and tax relief	(79)	(26)
Deferred tax assets not recognised	2,189	1,497
Share of results of associates and joint ventures	(1,986)	103
Income tax expense recognised in profit or loss	1,351	2,666

8. INCOME TAX EXPENSE *(cont'd)*

Relationship between income tax expense and accounting profit *(cont'd)*

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

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of $1,910,000 (2015: $1,194,000) to set off the assessable income of certain companies within the Group. At the statement of financial position date, the Group recognised deferred tax assets of $424,000 (2015: $735,000) arising from unutilised tax losses amounting to $2,494,000 (2015: $4,324,000) as disclosed in Note 16. The Group has unutilised tax losses of approximately $43,806,000 (2015: $30,931,000) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and capital allowances are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

Tax consequence of proposed dividends

There are no income tax consequences (2015: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 29).

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2016	2015
	$'000	$'000
Profit attributable to equity holders of the Company used in computation of basic and diluted earnings per share	1,129	2,332
	No. of Shares	**No. of Shares**
* Weighted average number of ordinary shares for basic and diluted earnings per share computation	307,999,418	307,999,418

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the two comparative years, of which there were none.

As at the end of the financial year, there were no unissued shares of the Company under option.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and equipment	Freehold properties	Leasehold properties	Motor vehicles	Construction-in-progress	Other assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
Balance at 1 January 2015	39,128	–	8,441	5,499	824	1,487	**55,379**
Additions	268	1,731	14,315	372	8,321	82	**25,089**
Disposals	(556)	–	–	(299)	–	(10)	**(865)**
Reclassification	796	–	–	–	(796)	–	**-**
Translation adjustments	(950)	–	–	(334)	–	(84)	**(1,368)**
Balance at 31 December 2015 and 1 January 2016	38,686	1,731	22,756	5,238	8,349	1,475	**78,235**
Additions	704	–	–	221	3,343	683	**4,951**
Disposals	(663)	–	–	(396)	–	–	**(1,059)**
Written-off	(8)	–	–	–	–	(57)	**(65)**
Reclassification	11,492	–	–	–	(11,492)	–	**-**
Translation adjustments	(127)	(33)	–	(45)	–	(11)	**(216)**
Balance at 31 December 2016	50,084	1,698	22,756	5,018	200	2,090	**81,846**
Accumulated depreciation and impairment loss							
Balance at 1 January 2015	24,133	–	1,407	3,361	–	1,256	**30,157**
Depreciation charge for the year	3,126	–	1,384	693	–	132	**5,335**
Disposals	(411)	–	–	(280)	–	(9)	**(700)**
Translation adjustments	(528)	–	–	(215)	–	(72)	**(815)**
Balance at 31 December 2015 and 1 January 2016	26,320	–	2,791	3,559	–	1,307	**33,977**
Depreciation charge for the year	3,257	–	1,639	658	–	107	**5,661**
Disposals	(536)	–	–	(379)	–	–	**(915)**
Written-off	(8)	–	–	–	–	(57)	**(65)**
Impairment loss	368	–	–	–	–	–	**368**
Translation adjustments	(108)	–	–	(40)	–	(11)	**(159)**
Balance at 31 December 2016	29,293	–	4,430	3,798	–	1,346	**38,867**
Net carrying amount							
Balance at 31 December 2015	12,366	1,731	19,965	1,679	8,349	168	**44,258**
Balance at 31 December 2016	20,791	1,698	18,326	1,220	200	744	**42,979**

10. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Company	Plant and equipment	Leasehold property	Motor vehicles	Construction-in-progress	Other assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Balance at 1 January 2015	73	8,441	348	–	41	**8,903**
Additions	–	14,315	105	–	–	**14,420**
Balance at 31 December 2015 and 1 January 2016	73	22,756	453	–	41	**23,323**
Additions	–	–	–	200	–	**200**
Balance at 31 December 2016	73	22,756	453	200	41	**23,523**
Accumulated depreciation						
Balance at 1 January 2015	36	1,407	157	–	39	**1,639**
Depreciation charge for the year	37	1,384	90	–	2	**1,513**
Balance at 31 December 2015 and 1 January 2016	73	2,791	247	–	41	**3,152**
Depreciation charge for the year	–	1,639	91	–	–	**1,730**
Balance at 31 December 2016	73	4,430	338	–	41	**4,882**
Net carrying amount						
Balance at 31 December 2015	–	19,965	206	–	–	**20,171**
Balance at 31 December 2016	–	18,326	115	200	–	**18,641**

Construction-in-progress

Construction-in-progress relates to costs incurred for the construction of solar leasing infrastructure and installations at the clients' premises. Construction was completed in 2016 and upon commissioning, construction-in-progress costs was classified to plant and equipment.

In 2016, construction-in-progress for the Company relates to on-going construction for a new single-storey building at our storage yard to be used as a holding yard for prefabricated prefinished volumetric construction works.

Other assets

Other assets comprise furniture and fittings, office equipment, air-conditioners and computers.

Capitalisation of borrowing costs

The Group's plant and equipment include borrowing costs arising from a term loan borrowed specifically for the purpose of the construction of a plant and equipment. During the financial year, the borrowing costs capitalised as cost of plant and equipment amounted to $105,000 (2015: $33,000). The rate used to determine the amount of borrowing costs eligible for capitalisation was between 2.5% to 3.3% (2015: 2.9% to 3.1%), which is the effective interest rate of the specific borrowing.

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10. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Assets held under finance leases

In 2016, the Group did not acquire any property, plant and equipment (2015: $246,000) by means of finance leases. The carrying amounts of property, plant and equipment held under finance leases for the Group as at 31 December 2016 were $897,000 (2015: $3,861,000).

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

Impairment of assets

During the financial year, a subsidiary of the Group within the specialised engineering segment, BBR Piling Pte Ltd carried out a review of the recoverable amount of its piling equipment based on the cash flow projections that represent management's best estimate of the range of economic conditions that will exist over the remaining useful lives of these equipment. An impairment loss of $368,000 (2015: Nil), representing the write-down of these equipment to the recoverable amount was recognised in "Other operating costs" line item of profit or loss for the financial year ended 31 December 2016. The recoverable amount of the equipment was based on its value in use and the discount rate used was 5.4% (2015: 4.7%) which is also the Group's weighted average cost of capital.

Assets pledged as securities

As at 31 December 2016, property, plant and equipment of the Group and the Company with net book value of $26,106,000 (2015: $30,045,000) and $13,889,000 (2015: $19,965,000), respectively were mortgaged as securities for the banking facilities.

11. INTANGIBLE ASSETS

	Group	
	2016	**2015**
	$'000	$'000
Goodwill on consolidation		
Balance at 1 January and 31 December	419	419

Goodwill acquired through business combinations has been allocated to the Group's cash-generating units identified, being general construction and specialised engineering, for impairment testing. The recoverable amount for goodwill was determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a two-year period. Management have considered and determined the factors applied in these financial budgets which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and its expectation of market development. Terminal growth rate of 0% (2015: 0%) is used to extrapolate cash flow projections beyond the two-year period. The discount rate applied is assumed at 5.4% (2015: 4.7%) for value-in-use calculations, which is also the Group's weighted average cost of capital.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for goodwill, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of goodwill to materially exceed its recoverable amount.

12. INVESTMENTS IN SUBSIDIARIES

	Company 2016	Company 2015
	$'000	$'000
Unquoted shares, at cost *	80,515	80,025
Additional investment	1,099	490
	81,614	80,515
Impairment losses	(26,716)	(24,416)
Carrying amount	54,898	56,099

* Includes $109,000 which arose from performance shares of the Company granted in 2011 under the BBR Share Plan to the employees of the subsidiaries, for which the share based compensation expense had not been charged to the respective subsidiaries.

a. Composition of the Group

Details of subsidiaries at the end of the financial year are as follows:

Name of company	Proportion of ownership interest 2016	Proportion of ownership interest 2015	Country of incorporation	Cost of investment 2016	Cost of investment 2015	Principal activities
	%	%		$'000	$'000	
Held by the Company						
BBR Construction Systems Pte Ltd (1)	100	100	Singapore	55,012	55,012	Structural engineering and design and build services
BBR Construction Systems (M) Sdn. Bhd. (2)	80	80	Malaysia	793	793	Structural engineering and design and build services and investment holding
BBR Development Pte. Ltd. (1)	100	100	Singapore	1,000	1,000	Property development and investment holding
BBR Piling Pte. Ltd. (1)	100	100	Singapore	3,500	3,500	Bored piling works
Singapore Engineering & Construction Pte. Ltd. (1) (Formerly known as Singapore Piling & Civil Engineering Private Limited)	100	100	Singapore	18,119	18,119	General building, civil and structural engineering, renovation and retro-fitting and investment holding

12. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

a. Composition of the Group *(cont'd)*

Name of company	Proportion of ownership interest 2016	Proportion of ownership interest 2015	Country of incorporation	Cost of investment 2016	Cost of investment 2015	Principal activities
	%	%		$'000	$'000	
Held by the Company						
BBR Greentech Pte. Ltd. (1)	100	100	Singapore	700	500	System integration and distribution of renewable energy
Moderna Homes Pte. Ltd. (1)	100	75	Singapore	1,949	1,050	Design and assembly of prefabricated buildings
Siam-BBR Co., Ltd (3)	100	100	Thailand	432	432	Dormant
				81,505	80,406	
Held by Singapore Engineering & Construction Pte. Ltd.						
Singa Development Pte Ltd (1)	100	100	Singapore	6,100	6,100	Building contractors, project and contract managers for all kinds of building and civil engineering works
Held by BBR Construction Systems (M) Sdn. Bhd.						
SP Piling Sdn. Bhd. (2)	100	100	Malaysia	15	15	Building contractor
Held by BBR Development Pte. Ltd.						
BBR Property Pte. Ltd. (1)	100	100	Singapore	+	+	Investment holding
BBR Kovan Pte. Ltd. (1)	100	100	Singapore	1,000	1,000	Property development
Held by Moderna Homes Pte. Ltd.						
BBR Modular Construction Sdn. Bhd. (2)	100	–	Malaysia	169	–	Assembly of prefabricated buildings
Held by BBR Greentech Pte. Ltd.						
Angels Medical Pte. Ltd. (1)	100	49	Singapore	78	50	Provision of healthcare products and services

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by member firms of EY Global in the respective countries.
(3) Audited by Audit Wise Co., Ltd.
\+ Cost of investment is $2.

12. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

b. Acquisition of ownership interest in a subsidiary, without loss of control

On 11 April 2016, the Company acquired the remaining 25% shareholding comprising 500,001 ordinary shares in Moderna Homes Pte. Ltd. ("Moderna") from its minority shareholder for a cash consideration of $899,000. As a result of this acquisition, Moderna became a 100% owned subsidiary of the Company.

The carrying value of the net liabilities of Moderna at 31 March 2016 was $2,349,000 and the carrying value of the remaining interest acquired was $587,000. The difference of $1,486,000 between the consideration and the carrying value of the remaining interest acquired has been recognised within equity.

The following summarises the effect of the change in the Group's ownership interest in Moderna on the equity attributable to owners of the Company:

	$'000
Consideration paid for acquisition of non-controlling interests	899
Increase in equity attributable to non-controlling interests	587
Decrease in equity attributable to owners of the Company	1,486

c. Acquisition of a subsidiary

On 13 April 2016 (the "acquisition date"), the Group's subsidiary company, BBR Greentech Pte Ltd ("Greentech") acquired an additional 46,426 shares representing 51% equity interest in its 49% owned associate, Angels Medical Pte Ltd ("Angels"), from other shareholders. Upon the acquisition, Angels became a wholly owned subsidiary of the Group. The Group acquired the remaining 51% equity interests in Angels for a more active participation in the market potential of healthcare system integration amid a growing elderly population. Angels remains dormant since the acquisition date.

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

	Fair value recognised on acquisition $'000
Cash and cash equivalent of subsidiary acquired, representing total identifiable net assets at fair value	55
<u>Consideration transferred for the acquisition of Angels</u>	
Cash paid, representing total consideration transferred	28
Fair value of equity interest in Angels held by the Group immediately before the acquisition	27
	55

12. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

c. Acquisition of a subsidiary *(cont'd)*

The effect of the acquisition of Angels on cash flows are as follows:

	$'000
Cash and cash equivalent of subsidiary acquired	55
Less: Consideration wholly settled in cash	(28)
Net cash inflow on acquisition	27

Loss on remeasuring previously held equity interest in Angels to fair value at acquisition date

The Group recognised a loss of $15,000 as a result of measuring at fair value its 49% equity interest in Angels held before the business combination. The loss is included in the "Other (expense)/income" line item in the Group's profit or loss for the year ended 31 December 2016.

d. Incorporation of a subsidiary

On 9 August 2016, Moderna, a 100% owned subsidiary of the Company, incorporated a wholly owned subsidiary, BBR Modular Construction Sdn. Bhd. ("Modular") in Malaysia. The principal activities of Modular are that of manufacturing, installation and assembly of steel and concrete products in relation to pre-fabricated pre-finished volumetric construction and other related businesses. The cost of investment is $169,000, representing issued and paid-up share capital of 500,000 ordinary shares.

e. Impairment losses on investments in subsidiaries

Analysis of impairment losses on investments in subsidiaries are as follows:-

	Company	
	2016	**2015**
	$'000	$'000
Balance at 1 January	24,416	11,476
Charge to profit or loss	2,300	12,940
Balance at 31 December	26,716	24,416

An impairment loss of $2,300,000 (2015: $12,940,000) was charged to profit or loss subsequent to an assessment performed on recoverable amount of the investments in subsidiaries at the end of the financial year.

The recoverable amounts of the subsidiaries have been determined based on value in use calculations using the cash flow projections from financial budgets approved by the management. The impairment loss of $2,300,000 in respect of a subsidiary was derived based on cash flow projections for potential contracts and forecasted growth of the subsidiary, pre–tax discount rate of 5.4% (2015: 4.7%) and a terminal growth rate of 0% (2015: 0.5%).

12. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

f. Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
			$'000	$'000
31 December 2016:				
BBR Construction Systems (M) Sdn Bhd	Malaysia	20%	790	3,831
31 December 2015:				
BBR Construction Systems (M) Sdn Bhd	Malaysia	20%	968	3,310
Moderna Homes Pte Ltd *	Singapore	25%	(689)	(510)

* Became a 100% owned subsidiary of the Group on 11 April 2016

Summarised financial information

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

	BBR Construction Systems (M) Sdn Bhd		Moderna Homes Pte Ltd
	2016	2015	2015
	$'000	$'000	$'000
Summarised statement of financial position			
Current			
Assets	34,724	32,042	9,950
Liabilities	(21,810)	(23,212)	(11,937)
Net current assets/(liabilities)	12,914	8,830	(1,987)
Non-current			
Assets	6,314	7,461	39
Liabilities	(435)	(1,125)	(92)
Net non-current assets/(liabilities)	5,879	6,336	(53)
Net assets/(liabilities)	18,793	15,166	(2,040)

12. INVESTMENTS IN SUBSIDIARIES *(cont'd)*

f. Interest in subsidiaries with material non-controlling interests ("NCI") *(cont'd)*

Summarised financial information *(cont'd)*

	BBR Construction Systems (M) Sdn Bhd		Moderna Homes Pte Ltd
	2016	**2015**	**2015**
	$'000	$'000	$'000
Summarised statement of comprehensive income			
Revenue	60,088	106,232	14,284
Profit/(loss) before taxation	6,115	6,196	(2,755)
Income tax expense	(1,782)	(1,591)	–
Profit/(loss) for the year	4,333	4,605	(2,755)
Other comprehensive income for the year	(408)	–	–
Total comprehensive income for the year	3,925	4,605	(2,755)
Other summarised information			
Net cash flows generated from/(used in) operating activities	9,729	5,533	(12,046)
Acquisition of property, plant and equipment	803	2,184	51

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Lakehomes Pte. Ltd.	9,485	484	–	–
Other associates	677	631	260	260
	10,162	1,115	260	260

Details of associates at the end of the financial year are as follows:

Name of company	Proportion of ownership interest		Country of incorporation	Cost of Investment		Principal activities
	2016	**2015**		**2016**	**2015**	
	%	%		$'000	$'000	
Held by the Company						
BBR Philippines Corporation [1]	40	40	Philippines	260	260	Structural engineering
Held by BBR Development Pte. Ltd.						
Lakehomes Pte. Ltd. [2]	35	35	Singapore	350	350	Property development
Held by BBR Greentech Pte. Ltd.						
Angels Medical Pte. Ltd.[2] [3]	–	49	Singapore	–	50	Provision of healthcare products and services

(1) Not required to be audited by the law of its country of incorporation.
(2) Audited by Ernst & Young LLP, Singapore
(3) On 13th April 2016, Angels Medical Pte. Ltd. became a wholly-owned subsidiary of the Group (Note 12(c)).

13. INVESTMENTS IN ASSOCIATES *(cont'd)*

The summarised financial information of the associates and the reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2016		2015	
	Lakehomes Pte Ltd	**Total**	**Lakehomes Pte Ltd**	**Total**
	$'000	$'000	$'000	$'000
Summarised statement of financial position				
Assets and liabilities:				
Current assets, representing total assets	277,991		243,672	
Non-current liabilities	(9,611)		(181,533)	
Current liabilities	(236,776)		(57,225)	
Net assets	31,604		4,914	
Proportion of the Group's ownership	35%		35%	
Group's share of net assets	11,061		1,720	
Less: Notional interests adjustment	(1,576)		(1,236)	
Carrying amount of a significant associate	9,485	9,485	484	484
Carrying amount of other associates		677		631
Carrying amount of the investments in associates		10,162		1,115
Summarised statement of comprehensive income				
Profit after tax for the year, representing total comprehensive income	26,629		36	
Group's share of profit	9,320	9,320	13	13
Group's share of profit of other associates, representing the Group's share of total comprehensive income of other associates		88		51
Group's share of profit of associates for the year, representing the Group's share of total comprehensive income for the year		9,408		64

14. INVESTMENTS IN JOINT VENTURES

	Group 2016	Group 2015
	$'000	$'000
Unquoted shares, at cost	250	250
Share of post-acquisition reserves	(250)	(250)
Carrying amount	–	–

Details of joint ventures at the end of the financial year are as follows:

Name of company	Proportion of ownership interest 2016	Proportion of ownership interest 2015	Country of incorporation	Cost of Investment 2016	Cost of Investment 2015	Principal activities
	%	%		$'000	$'000	
Held by Singapore Engineering & Construction Pte. Ltd.						
Singapore Piling – Shincon JV [(1)]	51	51	Singapore	–	–	Design and construction of covered linkways
Held by BBR Property Pte. Ltd.						
Northern Development Pte Ltd	50	50	Singapore	+	+	Investment holding for property development
Held by Northern Development Pte. Ltd.						
NorthernOne Development Pte. Ltd.	50.1	50.1	Singapore	501	501	Investment holding for property development
Held by NorthernOne Development Pte. Ltd.						
Northern Resi Pte. Ltd.	100	100	Singapore	1,000	1,000	Residential property development
Northern Retail Pte. Ltd.	100	100	Singapore	1,000	1,000	Commercial property development

(1) An unincorporated partnership.
\+ Cost of investment is $2.

14. INVESTMENTS IN JOINT VENTURES *(cont'd)*

The summarised financial information in respect of the joint ventures and the reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

	NorthernOne Development Pte. Ltd.	
	2016	**2015**
	$'000	$'000
Summarised statement of financial position		
Assets and liabilities:		
Non-current assets	517	501
Current assets	230,958	200,034
Total assets	231,475	200,535
Non-current liabilities	224,328	202,573
Current liabilities	8,876	900
Total liabilities	233,204	203,473
Net liabilities	(1,729)	(2,938)
Proportion of the Group's ownership	25%	25%
Group's share of net liabilities	(432)	(736)
Carrying amount of investments in joint ventures	–	–

The Group has equity accounted for additional losses in excess of the Group's equity interest based on its contractual obligations for NorthernOne Development Pte. Ltd. This adjustment of $432,000 (2015: $736,000) has been taken up in other liabilities.

	2016		2015	
	NorthernOne Development Pte. Ltd.	**Total**	**NorthernOne Development Pte. Ltd.**	**Total**
	$'000	$'000	$'000	$'000
Summarised statement of comprehensive income				
Profit/(loss) after tax for the year, representing total comprehensive income	1,207		(3,937)	
Proportion of the Group's ownership	25%		25%	
Group's share of profit/(loss) for the year, representing the Group's share of total comprehensive income for the year	302	302	(984)	(984)
Group's share of profit of other joint ventures, representing the Group's share of total comprehensive income for the year		760		315
Group's share of profit/(loss) of joint ventures, representing the Group's share of total comprehensive income for the year		1,062		(669)

15. OTHER INVESTMENTS

	Group	
	2016	2015
	$'000	$'000
Unquoted equity shares, at cost	3,981	3,981
Impairment in value of unquoted equity shares	(3,981)	(3,981)
	–	–
Analysis of impairment losses in other investments are as follows:		
Balance at 1 January and 31 December	3,981	3,981

Unquoted equity shares relates to the following:

(a) 33.3% (2015: 33.3%) equity interest in a Korean incorporated company, whose principal activities are those of the construction, operation and collection of tolls for expressway. This company was formed pursuant to a joint venture agreement between Singapore Engineering & Construction Pte. Ltd. ("Singapore Engineering"), a wholly-owned subsidiary of the Company, and two other consortium parties. As the Group does not exercise any significant influence over the financial and operating policy decisions of this Korean company, the equity interest has been accounted for as other investment. In prior years, the Group recognised an impairment loss of $2,981,000.

(b) 1% (2015: 1%) equity interest held via Singapore Engineering in Takenaka-Singapore Piling JV, an unincorporated and fully integrated jointly controlled entity in Singapore to undertake restoration works to the former Supreme Court and City Hall buildings. In prior years, the Group recognised an impairment loss of $1,000,000.

16. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2016	2015
	$'000	$'000
Deferred tax assets:		
Balance at 1 January	735	1,085
Charge to profit or loss	(311)	(350)
Balance at 31 December	424	735
Deferred tax liabilities:		
Balance at 1 January	(4,864)	(4,045)
Credit/(charge) to profit or loss	4,625	(819)
Balance at 31 December	(239)	(4,864)

16. DEFERRED TAX ASSETS/(LIABILITIES) *(cont'd)*

Deferred tax as at 31 December related to the following:

	Group	
	2016	**2015**
	$'000	$'000
Deferred tax assets:		
Unutilised tax losses	424	735
Gross deferred tax assets	424	735
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(239)	(946)
Income taxed on completion basis for development properties	–	(3,918)
Gross deferred tax liabilities	(239)	(4,864)
Net deferred tax assets/(liabilities)	185	(4,129)

17. TRADE RECEIVABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Non-current:				
Retention receivables	7,355	7,520	–	–
Current:				
Contract receivables	42,450	101,996	–	–
Less: Allowance for doubtful receivables	(472)	(918)	–	–
	41,978	101,078		
Retention receivables	13,968	12,644	–	–
Less: Allowance for doubtful receivables	(80)	(105)	–	–
	13,888	12,539	–	–
Total current receivables	55,866	113,617	–	–
Total trade receivables	63,221	121,137	–	–
Add:				
Loans to an associate (Note 18)	20,136	19,257	–	–
Loans to a joint venture (Note 18)	20,525	17,360	–	–
Amounts due from subsidiaries (Note 19)	-	-	3,547	12,858
Other receivables (Note 22)	2,458	3,393	876	291
Pledged deposits (Note 23)	4,657	5,275	–	–
Cash and bank balances (including fixed deposits) (Note 23)	58,730	23,935	1,047	1,226
Total loans and receivables	169,727	190,357	5,470	14,375

17. TRADE RECEIVABLES *(cont'd)*

Retention receivables

Retention receivables from external parties are non-interest bearing, unsecured and relate to construction contracts. Retention receivables are classified as current or non-current based on the contractual terms of the respective construction contracts.

Contract receivables

Contract receivables are non-interest bearing, unsecured and are generally on 30 to 90 days' (2015: 30 to 90 days') terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has contract receivables amounting to $8,622,000 (2015: $7,487,000) and retention receivables amounting to $1,803,000 (2015: Nil) that are past due at the statement of financial position date but not impaired. These receivables are unsecured and the analysis of their ageing at the statement of financial position date are as follows:

	Group	
	2016	**2015**
	$'000	$'000
Contract receivables past due:		
Lesser than 30 days	2,074	3,530
30 to 60 days	1,095	449
61 to 90 days	601	323
91 to 120 days	172	51
More than 120 days	4,680	3,134
	8,622	7,487
Retention receivables past due:		
More than 120 days	1,803	–

Trade receivables that are impaired

Trade receivables – nominal amounts	552	1,023
Less: Allowance for doubtful receivables	(552)	(1,023)
	–	–

Trade receivables that are individually determined to be impaired at the statement of financial position date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

17. TRADE RECEIVABLES *(cont'd)*

Allowance for doubtful receivables

Analysis of allowance for doubtful receivables are as follows:

	Group	
	2016	**2015**
	$'000	$'000
Contract receivables		
Balance at 1 January	918	1,749
Charge to profit or loss	428	-
Write-back to profit or loss	(612)	(632)
Written off against allowance	(250)	(65)
Reclassification from retention receivable	-	57
Translation adjustments	(12)	(191)
Balance at 31 December	472	918
Retention receivables		
Balance at 1 January	105	235
Charge to profit or loss	40	37
Write-back to profit or loss	(65)	(110)
Reclassification to contract receivable	-	(57)
Balance at 31 December	80	105
Total allowance for doubtful receivables	552	1,023

Trade receivables and payables subject to offsetting arrangements

The Group's trade receivables and payables in the statement of financial position as at 31 December that can be subject to offsetting arrangements are as follows:

	Note	Gross carrying amounts	Gross amounts offset	Net amounts
		$'000	$'000	$'000
2016				
Trade receivables - third party	a	10,180	(7,822)	2,358
Trade payables	b	6,740	(2,597)	4,143
2015				
Trade receivables - third party	a	9,912	(6,941)	2,971
Trade payables	b	4,473	(2,084)	2,389

17. TRADE RECEIVABLES *(cont'd)*

Trade receivables and payables subject to offsetting arrangements *(cont'd)*

(a) The Group purchases construction raw materials from its customer for project purposes. The customer has an arrangement to settle the net amounts payable to the Group on a 60 days' (2015: 60 days') term basis.

(b) Suppliers are back charged for work performed on their behalf and purchased construction raw materials from the Group via a customer for project purposes. The Group has an arrangement to settle the net amounts payable to these suppliers on a 30 to 60 days' (2015: 30 to 60 days') term basis.

18. LOANS TO AN ASSOCIATE AND A JOINT VENTURE

	Group	
	2016	**2015**
	$'000	$'000
Non-current		
Loans to an associate	20,136	19,257
Loans to a joint venture	20,525	17,360

(a) ***Loans to an associate***

Loans to an associate of the Group, Lakehomes Pte. Ltd. ("LKH") are non-trade, unsecured, non-interest bearing and are to be settled in cash. The purposes of the loans are to partially finance the land acquisition, development charge and construction costs of a property development project under taken by LKH. As at 31 December 2016, the loans are not expected to be repaid within 12 months because although the development has secured Temporary Occupation Permit on 30 December 2016, receipts from sold units will be utilised to first repay bank loans.

The loans were discounted using the current market rates for similar instruments and the differences between the loan amounts and the fair values were treated as additional investment in the associate.

(b) ***Loans to a joint venture***

Loans to a joint venture of the Group, Northern Development Pte Ltd, are non-trade, unsecured, interest bearing at an average interest rate of 2.61% (2015: 2.48%) per annum and are to be settled in cash. The purposes of the loans are to partially finance the land acquisition, development charges and construction costs of a property development project. The loans are not expected to be repaid within 12 months from the statement of financial position date.

19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2016	**2015**
	$'000	$'000
Amounts due from subsidiaries	3,593	12,904
Less: Allowance for doubtful receivables	(46)	(46)
	3,547	12,858
Amounts due to subsidiaries	(4,947)	(12,490)

The amounts due from/(to) subsidiaries are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash, except for $3,400,000 (2015: $2,800,000) of amounts due to a subsidiary that bears interest at an average interest rate of 3.48% (2015: 2.68%) per annum.

Analysis of allowance for doubtful receivables are as follows:

	Company	
	2016	**2015**
	$'000	$'000
Balance at 1 January and 31 December	46	46

20. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	Group	
	2016	**2015**
	$'000	$'000
Contract costs to date	517,251	1,175,838
Recognised profits (net of recognised losses)	19,537	33,404
Less: Provision for foreseeable losses	(665)	(2,874)
Aggregate amount of costs incurred and recognised profits less recognised losses to date	536,123	1,206,368
Less: Progress billings	(563,640)	(1,204,804)
	(27,517)	1,564
Presented as:		
Gross amount due from customers for contract work-in-progress	6,118	30,532
Gross amount due to customers for contract work-in-progress	(33,635)	(28,968)
	(27,517)	1,564
Retention sums on construction contract (included in trade receivables), net of allowance for doubtful receivables	21,243	20,059

20. GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS *(cont'd)*

Provision for foreseeable losses

Analysis of provision for foreseeable losses are as follows:

	Group	
	2016	**2015**
	$'000	$'000
Balance at 1 January	2,874	3,568
Charge to profit or loss	–	1,181
Foreseeable losses realised and incurred during the year	(2,209)	(1,875)
Balance at 31 December	665	2,874

21. PROPERTIES HELD FOR SALE AND INVENTORIES

	Group	
	2016	**2015**
	$'000	$'000
Statement of financial position:		
Properties held for sale, at lower of cost and net realizable value	9,463	8,395
Construction materials, at lower of cost and net realizable value	7,343	10,156
Statement of comprehensive income:		
Inventories recognised as expenses in cost of sales (Note 7)	28,733	78,184
Allowance for inventories obsolescence	718	73

22. OTHER RECEIVABLES

		Group		Company	
	Note	**2016**	**2015**	**2016**	**2015**
		$'000	$'000	$'000	$'000
Other deposits		925	1,591	20	10
Rental receivables		800	253	800	253
Loans to a director of a subsidiary	(a)	–	595	–	–
Amounts due from associates	(b)	184	212	56	28
Site advances		67	120	–	–
Fair value derivative asset		76	57	–	–
Other receivables		401	555	–	–
Staff loans		5	10	–	–
		2,458	3,393	876	291

(a) Loans to a director of a subsidiary were settled in cash during the financial year.

(b) Amounts due from associates are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

23. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash at bank and on hand	18,005	18,359	1,047	1,226
Fixed deposits	45,382	10,851	-	-
	63,387	29,210	1,047	1,226

Fixed deposits are mainly short-term deposits made for varying periods of varying terms, and bears interest ranging from 0.3% to 4.0% (2015: 0.3% to 3.2%) per annum during the year.

As at 31 December 2016, cash at bank of the Group of $406,000 (2015: $609,000) are denominated in United States Dollar.

For the purpose of the consolidated statement of cash flows, cash and fixed deposits comprise the following at the statement of financial position date:

	Group	
	2016	2015
	$'000	$'000
Cash at bank and on hand	18,005	18,359
Fixed deposits	45,382	10,851
	63,387	29,210
Less: Deposits pledged with financial institutions	(4,657)	(5,275)
Cash and bank balances (including fixed deposits)	58,730	23,935
Maintenance funds from owners of Bliss @Kovan received on behalf of property managing agent	(248)	(289)
Cash and cash equivalents	58,482	23,646

Pledged fixed deposits include $3,657,000 (2015: $4,275,000) placed as security for banking facilities granted to a subsidiary by various banks and $1,000,000 (2015: $1,000,000) for the issue of a performance bond by a bank.

Note to the consolidated statement of cash flows

	Group	
	2016	2015
	$'000	$'000
Purchase of property, plant and equipment (Note 10)	4,951	25,089
Less:		
Finance leases	-	(203)
Interest cost paid	(105)	(33)
Cash payments to acquire property, plant and equipment	4,846	24,853

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current:				
Retention payables	5,699	8,180	–	–
Current:				
Trade payables	24,310	58,776	–	–
Retention payables	18,226	19,060	–	–
Other payables	1,836	2,746	307	279
	44,372	80,582	307	279
Total trade and other payables	50,071	88,762	307	279
Add:				
Amounts due to subsidiaries (Note 19)	–	–	4,947	12,490
Other liabilities (Note 25)	2,142	2,661	547	677
Loans and borrowings (Note 26)	17,911	24,728	10,566	13,666
	70,124	116,151	16,367	27,112
Less: Finance leases (Note 26)	(350)	(1,380)	–	(17)
Total financial liabilities carried at amortised cost	69,774	114,771	16,367	27,095

Retention payables

Retention payables to external parties are non-interest bearing, unsecured and relate to construction contracts. Retention payables are classified as current or non-current based on the contractual terms of the respective construction contracts.

Trade payables

Trade payables are non-interest bearing and are generally on 30 to 90 days' (2015: 30 to 90 days') terms.

Included in trade payables are the following amounts denominated in foreign currencies at 31 December:

	Group	
	2016	2015
	$'000	$'000
United States Dollar	927	1,052
Hong Kong Dollar	41	489

25. DEFERRED INCOME AND OTHER LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred income				
Non-current	2,933	–	–	–
Current	159	–	–	–
	3,092	–	–	–
Other liabilities				
Accrued operating expenses	896	1,228	332	345
Accrued staff costs	26	94	26	94
Deposits	392	434	157	43
Sundry creditors	828	905	32	195
	2,142	2,661	547	677

Deferred income of $3,092,000 (2015: Nil) was in relation to an upfront payment received from a lessor, which will be amortised over the duration of 20 years in accordance with the solar leasing contract.

26. LOANS AND BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Non-current:				
Finance leases	196	375	–	–
Long term borrowings (secured)	14,514	11,762	10,123	10,557
	14,710	12,137	10,123	10,557
Current:				
Finance leases	154	1,005	–	17
Bankers' acceptances (secured)	–	426	–	–
Short term borrowings (secured)	–	1,000	–	1,000
Short term borrowings (unsecured)	1,500	4,000	–	–
Current portion of long term borrowings (secured)	1,547	6,160	443	2,092
	3,201	12,591	443	3,109
Total loans and borrowings	17,911	24,728	10,566	13,666

The Group has undrawn loans and guarantee facilities of $92,748,000 (2015: $60,063,000) that may be available in the future for operating activities, settling capital commitments and issuing of guarantees. There is no restriction for the Group to use these facilities.

NOTES
TO THE FINANCIAL STATEMENTS

26. LOANS AND BORROWINGS *(cont'd)*

Finance leases

The Group has finance leases for certain items of plant and equipment and motor vehicles.

Finance leases are secured by charges over plant and equipment and motor vehicles (Note 10). In 2016, there is no finance lease (2015: $459,000) secured by corporate guarantees from the Company. The average discount rate implicit in the leases is 3.0% to 7.0% (2015: 2.3% to 7.0%) per annum.

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

	2016		2015	
	$'000		$'000	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
Group				
Not later than one year	167	154	1,050	1,005
Later than one year but not later than five years	211	196	400	375
Total minimum lease payments	378	350	1,450	1,380
Less: Amounts representing finance charges	(28)	–	(70)	–
Present value of minimum lease payments	350	350	1,380	1,380
Company				
Not later than one year	–	–	18	17
Less: Amounts representing finance charges	–	–	(1)	–
Present value of minimum lease payments	–	–	17	17

26. LOANS AND BORROWINGS *(cont'd)*

Long term borrowings (secured)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Non-current:				
Term loan 2	10,123	10,557	10,123	10,557
Term loan 3	4,391	606	–	–
Term loan 4	–	599	–	–
	14,514	11,762	10,123	10,557
Current:				
Term loan 1	–	1,640	–	1,640
Term loan 2	443	452	443	452
Term loan 3	1,104	3,737	–	–
Term loan 4	–	331	–	–
	1,547	6,160	443	2,092
Total long term borrowings	16,061	17,922	10,566	12,649

Term loan 1

Term loan 1 was a Singapore dollar denominated loan of up to $4,920,000 secured in 2013 to finance the purchase of leasehold land for warehousing and provision of engineering services for the Group. The loan was fully repaid in December 2016.

The average interest rate was 2.39% (2015: 2.58%) per annum and was secured by the leasehold land with a carrying amount of $4,437,000 (2015: $5,735,000) (Note 10) and corporate guarantees from two subsidiaries.

Term loan 2

Term loan 2 is a Singapore dollar denominated loan of $11,120,000 secured in 2015 to finance the purchase of leasehold land and building at 50 Changi South Street 1 Singapore 486126. The loan is repayable over 240 monthly instalments commencing on 9 October 2015.

The interest rate has been fixed at 2.2% per annum for the first year, 2.5% per annum for the second year and is secured by the leasehold premises with a carrying amount of $13,889,000 (2015: $14,230,000) (Note 10).

Term loan 3

Term loan 3 is a Singapore dollar denominated loan of up to $9,600,000 secured in 2014 to finance the construction of solar leasing infrastructure and installations on the rooftops of HDB flats. In 2016, a lump sum of $3,185,000 was repaid and the remaining loan will be paid in monthly fixed instalments up to 30 June 2021.

The average interest rate was 2.98% (2015: 3.0%) per annum and was secured by an assignment and first fixed charge of the leasing contract and solar leasing equipment with a carrying value of $12,217,000 (2015: $8,349,000) (Note 10) and a corporate guarantee from the Company.

26. LOANS AND BORROWINGS *(cont'd)*

Long term borrowings (secured) *(cont'd)*

Term loan 4

Term loan 4 was a Ringgit Malaysia denominated loan not exceeding RM3,000,000 (S$985,500 equivalent) secured in 2014 by a Malaysia subsidiary to finance the purchase of a freehold land in Kuala Lumpur for storage of construction equipment and materials. The loan was drawdown on 2 November 2015 and fully repaid in July 2016.

The average interest rate was 7.85% (2015: 7.85%) per annum and was secured by the freehold land and personal guarantees from the minority shareholder and director of the subsidiary.

Financial covenant

During the year, a subsidiary of the Group did not comply with the requirement to maintain shareholder's equity above $20 million for the subsidiary. The breach was remedied by obtaining a waiver letter from the bank on 20 March 2017.

Multicurrency Medium Term Note

The Group has established a $200 million Multicurrency Medium Term Note programme ("MTN") on 13 November 2014. The net proceeds arising from the issue of the notes under the MTN programme will be used for general corporate purposes, including financing investments, general working capital and capital expenditure.

There was no drawdown of the notes under the MTN programme since it was established.

27. SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:				
Balance at 1 January and 31 December	308,210	43,967	308,210	43,967

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

28. TREASURY SHARES

	Group and Company			
	2016		2015	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Balance at 1 January and 31 December	(211)	(69)	(211)	(69)

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

The Company did not acquire any shares of the Company by way of market acquisitions on the Singapore Exchange in 2016 and 2015.

29. DIVIDENDS

	Group and Company	
	2016	2015
	$'000	$'000
Declared and paid during the financial year:		
First and final (tax exempt one-tier) dividend for 2015 of 0.4 cents (2014: 0.8 cents) per ordinary share	1,232	2,464
Proposed but not recognised as a liability as at 31 December:		
First and final (tax exempt one-tier) dividend for 2016 of 0.4 cents (2015: 0.4 cents) per ordinary share	1,232	1,232
Special (tax exempt one-tier) dividend for 2016 of 0.2 cents (2015: Nil) per ordinary share	616	–
	1,848	1,232

Proposed dividends per ordinary share for 2016 is based on 307,999,418 (2015: 307,999,418) shares (excluding treasury shares) as disclosed in Notes 27 and 28.

30. COMMITMENTS AND CONTINGENCIES

(a) ***Capital commitments***

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	$'000	$'000
Capital commitments in respect of:		
Property, plant and equipment	1,291	184
Office renovations	64	47
Solar leasing construction project	–	4,281

30. COMMITMENTS AND CONTINGENCIES *(cont'd)*

(b) ***Operating lease commitments - as lessor***

The Group has entered into various non-cancellable lease commitments in respect of office premises and solar leasing projects for a period of up to 25 years. The leases have varying terms and renewal rights.

Operating lease income recognised in profit or loss during the year amounted to $1,646,000 (2015: $1,153,000).

Future minimum lease receivable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Not later than one year	1,457	1,270	3,460	1,131
Later than one year but not later than five years	3,913	4,378	232	320
Later than five years	12,786	16,025	–	–
	18,156	21,673	3,692	1,451

(c) ***Operating lease commitments - as lessee***

The Group has entered into various non-cancellable lease commitments in respect of equipment and land with lease period of up to 42 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. Certain renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases.

Minimum lease payments made during the year amounted to $3,381,000 (2015: $3,935,000).

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	$'000	$'000	$'000
Not later than one year	1,409	2,548	716	879
Later than one year but not later than five years	2,430	3,965	1,924	3,363
Later than five years	4,381	5,196	4,381	5,196
	8,220	11,709	7,021	9,438

30. COMMITMENTS AND CONTINGENCIES *(cont'd)*

(d) ***Contingent liabilities***

	Company	
	2016	**2015**
	$'000	$'000
Corporate guarantees given to banks for credit and guarantee facilities utilised	38,415	31,759

The Company provided corporate guarantees to banks as securities for credit and guarantee facilities granted to subsidiaries.

31. EMPLOYEE BENEFITS

	Group	
	2016	**2015**
	$'000	$'000
Employee benefits expense (including executive directors)		
Salaries and bonuses	27,024	33,649
Central Provident Fund	4,899	5,940
Others	968	1,061
	32,891	40,650

Employee benefits expenses capitalised during the year under contract work-in-progress amounted to $23,043,000 (2015: $31,223,000).

32. DIRECTORS' REMUNERATION

The number of directors in remuneration bands are as follows:

	Company	
	2016	**2015**
$500,000 and above	1	1
$250,000 to $499,999	-	-
Below $250,000	5	5
	6	6

33. RELATED PARTY TRANSACTIONS

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

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2016	**2015**
	$'000	$'000
Repayment of loans from an associate	–	(13,825)
From an associate:		
Accounting services income	(96)	(96)
Licence fees income	(29)	(29)
Management fees income	(28)	(28)
From joint ventures:		
Construction revenue	(36,241)	–
Accounting services income	(102)	(93)
Interest income on loans	(475)	(347)
Loans to an associate	560	–
Repayment of loans from a joint venture	–	(2,505)
Loans to a joint venture	2,690	17,013
Loan to a director of a subsidiary	–	120
Interest income on loans to a director of a subsidiary	–	(12)
License fees to a related party	304	297
Rental expense paid to a director of a subsidiary	92	95
Project management fees income from a related party	(89)	(88)
Professional fees to a firm in which a director has an interest	60	60

(b) ***Compensation of key management personnel***

	Group	
	2016	**2015**
	$'000	$'000
Short-term employee benefits	2,459	2,334
Central Provident Fund	89	58
	2,548	2,392
Comprise amounts paid/payable to:		
– Directors of the Company	939	1,078
– Other key management personnel	1,609	1,314
	2,548	2,392

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are 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. It is, and has been the Group's policy throughout the current and previous financial year, that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these 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 fixed deposits), the Group and the Company minimise credit risk by dealing 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.

At the statement of financial position date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the statement of financial position date is as follows:

	Group			
	2016		2015	
	$'000	% of total	$'000	% of total
By country:				
Singapore	51,344	81	103,880	86
Malaysia	11,877	19	17,257	14
	63,221	100	121,137	100

Financial assets that are neither past due nor impaired

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

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

Financial assets that are either past due or impaired

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

(b) ***Liquidity risk***

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

The Group monitors its liquidity risk and maintains adequate liquid financial assets and stand-by credit facilities with different banks to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The table below summarises the maturity profile of the Group's financial assets and financial liabilities at the statement of financial position date based on contractual undiscounted repayment obligations.

Group	Within 1 year	2 - 5 Years	After 5 years	Total
2016	$'000	$'000	$'000	$'000
Financial assets:				
Loans to an associate	–	20,136	–	**20,136**
Loans to a joint venture	–	21,319	–	**21,319**
Trade receivables	55,866	7,490	–	**63,356**
Other receivables	2,458	–	–	**2,458**
Pledged deposits	4,657	–	–	**4,657**
Cash and bank balances (including fixed deposits)	58,730	–	–	**58,730**
Total undiscounted financial assets	121,711	48,945	–	**170,656**
Financial liabilities:				
Trade and other payables	44,372	5,699	–	**50,071**
Other liabilities	2,142	–	–	**2,142**
Finance leases	167	211	–	**378**
Short term borrowings	1,505	–	–	**1,505**
Long term borrowings	1,973	8,087	12,003	**22,063**
Total undiscounted financial liabilities	50,159	13,997	12,003	**76,159**
Total net undiscounted financial assets/(liabilities)	71,552	34,948	(12,003)	**94,497**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

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

Group	**Within 1 year**	**2 - 5 Years**	**After 5 years**	**Total**
2015	$'000	$'000	$'000	$'000
Financial assets:				
Loans to an associate	–	19,257	–	**19,257**
Loans to a joint venture	–	18,689	–	**18,689**
Trade receivables	113,617	7,720	–	**121,337**
Other receivables	3,393	–	–	**3,393**
Pledged deposits	5,275	–	–	**5,275**
Cash and bank balances (including fixed deposits)	23,935	–	–	**23,935**
Total undiscounted financial assets	146,220	45,666	–	**191,886**
Financial liabilities:				
Trade and other payables	80,582	8,180	–	**88,762**
Other liabilities	2,661	–	–	**2,661**
Finance leases	1,050	400	–	**1,450**
Short term borrowings	5,452	–	–	**5,452**
Long term borrowings	6,548	4,544	12,702	**23,794**
Total undiscounted financial liabilities	96,293	13,124	12,702	**122,119**
Total net undiscounted financial assets/(liabilities)	49,927	32,542	(12,702)	**69,767**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

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

Company	Within 1 year	2 - 5 Years	After 5 years	Total
2016	$'000	$'000	$'000	$'000
Financial assets:				
Amounts due from subsidiaries	3,547	–	–	**3,547**
Other receivables	876	–	–	**876**
Cash at bank and on hand	1,047	–	–	**1,047**
Total undiscounted financial assets	5,470	–	–	**5,470**
Financial liabilities:				
Amounts due to subsidiaries	4,947	–	–	**4,947**
Trade and other payables	307	–	–	**307**
Other liabilities	547	–	–	**547**
Loans and borrowings	712	3,384	12,002	**16,098**
Total undiscounted financial liabilities	6,513	3,384	12,002	**21,899**
Total net undiscounted financial liabilities	(1,043)	(3,384)	(12,002)	**(16,429)**
2015				
Financial assets:				
Amounts due from subsidiaries	12,858	–	–	**12,858**
Other receivables	291	–	–	**291**
Cash at bank and on hand	1,226	–	–	**1,226**
Total undiscounted financial assets	14,375	–	–	**14,375**
Financial liabilities:				
Amounts due to subsidiaries	12,490	–	–	**12,490**
Trade and other payables	279	–	–	**279**
Other liabilities	677	–	–	**677**
Short term borrowings	1,000	–	–	**1,000**
Long term borrowings	2,333	3,206	12,702	**18,241**
Total undiscounted financial liabilities	16,779	3,206	12,702	**32,687**
Total net undiscounted financial liabilities	(2,404)	(3,206)	(12,702)	**(18,312)**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(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 their interest-bearing loans and borrowings.

The Group's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

At the statement of financial position date, if interest rates had been 10% (2015: 10%) lower/higher with all other variables held constant, the Group's profit before taxation would have been $47,000 (2015: $74,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) ***Foreign currency risk***

The Group has transactional currency exposures arising from its ordinary course of business that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. The foreign currency in which these transactions are denominated is mainly the United States Dollar ("USD"). As at 31 December 2016, trade payables denominated in USD is $927,000 (2015: $1,052,000) (Note 24).

The Group also holds cash at bank denominated in foreign currencies for working capital purposes. Such foreign currency balances for the Group are detailed in Note 23.

The Group may enter into forward currency contracts to eliminate the currency exposures on purchases in foreign currencies. These forward currency contracts will be in the same currency as the hedged item.

Sensitivity analysis for foreign currency risk

The following table demonstrates the (decrease)/increase in the Group's profit before taxation to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant:

	Group	
	2016	**2015**
	$'000	$'000
USD - strengthened 5% (2015: 5%)	(26)	22
USD - weakened 5% (2015: 5%)	26	(22)

35. 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 to the objectives, policies or processes during the years ended 31 December 2016 and 2015. There is no external capital requirement imposed by a regulator or a prudential supervisor.

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

	Group	
	2016	**2015**
	$'000	$'000
Trade and other payables (Note 24)	50,071	88,762
Other liabilities (Note 25)	2,142	2,661
Loans and borrowings (Note 26)	17,911	24,728
Less: Cash and bank balances (including fixed deposits) (Note 23)	(63,387)	(29,210)
Net debt	6,737	86,941
Equity attributable to the equity holders of the parent	130,824	132,808
Total capital	130,824	132,808
Capital and net debt	137,561	219,749
Gearing ratio	5%	40%

36. FAIR VALUES 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 or liquidation sale.

The Group have carried other investments at cost, less impairment loss (Note 15).

The Group do not have financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

Financial instruments whose carrying amounts approximate fair value

Non-current trade receivables (Note 17), trade payables (Note 24) and deferred income (Note 25)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values estimated by discounting expected future cash flows, at the market rate of interest.

There were no significant differences between the fair values and the carrying amounts of the non-current trade receivables, trade payables and deferred income of the Group as at 31 December 2016 and 2015.

Current trade and other receivables and payables (Notes 17, 22 and 24), deferred income, other liabilities (Note 25), cash and bank balances (including fixed deposits) and pledged deposits (Note 23) and amounts due from/(to) subsidiaries (Note 19)

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

Loans to a joint venture (Note 18), loans and borrowings (Note 26)

The carrying amount of these financial instruments are reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements at the statement of financial position date. These are based on significant unobservable inputs (level 2).

There were no significant differences between the fair values and the carrying amounts of the loans to a joint venture and loans and borrowings of the Group as at 31 December 2016 and 2015.

Derivatives

Foreign currency contracts are valued using a valuation technique with market observable input (Level 2 inputs) including the credit quality of counter parties and foreign exchange spot and forward rates.

37. SEGMENT INFORMATION

Business information

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

Specialised engineering

This segment is in the business of post-tensioning, installation of stay cable systems for structural engineering applications, piling and foundation systems, heavy lifting, bridge design and construction, maintenance, strengthening, retrofitting and prefabricated pre-finished volumetric construction systems.

General construction

This segment is in the business of design and build, general building construction, civil and structural engineering construction, and conservation and restoration of buildings.

Property development

This segment is in the business of property development, focusing on developing residential properties, as well as mixed commercial and residential developments.

Green technology

This segment is in the business of system integration and distribution of renewable energy, and supply, installation and leasing of solar panels and grid connected systems.

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

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

Segment revenue and expenses, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Inter-segment transfers of revenue and expenses include transfers between business segments and are eliminated on consolidation. Transfer prices between business segments are set on an arm’s length basis in a manner similar to transactions with third parties.

37. SEGMENT INFORMATION *(cont'd)*

(a) ***Analysis by business segment***

	Specialised engineering	General construction	Property development	Green technology	Total
	$'000	$'000	$'000	$'000	$'000
2016					
Revenue					
External revenue	132,771	142,862	-	1,101	**276,734**
Inter-segment revenue	9	22,436	-	3,656	**26,101**
Total revenue	132,780	165,298	-	4,757	**302,835**
Results:					
Interest income	1,051	92	139	-	**1,282**
Interest expense	66	15	-	-	**81**
Depreciation of property, plant and equipment	2,724	1,195	-	12	**3,931**
Share of results of associates	89	-	9,320	(1)	**9,408**
Share of results of joint ventures	-	772	290	-	**1,062**
Other non-cash items:					
Allowance for inventories obsolescence	306	412	-	-	**718**
Impairment loss on property, plant & equipment	368	-	-	-	**368**
Amortisation of deferred income	-	-	-	(93)	**(93)**
Interest income arising from the discount implicit in non-current trade receivables	(68)	-	-	-	**(68)**
Fair value gain on derivative	(19)	-	-	-	**(19)**
Disposal of an associate	-	-	-	15	**15**
Write-back of allowance for doubtful receivables, net	(209)	-	-	-	**(209)**
Segment profit/(loss) before taxation	6,213	(8,916)	9,477	(63)	**6,711**
Income tax expense/(credit)	1,557	(299)	(133)	-	**1,125**
Assets					
Investments in associates	677	-	9,485	-	**10,162**
Additions to property, plant and equipment	1,561	-	-	3,390	**4,951**
Segment assets	68,510	80,269	64,422	12,871	**226,072**
Segment liabilities	32,087	59,660	4,914	3,706	**100,367**

37. SEGMENT INFORMATION *(cont'd)*

(a) ***Analysis by business segment*** *(cont'd)*

	Specialised engineering	General construction	Property development	Green technology	Total
	$'000	$'000	$'000	$'000	$'000
2015					
Revenue					
External revenue	151,335	215,458	58,569	118	**425,480**
Inter-segment revenue	299	38,959	-	7,854	**47,112**
Total revenue	151,634	254,417	58,569	7,972	**472,592**
Results:					
Interest income	157	36	441	-	**634**
Interest expense	163	53	67	-	**283**
Depreciation of property, plant and equipment	2,777	1,023	4	18	**3,822**
Share of results of associates	21	-	44	(1)	**64**
Share of results of joint ventures	-	315	(984)	-	**(669)**
Other non-cash items:					
Allowance for inventories obsolescence	73	-	-	-	**73**
Interest expense arising from the discount implicit in non-current trade receivables	48	-	-	-	**48**
Fair value gain on derivative	-	(57)	-	-	**(57)**
Write-back of allowance for doubtful receivables, net	(705)	-	-	-	**(705)**
Write-off of trade payables	-	87	-	-	**87**
Liquidation of an associate	-	-	576	-	**576**
Segment profit/(loss) before taxation	5,212	(4,431)	7,390	(127)	**8,044**
Income tax expense/(credit)	1,449	(170)	1,202	-	**2,481**
Assets					
Investments in associates	588	-	484	43	**1,115**
Additions to property, plant and equipment	2,349	-	-	8,320	**10,669**
Segment assets	69,897	108,253	83,514	2,616	**264,280**
Segment liabilities	35,502	98,309	1,180	1,010	**136,001**

37. SEGMENT INFORMATION *(cont'd)*

(a) ***Analysis by business segment*** *(cont'd)*

Reconciliations of reported segment revenue, profit before taxation, assets, liabilities and other material items

	2016	2015
	$'000	$'000
Revenue		
Total revenues for reportable segments	302,835	472,592
Management fee from an associate	28	28
Elimination of intersegment revenue	(26,101)	(47,112)
	276,762	425,508
Profit before taxation		
Total profit before taxation for reportable segments	6,711	8,044
Management fee from an associate	28	28
Unallocated amounts:		
Other corporate income	3,028	2,708
Other corporate expenses	(6,497)	(5,503)
	3,270	5,277
Assets		
Total assets for reportable segments	226,072	264,280
Other unallocated amounts	20,563	21,687
	246,635	285,967
Liabilities		
Total liabilities for reportable segments	100,367	136,001
Other unallocated amounts	11,613	14,622
	111,980	150,623

NOTES
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37. SEGMENT INFORMATION *(cont'd)*

(a) ***Analysis by business segment*** *(cont'd)*

Other material items	2016 Reportable segment totals	2016 Adjustments	2016 Entity totals	2015 Reportable segment totals	2015 Adjustments	2015 Entity totals
	$'000	$'000	$'000	$'000	$'000	$'000
Interest income	1,282	3	**1,285**	634	-	**634**
Interest expense	81	367	**448**	283	226	**509**
Allowance for inventories obsolescence	718	-	**718**	73	-	**73**
Impairment of property, plant & equipment	368	-	**368**	-	-	**-**
Interest (credit)/expense arising from the discount implicit in non-current trade receivables	(68)	-	**(68)**	48	-	**48**
Fair value gain on derivative	(19)	-	**(19)**	(57)	-	**(57)**
Depreciation of property, plant and equipment	3,931	1,730	**5,661**	3,822	1,513	**5,335**
Write-back of allowance for doubtful receivables, net	(209)	-	**(209)**	(705)	-	**(705)**
Additions to property, plant and equipment	4,951	-	**4,951**	10,669	14,420	**25,089**
Income tax expense	1,125	226	**1,351**	2,481	185	**2,666**

(b) ***Analysis by geographical segment***

	Revenue 2016	Revenue 2015	Non-current assets 2016	Non-current assets 2015
	$'000	$'000	$'000	$'000
Countries				
Singapore	216,311	319,317	94,904	83,258
Malaysia	60,451	106,191	6,746	7,125
Others	-	-	350	281
	276,762	425,508	102,000	90,664

Information about a major customer

Revenue from one major customer amounted to $82,988,000 (2015: $97,032,000) arising from general construction and specialised engineering works.

38. EVENTS OCCURRING AFTER STATEMENT OF FINANCIAL POSITION DATE

Incorporation of a subsidiary

On 3 January 2017, BBR Development Pte. Ltd., a 100% owned subsidiary incorporated a wholly owned subsidiary company in Singapore, Alika Properties Pte. Ltd. ("Alika"). The principal activity of Alika is that of property development. It has an initial issued and paid-up share capital of S$2.00 comprising 2 ordinary shares.

Reduction of share capital in a subsidiary

On 22 March 2017, pursuant to Article 48 of the Constitution of BBR Kovan Pte. Ltd. ("Kovan"), a 100% owned subsidiary of the Company, and Section 78B of the Companies Act (Chapter 50), the issued and paid-up share capital of Kovan was reduced from $1,000,000 to $10,000 by the cancellation of existing ordinary share capital of 990,000 ordinary shares.

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 24 March 2017.

CORPORATE GOVERNANCE

The Directors and management of BBR Holdings (S) Ltd are committed to maintaining a high standard of corporate governance to protect the interests of shareholders as well as strengthen investors' confidence. BBR confirms that it has adhered to the principles and guidelines of the Code of Corporate Governance 2012 ("CCG") for financial year ended 31 December 2016. Deviations from the CCG, if any, have been explained appropriately in this report.

Board of Directors (Principles 1 and 2)

The Board of Directors comprises six (6) directors and an alternate director, namely:

Executive	:	**Mr. Tan Kheng Hwee Andrew**
Non-Executive	:	**Mr. Bruno Sergio Valsangiacomo** **Mr. Marcel Poser** **Mr. Romano William Fanconi (alternate to Mr. Marcel Poser)**
Independent	:	**Prof. Yong Kwet Yew** **Ms. Luk Ka Lai Carrie** **Mr. Soh Gim Teik**

Apart from its statutory responsibilities, the Board supervises the management and corporate affairs of the Company which includes a review of the Group's financial performance, adequacy of human resources as well as the strategic direction of the Group. The Board is also tasked with establishing a framework of prudent and effective controls so as to safeguard shareholders' interests and the Company's assets, identify key stakeholder groups and set the values and standards so as to ensure that obligations to these stakeholders and shareholders are met. Sustainability issues are also being deliberated by the Board and reported under "Sustainability Report" on pages 26 to 32.

All the directors have objectively discharged their duties and responsibilities in every circumstance as fiduciaries in the interests of the Company. Notwithstanding that the Board has delegated the authority to make certain decisions to the Audit Committee, Remuneration Committee, Nominating Committee, BBR Share Plan Committee, Investment Committee and Risk Management Committee, it has not abdicated its ultimate responsibilities. The terms of reference for the respective committees are disclosed in the following paragraphs.

Board and other committee meetings have been held regularly and as required by particular circumstances in each financial year. The Company's Constitution has provided for meetings of Directors and committees to be conducted by means of telephone and video-conference and other methods of simultaneous communication by electronic, telegraphic or other similar means by which our foreign non-executive directors who reside overseas could participate in the meetings.

The number of meetings held in 2016 and the attendance of each Board member at these meetings were as follows:

	Board	AC	RC	NC
Number of meetings held	**6**	**4**	**1**	**1**
Name of Director				
Tan Kheng Hwee Andrew	6	N.A.	N.A.	N.A.
Bruno Sergio Valsangiacomo	4	N.A.	1	N.A.
Marcel Poser/Romano William Fanconi	6	N.A.	N.A.	N.A.
Prof. Yong Kwet Yew	6	4	1	1
Luk Ka Lai Carrie	6	4	1	1
Soh Gim Teik	4	4	N.A.	1

The approval of the Board is required for certain material transactions, which include among other things, major investment proposals or divestitures, policy or strategic matters affecting the Group, reorganization or substantial transactions which have a material impact on the Group, periodic announcements of financial results and annual reports.

Board Composition and Guidance

The Board currently comprises six (6) members, three (3) of whom are independent. The Board has evaluated its size, composition and independence and is satisfied that it is appropriate for effective decision-making, given the scope and nature of operations of the Company. It will continue to review the size and composition of the Board for effectiveness.

The Board comprises members who, as a group, provide core competencies necessary to meet the demands facing the Company and the industry. Our directors possess a wealth of experience ranging from accounting and finance, engineering, industry knowledge, management and strategic planning.

During Board and board committee meetings, our non-executive directors have participated constructively in the mapping of strategic plans and reviewed critically the performance of the Chief Executive Officer ("CEO") and management in meeting goals and objectives. They have informal meetings without the presence of the CEO and management to discuss the performance of the Group.

The Company has not appointed a lead independent director because the Chairman and the CEO are separate persons and not family members. The Chairman is also an Independent Director ("ID") and not part of the management team.

Training and Development Programmes

Every new Director will receive appropriate orientation training and in-depth briefings by senior management on the Group's structure, business units, operations and policies when he/she is first appointed to the Board. This is to ensure that each incoming Director is familiar with the Company's business and governance practice.

During the year, the Directors were kept informed of and updated on the following:

- developments in accounting standards and code of corporate governance;
- Group strategies and industry trends and developments in the construction and property development businesses; and
- relevant new laws, regulations and changing commercial risks.

The updates and briefings were facilitated via attendance at conferences and seminars conducted by The Singapore Exchange Securities Trading Limited ("SGX-ST"), other external trainers, circulation of memoranda by Ernst & Young LLP, company secretary and the Company, including briefings at Board and committee meetings.

Although the Company does not specifically set aside a training budget for directors, Directors are encouraged to attend training courses and conferences conducted by professional organisations or institutions to keep abreast of changes to laws, regulations and financial reporting standards, at the Company's expense.

Access to Information and Accountability (Principles 6 and 10)

The Board has separate and independent access to the management team for information and to the company secretary. The role of the company secretary is defined and includes responsibility for ensuring that board procedures are followed and that relevant statutes, applicable rules and regulations are complied with. The company secretary attends all board and board committee meetings as well as general meetings. The Board decides on the appointment and removal of the company secretary.

The Board has a procedure for Directors, either individually or as a group, in the furtherance of their duties and responsibilities, to take independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE

The Board is accountable to stakeholders and endeavours to ensure that full material information, namely price-sensitive and financial information, is disclosed timely in compliance with statutory requirements and SGX-ST Listing Rules. Quarterly financial results and annual reports are announced and issued within legally prescribed periods. In announcing the financial results, the Board aims to provide a balanced and clear assessment with detailed explanations and analysis of the Group's performance, financial position and industry outlook.

The management makes available to the Board quarterly management accounts, including explanations for variances between projection and actual results, annual budget reports, and yearly review of business segments and prospects. Other material information, such as board papers, SGXNET announcements and press releases, are furnished on a regular and timely basis to enable the Board to discharge its duties and responsibilities.

Chairman and Chief Executive Officer (Principle 3)

Prof. Yong Kwet Yew is the Chairman of the Board since 28 April 2008.

The Chairman's role includes the following:

(a) scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;

(b) preparing agendas for meetings in consultation with the CEO;

(c) exercise control over quality, quantity and timeliness of the flow of information between management and the Board;

(d) assist in ensuring compliance with Company's guidelines on corporate governance;

(e) facilitating the effective contribution of the IDs; and

(f) ensuring effective communication with shareholders.

Mr. Tan Kheng Hwee Andrew is the Executive Director and CEO of the Company, and together with the management team, is responsible for the daily operations and administration of the Group.

Audit Committee (Principle 12)

The Audit Committee ("AC") comprises three (3) IDs, namely:

Ms. Luk Ka Lai Carrie - Chairperson
Prof. Yong Kwet Yew
Mr. Soh Gim Teik

Ms. Luk Ka Lai Carrie, the AC Chairperson and Mr. Soh Gim Teik are well qualified to discharge their duties, with their combined practical and relevant accounting and financial management expertise and experience.

None of the AC members were ever previous partners or directors of the Company's external auditor, Ernst & Young LLP, nor do they have any financial interest in the accounting entity.

Four (4) AC meetings were held during the financial year 2016.

The duties and responsibilities of the AC include those described in the Companies Act, Chapter 50 and the CCG.

The AC has explicit authority to investigate any matter within its charter, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The CEO and the Chief Financial Officer ("CFO") were invited to attend meetings of the AC to report and brief the Committee on the financial and operational performance of the Group and answer queries raised by the Committee.

The AC has reviewed and is satisfied that the external auditors have not provided any non-audit services to the Group during the financial year 2016 that will prejudice their independence and objectivity.

The AC has reviewed the quarterly and full-year financial statements of the Group in conjunction with the report issued by external auditors before announcements on SGXNET. The following significant matters were highlighted by external auditors as key audit matters (KAMs) for the financial year ended 31 December 2016, which were discussed with management and reviewed by the AC.

Significant matters	How the AC reviewed these matters and what decisions were made
Revenue recognition on construction contracts	The AC reviewed the approach and methodology applied to the revenue recognition on construction contracts. The AC considered the approach and methodology adopted by the Group to be appropriate for its nature of business and they are in line with prevailing accounting standards and business practices, and with reference to professional surveys of work performed and certification by third parties where applicable. Revenue recognition on construction contract was an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016.
Provision for foreseeable losses	The AC considered the approach and methodology applied to the provision for foreseeable losses. The AC also reviewed the key assumptions used in assessing the provision for foreseeable losses. Based on the facts presented by the management, the AC considered the assumptions used are reasonable. Provision for foreseeable losses was also an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016.

Details on KAMs can be found on pages 38 to 39 of the Independent Auditor's Report.

The AC has nominated the external auditors, Ernst & Young LLP, for re-appointment as auditors of the Company at the forthcoming Twenty-Third Annual General Meeting ("AGM"). The nomination of Ernst & Young LLP is in compliance with Rules 712 and Rule 715 of the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited ("MLR of SGX-ST").

The Company's internal audit function is out-sourced to One e-Risk Services Pte Ltd. Their appointment, removal, evaluation and compensation are approved by the AC. The Company has given the internal auditors full access to its documents, records, premises and personnel in the course of their work.

The AC meets the external auditors without the presence of the management annually. The external auditors have attended AC meetings held during the financial year to present their audit reports, where applicable.

The Company has in place a whistle-blowing framework which serves to encourage and provide a channel whereby employees may, in good faith and in confidence, raise concerns about possible improprieties in financial reporting and other concerns, to ensure independent investigation of such matters and appropriate follow-up action. There have been no reported incidents pertaining to whistle-blowing for the financial year 2016.

Risk Management and Internal Controls (Principle 11)

In 2013, the Board established a Risk Management Committee ("RMC") which reports to the AC to oversee all aspects of risk governance. The RMC has developed BBR's enterprise risk register, which involved identifying and evaluating key business risks, likely consequences should the event occur and mitigating controls in place to manage these risks. More importantly, the RMC's role is to constantly monitor identified risks and pre-empt new risks in a dynamic operating environment.

The members of the RMC comprises directors of key operating units of the Group.

The Risk Management Report is on pages 122 to 126.

The Board and the AC are satisfied that there are adequate and effective material internal controls in place for the Group to address financial, operational, compliance and information technology risks after considering the following:

- The Board, through the AC, is responsible for oversight of the risk management responsibilities, internal controls and governance processes delegated to management;

- Internal auditors ("IA") plans its internal audit schedules independently in consultation with the management on an annual basis and submits the IA Plan to the AC for approval. The AC also meets with the IA at least once a year without the presence of the management to gather feedback on management's level of cooperation and other matters that warrant the AC's attention. All IA reports are submitted to the AC for deliberation with copies of these reports extended to the relevant senior management for prompt corrective actions as recommended. Furthermore, IA's summary of findings, recommendations and updates on management actions taken are discussed at the quarterly AC meetings together with the external auditors;

- The AC reviews the audit plans of the external auditors of the Company and ensures the adequacy of controls for the accounting system. The AC held discussions with the management and the auditors on the observations of the auditors in the management letter. The AC was generally satisfied with the management's responses during the discussions and suggested improvements, where appropriate;

- The AC reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company together with the external auditors and management before their submission to the Board of Directors;

- The AC evaluates the effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the IA and observations of the external auditors;

- The AC reviews interested person transactions in accordance with the requirements of the MLR of SGX-ST;

- The AC and the Board are satisfied that policies and procedures for key business processes had been established. These include ISO procedures, financial policies, standard operating procedures, conflict of interest policy and a whistle blowing mechanism;

- For financial year 2016, the CEO and CFO have given their assurance on the integrity of the financial statements of the Group and the Company and that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and an effective risk management and internal control systems has been put in place; and

- All directors and executive officers have submitted undertakings that they have complied with Rule 720(1) of the MLR of SGX-ST.

The system of internal controls maintained by the management is adequate and effective to meet the needs of the current business environment. However, the Board notes that the review of the Group's systems of internal control is a continuing process and there is always room for improvement having regard that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, natural disasters, losses, fraud or other irregularities. The system of internal controls adopted by the Group is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives.

Internal Audit (Principle 13)

The Company has established an internal audit function that is independent of the activities it audits. The internal audit function is presently outsourced and conducted by One e-Risk Services Pte Ltd, a professional risk advisory company. The IA meet the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The IA reports to the AC. Annual reviews are conducted on the adequacy and effectiveness of the Company's risk management and internal control systems, which may include financial, operational, compliance and information technology controls.

The AC has reviewed the adequacy of the Company's internal audit functions and is satisfied that it is adequately resourced and has appropriate standing within the Company.

The AC will continue to review the adequacy of the internal audit function annually.

Nomination Committee (Principles 4 and 5)

The Nomination Committee ("NC") comprises three (3) IDs, namely:

Prof. Yong Kwet Yew - Chairman
Ms. Luk Ka Lai Carrie
Mr. Soh Gim Teik

None of the members nor the Chairman is directly associated with the substantial shareholders or 10% shareholders of the Company.

NC's terms of reference

1. To consider, at the request of the Board or the Chairman, all appointments to the Board and upon appointment of a new director, provide a formal appointment letter to the director, setting out the duties and obligations as a director;

2. To provide advice and recommendations to the Board and the Chairman on renomination of directors to the Board having regard to the director's contribution and performance, for example, attendance, preparedness, participation and candour including, if applicable, as an independent director; and

3. To determine annually whether or not a director is independent, bearing in mind the circumstances set forth in guideline 2.3 of the CCG and any other salient factors.

One (1) NC meeting was held in financial year 2016 to review, among other matters, the board's performance, independence of directors, performance of retiring directors and recommend the re-election of retiring directors.

Selection, appointment and re-appointment of directors

In the search for new directors, the NC will identify the key attributes that an incoming director should have, based on the requirements of the Group, its nature of business, attributes of the existing Board members and Board diversity. After the Board has endorsed the key attributes, the search for potential candidates begin by first tapping on existing directors' personal contacts and recommendations of business associates, followed by a shortlisting process by the NC. The NC interviews the shortlisted candidates, before making recommendations for further interview or approval by the Board. Should a controlling shareholder nominates a candidate as a non-executive and non-independent director, the NC will perform an independent assessment as to whether he/she has the appropriate attributes to be a director of a listed company prior to approval by the Board.

For re-appointment of directors as and when their tenure of appointment is due, the NC evaluates several criteria including, qualifications and independence of the director, and his/her contribution and performance to the effectiveness of the Board.

Board Performance

An annual board evaluation process has been implemented by the NC for assessing the effectiveness of the Board as a whole and the contribution and performance by an individual director to the effectiveness of the Board. The assessment parameters which had been approved by the Board include the Board's composition, individual director's competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, contributions to the Board and long-term strategies of the Company. Changes, if any, to the assessment parameters is justified by the Board.

Based on the evaluation for 2016, the NC is satisfied that the Directors have shown commitment and devoted sufficient time in discharging their responsibilities adequately towards the Group, notwithstanding that some of the Board members have multiple board representations. Since multiple board representations do not hinder them from carrying out their duties as Directors of the Company, the Board has not set a maximum limit on the number of listed companies' board representations for its Directors.

No external consultant has been engaged to facilitate the annual board evaluation process.

The NC strives to ensure that Directors on the Board possess the experience and knowledge that are critical to the Group's business, and that each Director brings to the Board an independent and objective perspective to enable balances and well-considered decisions to be made. However, where individual director's evaluation is unfavourable, the Chairman shall, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of the subject director.

The Board and NC have reviewed the independence of Prof. Yong Kwet Yew, Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik and are satisfied that there are no relationships identified by guideline 2.3 of the CCG in the current and past financial years which would deem any of them not to be independent.

Although Prof. Yong Kwet Yew and Ms. Luk Ka Lai Carrie have served as IDs of the Company for more than nine (9) years, the NC, after having reviewed their performance for the year, have found them to be independent in character and judgement in their conduct of Board affairs. Due to their familiarity with the businesses of BBR, they have contributed invaluable advice to the Group.

The Company has adopted the recommendations set out in the CCG with respect to the re-nomination and re-election of Directors; all Directors of the Company are subject to re-nomination and re-election at regular intervals and at least once every three (3) years.

Name	Date of First Appointment	Date of Last Re-election
Mr. Tan Kheng Hwee Andrew	01/04/1994	25/04/2016
Mr. Bruno Sergio Valsangiacomo	11/02/1997	25/04/2016
Prof. Yong Kwet Yew	19/08/1997	25/04/2014
Ms. Luk Ka Lai Carrie	24/09/1997	24/04/2015
Mr. Soh Gim Teik	08/08/2008	24/04/2015
Mr. Marcel Poser	24/04/2015	25/04/2016
Mr. Romano William Fanconi [1]	24/04/2015	–

[1] alternate director to Mr. Marcel Poser

All retiring directors are subject to an assessment by their peers and NC on factors such as level of participation and effectiveness at meetings, depth of industry experience and business knowledge. Based on the assessment collated, the NC would recommend re-election of the retiring directors at each annual general meeting.

In accordance with the Constitution of the Company, the following Directors are due to retire at the AGM:

Prof. Yong Kwet Yew (pursuant to Article 117)
Ms. Luk Ka Lai Carrie (pursuant to Article 117)

The NC has recommended Prof. Yong Kwet Yew and Ms. Luk Ka Lai Carrie (with both Prof. Yong Kwet Yew and Ms Luk Ka Lai Carrie abstaining from the evaluation and voting of their own nominations) for re-election as Directors of the Company at the AGM. In making its recommendations, the NC evaluates their contributions and performance at the Board, participation and any special contributions.

If re-elected at the AGM, Prof. Yong Kwet Yew, being an Independent Non-executive Director, will remain as the Chairman of the Board, Chairman of the NC, Chairman of the Remuneration Committee, Chairman of the BBR Share Plan Committee and a member of the AC. Prof. Yong Kwet Yew has served as an Independent Director of the Company for more than nine (9) years. However, the NC (saved for Prof. Yong Kwet Yew) has assessed and is satisfied that he is independent in character and judgement; his long services as an ID is an invaluable asset to the Company due to his familiarity with the industry and the Group's businesses.

If re-elected at the AGM, Ms. Luk Ka Lai Carrie, being an Independent Non-executive Director, will remain as the Chairperson of the AC, a member of the Remuneration Committee, NC and Investment Committee. Ms. Luk Ka Lai Carrie has served as an ID of the Company for more than nine (9) years. However, the NC (saved for Ms. Luk Ka Lai Carrie) has assessed and is satisfied that she has continually exercised independent judgement for the benefits of the Company and all shareholders; and is always aware of her responsibilities towards the minority shareholders and acts in their interests. The NC is satisfied and confident that she will continue to exercise and maintain her independence as a Board member if re-elected.

Alternate Director

Mr. Marcel Poser has appointed Mr. Romano William Fanconi as his alternate director on 24 April 2015 to facilitate full board attendance and representation by the controlling shareholder, BBR Holding AG, Switzerland at each board meeting. Mr. Marcel Poser is a foreign Non-Executive Director ("NED") and his alternate shall attend board meetings should he be unable to do so. Mr. Romano William Fanconi was appointed after the NC and the Board had reviewed and concluded that he would similarly have qualified as a NED. He bears all the duties and responsibilities of a director.

Other information on the Board of Directors

Over the last 3 years, our Directors held directorships and chairmanships in other listed companies as follows:

Name	FY2016	FY2015	FY2014
Prof. Yong Kwet Yew	1	1	1
Mr. Tan Kheng Hwee Andrew	–	–	–
Mr. Bruno Sergio Valsangiacomo	–	1	1
Ms. Luk Ka Lai Carrie	1	1	1
Mr. Soh Gim Teik	1	3	3
Mr. Marcel Poser	–	–	–
Mr. Romano William Fanconi (1)	–	–	–

(1) alternate director to Mr. Marcel Poser

Remuneration Committee (Principles 7, 8 and 9)

The Remuneration Committee ("RC") comprises three (3) NEDs, with the chairman being an independent NED. They are:

Prof. Yong Kwet Yew - Chairman
Mr. Bruno Sergio Valsangiacomo
Ms. Luk Ka Lai Carrie

The duties and responsibilities of the RC, as delegated by the Board, include those described in the CCG and such other subsequent recommendations from the Council on Corporate Disclosure and Governance from time to time, including but not limited to:

1. review and recommend to the board a framework of remuneration and the specific remuneration packages for each director and the CEO (or executive of equivalent rank if the CEO is not a director). Remuneration includes, but is not limited to director's fees, salaries, allowances, bonus, options, share-based incentives and benefits in kind; and
2. review and recommend the remuneration of senior management of the Company.

The RC also reviews the termination clause of the service contracts of the CEO and senior management to ensure that it is fair and reasonable and not overly generous. The RC approves salary adjustments and bonuses of the CEO and senior management at each year-end. Recommendations from the RC are submitted to the entire Board for endorsement.

The RC deems unnecessary to seek expert advice on remuneration to Directors. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry.

The Board has reviewed the composition of the RC which comprises entirely NEDs who are independent of management and free from any business relationship which may materially interfere with the exercise of their independent judgement.

Although Mr. Bruno Sergio Valsangiacomo, a member of the RC, is deemed to be a substantial shareholder of the Company, the Board is of the view that the risk for any potential conflict is minimal.

During the financial year, a meeting of the RC was held. The RC reviewed the remuneration of senior executives as well as the Service Agreement of the CEO, Mr. Tan Kheng Hwee Andrew.

Level and mix of remuneration

The remuneration structure of the CEO and key executives comprises fixed and variable compensation components. The fixed compensation consists of basic salary and fixed allowances, and variable compensation, in the form of bonus and performance shares. The variable compensation is approved by the RC upon the achievement of corporate and individual performance conditions. The Group has established a long-term incentive scheme via the BBR Share Plan, to retain employees whose contributions are important to the well-being and prosperity of the Group and give due recognition to these outstanding employees. Performance shares granted are vested, subject to the satisfaction of specific performance conditions of the Group and individual service condition on vesting dates over a period of time.

No personnel is entitled to termination, retirement and post-employment benefits. The Company has not structured any contractual provisions in employee appointment letters to reclaim incentive components of remuneration in exceptional circumstances of mis-statements of financial results or misconduct resulting in financial loss to the Company. If such events were to occur, it shall avail itself to existing legal remedies to recover excessive incentives paid.

On 15 February 2017, Mr. Tan Kheng Hwee Andrew renewed his Service Agreement with the Company on similar terms and conditions, and is valid for five (5) years. His Service Agreement is renewable on re-negotiated terms every five (5) years.

The IDs and NEDs are paid directors' fees only, the value of which have taken into consideration the Director's scope and extent of responsibilities and benchmarked against market expectations. Accordingly, the RC views that directors' fees of NEDs are not over-compensated. The yearly fees are recommended by the RC, endorsed by the Board and will be subject to approval by members of the Company at each annual general meeting. Travelling and accommodation expenses of overseas NEDs to board and general meetings in Singapore are reimbursed by the Company.

Directors' Remuneration

The remuneration bands and components in percentage terms of the Directors' Remuneration based on amounts received in financial year 2016 are as follows:

Name of Director	Basic salary	Variable performance bonus	Benefits-in-kind and others	Director's fee	Total
	%	%	%	%	**%**
Above $750,000 and below $1,000,000					
Mr. Tan Kheng Hwee Andrew	72	19	6	3	**100**
Below $250,000					
Mr. Bruno Sergio Valsangiacomo	–	–	–	100	**100**
Prof. Yong Kwet Yew	–	–	–	100	**100**
Ms. Luk Ka Lai Carrie	–	–	–	100	**100**
Mr. Soh Gim Teik	–	–	–	100	**100**
Mr. Marcel Poser/Mr. Romano William Fanconi [(1)]	–	–	–	100	**100**

[(1)] alternate director to Mr. Marcel Poser

The Company is of the view that due to competitive reasons, the total remuneration of each director is not disclosed.

The Directors' fees for financial year 2015 amounted to $280,000.00 were paid in financial year 2016 after approved by the members at the annual general meeting held on 25 April 2016.

Key Executives

The Company does not have any employee who is an immediate family member or a relative of a Director or the CEO or substantial shareholder in the financial year 2016. Key executives' compensation consists of salary, bonus and performance share awards that are dependent on the performance of the Group and individual performance.

The remuneration bands and components in percentage terms of the top 5 key executives are as follows:

	Number of key executives	**Basic salary**	**Variable performance bonus**	**Benefits-in-kind and others**	**Total**
		%	%	%	**%**
$250,000 to below $500,000	3	89	6	5	**100**
Below $250,000	2	83	11	6	**100**
Total	**5**				

The Company is of the view that due to competitive reasons and internal sensitivities, the remuneration bands of key executives are not disclosed on a named basis. The annual aggregate remuneration paid to the top 5 key executives (excluding the CEO) for the financial year 2016 is approximately $1,293,000.

The BBR Share Plan

The Company has a share plan known as "The BBR Share Plan" (the "Plan") which was approved by members at the Extraordinary General Meeting held on 28 April 2010. Employees (including executive directors) of the Company and its subsidiaries and NEDs of the Company are eligible to participate in the Plan. Controlling shareholders and their associates (as defined in the Plan) are not eligible to participate in the Plan.

The BBR Share Plan Committee comprises three (3) Directors who have been appointed to administer the Plan.

Prof. Yong Kwet Yew – Chairman
Mr. Bruno Sergio Valsangiacomo
Mr. Tan Kheng Hwee Andrew

Directors in the committee who are eligible to participate in the Plan abstain from discussions relating to their own performance and award of performance shares, respectively.

Information relating to the Plan are disclosed in the Directors' Statement on pages 36 to 37.

Shareholder Rights (Principle 14)

Our Directors and management are mindful of the obligation to provide shareholders with information on all major developments and other material information that affects the Group on a timely basis. The Company does not practice selective disclosure of material information.

Information is communicated to shareholders on a timely basis through:

- SGXNET announcements and press releases;
- Quarterly results and annual reports are broadcast via SGXNET within the prescribed period; and
- the Company's website at http://www.bbr.com.sg

Shareholders can access both general information such as business activities, project history, as well as investor-related information on the Group via the Company's website.

Shareholders are notified of general meetings within the prescribed period before the scheduled date of such meetings via notices in annual reports or circulars, announcements on SGXNET and advertisements in the Business Times. Members are entitled to attend all general meetings so as to participate effectively and vote. They are informed of the rules, including voting procedures that govern general meetings of members at the commencement of each meeting.

Nominee companies and custodial banks holding BBR shares are entitled to appoint more than two (2) proxies to attend and vote at general meetings.

Communication with Shareholders (Principle 15)

The Directors and management of the Company continue to place a strong emphasis on its investor relations efforts to engage and strengthen relationships with shareholders. It believes that regular, timely, effective and fair communication with shareholders is part of good corporate governance practices.

The Investor Relations team communicates with financial analysts to update them on the latest corporate development and at the same time address their queries, if any. The CEO and CFO may hold analysts' briefings on the Company's financial results and business updates after they have been announced on SGXNET. Interviews with the appropriate media are also organised from time to time.

Although the Company does not have a fixed dividend policy in place, it has been paying dividends to shareholders annually since 2009, after setting aside sufficient funds for investments, capital expenditure, equity contribution for property development projects, working capital and other requirements as the Board may deem fit for the best interests of the Company and the Group.

Conduct of Shareholder Meetings (Principle 16)

The general meetings, annual general meetings and extraordinary general meetings are principal forums for dialogue with shareholders and venues for shareholders to express their views on various matters affecting the Company and to stay informed of the Group's strategy and goals. Shareholders and members are encouraged to participate in the meetings by raising relevant questions or to seek clarification on the motions to be debated and decided upon. According to the Company's Constitution, a shareholder who is entitled to attend and vote at general meetings may either vote in person or appoint not more than two (2) proxies to attend and vote on his behalf. Where shares are held via a nominee or custodial services for securities, more than two (2) proxies may be appointed to attend and vote at the general meetings.

The chairpersons of the respective committees, if possible, are present and available to address questions at general meetings. The external auditors are invited to general meetings, in particular, the annual general meetings, to assist the Directors in addressing any relevant queries by the members.

There are separate resolutions at general meetings on each substantially separate issue, with provision of explanatory notes in the notice of meeting. All resolutions tabled at general meetings are voted by poll in the presence of Scrutineers from One e-Risk Services Pte Ltd. Results of the polling is made known to members before the meeting is concluded and announced on the SGXNET immediately after the meeting.

Dealings in the Company's Shares (Rule 1207(18) of the MLR of SGX-ST)

The Company has adopted policies in line with the requirements of the MLR of SGX-ST on dealings in the Company's securities. All officers and employees of the Group are not allowed to deal in the Company's shares while in possession of unpublished material price-sensitive information and on short-term considerations, and during the period commencing two (2) weeks before the announcement of the Company's quarterly financial statements and one (1) month before the announcement of the Company's full year financial statements.

Risk Management Policies and Processes (Rule 1207(4)(d) of the MLR of SGX-ST)

The Group's overall risk management policy aims to minimise potential adverse effects on the financial performance of the Group. The Group has adopted risk management policies and processes that seek to mitigate these risks in a cost-effective manner.

Information on risk management, policies and processes are disclosed in the financial statements as well as Risks Management Report on pages 122 to 126.

Material Contracts (Rule 1207(8) of the MLR of SGX-ST)

There were no material contracts entered into by the Company and its subsidiaries in financial year 2016 which involved the interests of the CEO, any director or controlling shareholders of the Company, except as disclosed in the financial statements.

Interested Person Transactions (Rule 907 of the MLR of SGX-ST)

The aggregate value of interested persons transactions carried out during the financial year by the Group was as follows:

	Aggregate value of all interested persons transactions conducted during the year	
Name of interested person	2016 $'000	2015 $'000
Licence Fee paid to BBR VT International Ltd (A related corporation of BBR Holding AG, Switzerland, a controlling shareholder of the Company)	304	297

The above interested persons transactions were carried out on arm's-length basis.

RISK MANAGEMENT REPORT

The Board of Directors is responsible for overseeing the risk governance framework of BBR so as to ensure that management maintains a sound system of risk management to safeguard shareholders' interest and the company's key assets. To this end, it has established a Risk Management Committee in 2013 to oversee risk governance.

BBR's Enterprise Risk Management (ERM) framework is an integral part of its business decision-making process and by identifying potential risks which may affect its business, and putting in place measures to mitigate the likelihood of these risks occurring, the ERM framework provides better assurance that its business objectives, as well as BBR's long term and short term objectives can be achieved.

BBR's ERM framework is a platform with consistent risk management procedures and methodologies applied across the whole organization. Risks are also managed to be within the Group's risk profile as determined by the Board of Directors. The ERM framework delineates risk preventive measures, risk detective measures and risk corrective action for risks identified by the Group in the context of its operational and business environment. Preventive measures reduce or eliminate the likelihood of a risk event occurring. Detective measures identify risk events that have occurred or are impending. Corrective actions reduce or eliminate the consequences of a risk event that has occurred. More priority is put into identifying and preventing risk events from occurring than in corrective action for events that occur; as prevention is far more cost efficient than correction.

BBR's ERM framework improves the Group's operational efficiency, enhances its business strategizing and creates value for shareholders in the following ways:

1. By identifying and managing risks via a suite of mitigating controls, else the occurrence leads to severe consequences, the ERM framework avoids surprises which materially impact the Group's business performance;

2. By assigning clear risk roles and responsibilities to staff for better accountability, and by having clear risk reporting channels, the Group is able to ensure better corporate governance and transparency. In addition, staff are encouraged to pro-actively escalate knowledge of risks as they occur as opposed to waiting for annual updates of BBR's risk register; and

3. By having an organisation-wide platform for managing risks, ERM empowers personnel to take ownership of relevant risks identified in their departments and at construction sites, and ensure that the appropriate controls are rigidly implemented to mitigate the occurrence and impact of these risks, thus ultimately facilitating the achievement of corporate objectives.

Enterprise Risk Management Process

The ERM process begins with BBR's individual business units defining the operating environment, followed by identification of associated risks and establishing likely consequences should the event occurs. The process also involves identifying existing mitigating controls and their design effectiveness. BBR's operating environment is defined in the context of the Group's strategic objectives i.e. its Vision, Mission, key business objectives, and what it considers as key assets which need to be protected. The risks identified are grouped into the following four categories:

- Strategic Risk
- Operational Risk
- Financial Risk
- Compliance Risk

Next, an Enterprise Risk Assessment methodology is used to rate the risks. This involves risks analysis to determine the level of risk exposure to enable the prioritisation of risk and calibrate the amount of management focus and effort required. Each risk is evaluated to determine the likelihood of occurrence and severity of each consequence for that risk after factoring the effectiveness of existing mitigating controls. All the components of the ERM framework are quantitative i.e. objective, measurable and able to be documented and rated for effectiveness. They are also amenable to mathematical manipulation and transformations.

Example: Overall Risk Rating = Consequence of the Event x Likelihood of Occurrence

The constant monitoring of identified risks and pre-empting new risks in a dynamic operating environment is crucial to the Group's risk management framework. BBR conducts a formal review of the ERM framework on a regular basis.

The following sections outline key risks within the Group's ERM framework that may impact the financial status and operational effectiveness of BBR's businesses.

STRATEGIC RISKS

Competition risk

Singapore is a key market for BBR's businesses. The availability of public sector as well as private sector construction projects constantly attracts new players resulting in keener competition and lower margins. The Group monitors the competitive landscape by conducting periodic market scans and also measures the effectiveness of marketing initiatives target to increase brand awareness and grow its customer base.

For BBR's property development business, a crucial factor is the availability of sites that are suitable for development, design and construction. The business development team's role is to identify potential sites and conduct due diligence on its suitability before it is proposed to the management for investment consideration. The availability of capital for funding the acquisition of suitable plots of land is a strategic business risk which must be addressed prior to investment commitment.

Political and regulatory risks

All projects are assigned a risk quotient for political and regulatory risk. The exposure to changing government policies and regulations within the local and global market environment entails a continual review of business plans. Preventive measures include performing due diligence prior to investments and identifying established local and global partners that are able to identify and mitigate any potential regulatory shifts. Preventive measures include maintaining close working relationships with business partners and authorities to keep abreast of developments, policy and regulatory changes in the construction and property development industries.

Changes to government policies

The Group operates amid a backdrop of government legislation, regulations and policies governing, among other things, employment of foreign workers, licensing of builders, approval and execution of plans and building works, workplace safety and health in Singapore and Malaysia. Of late, the Singapore government has legislated the adoption of more productive construction methods, such as, Prefabricated Prefinished Volumetric Construction (PPVC) for certain public sector projects and selected government land sales sites.

To keep abreast of changing policies, the business development team holds regular dialogues with the regulatory authorities and participates in industry workgroups to lobby and give feedback on potential regulatory changes. In order to uphold our first-mover advantage in PPVC, besides constantly upgrading BBR's steel modular system with the latest know-how, project execution methodology has to be proficient.

Sales of our development properties have been affected by the series of measures to cool the Singapore residential property market. To this end, we have reviewed our pricing policy and worked with reputable advertising firms to produce more creative marketing collaterals so as to foster greater interests in our developments.

OPERATIONAL RISKS

Contractual risks and management

The Group has established a Tender Committee to evaluate the risks associated with contractual issues and tender compliances. The objective of the evaluation is to minimise contractual risks of the Group. Prior to the submission of tenders, additional clarification is sought from clients/consultants and queries received by the management are discussed and appropriate replies to the clients/consultants are prepared accordingly.

RISK
MANAGEMENT REPORT

All agreed contractual matters are incorporated in the contracts for completeness and accuracy after discussions. However, in the event that clarifications sought by the management is not complete by the deadline stipulated for the tender, the management will enclose a qualification to that particular effect in the tender submission and these are further discussed at the tender interview with the clients/ consultants.

Technical risks and management

The Group's technical risks exposure is minimal as it has highly qualified technical personnel and it also engages external technical consultants to look into all aspects of technical matters. Projects that involve higher risks and which can be quantified will be factored into during the tender stage. Clarification will be sought from the clients/ consultants for matters that are not clear and proper records and documentation, where applicable, are prepared.

Partnership alliances to undertake projects jointly

The Group may enter into joint ventures to further its business plans. Disagreements regarding the conduct of business or operations, inconsistent economic or business goals, dispute as to the scope of responsibilities and obligations and differing financial capacities among partners may adversely affect the performance of the joint ventures. Further, amid deteriorating economic and/or financial conditions, joint venture partners may be unable to fulfil their respective contractual obligations, such as capital calls, as well as experience a decline in their creditworthiness.

The Group has addressed these risks by providing for executive committees ("Exco") to be set up in joint ventures and appointing its own personnel to participate actively in the progress of the project via the Exco. Key policy matters are defined and agreed upfront in contractual documents, stipulating detriments of defaulting parties for specific events. Prior to forming an alliance, there will be due diligence performed on the potential partners.

Performance, cost overruns and liquidated damages for project delays

Ease of project execution is affected by factors such as, fluctuations in costs of materials, equipment and labour, proficiency of project staff and workers, accidents at work-sites, environmental impacts, delays in approval from the relevant authorities, stop-work orders by authorities, cost overruns and unfavourable weather conditions. Projects may also be slapped with liquidated damages if delays due to factors attributable to the Group occur, leading to non-completion within the construction period.

Initiatives by the Group to mitigate the above risks include periodic project milestone monitoring and regular budget review and update meetings involving project execution teams and management. Construction budgets may also include buffers in anticipation of cost overruns. To better equip personnel with skillsets to perform their functional roles, raise competencies and productivity levels during project executions, staff undergo relevant professional as well as technical training courses.

BBR's centralised procurement facilitates the consolidation of purchases across projects to achieve economies of scale. The purchasing department is also tasked with pre-qualifying vendors for different work heads, followed by annual evaluation of each vendor's performance. Vendors who do not measure up are dropped from the pre-approved list. To ease the effect of cost fluctuations, contract terms may include a price fluctuation clause for key construction materials, such as rebar and concrete.

ISO 9001 accreditations govern project and quality management across the Group. Delay events are formally notified in writing on a timely basis to clients to minimise liquidated damages, while extension of time applications are judiciously pursued with proper documentation of delay events, site minutes of meeting, photographs and project correspondences.

Performance by subcontractors

The Group engages third-party contractors to provide various services for every project, to the extent that the end product is substantially dependent on the performance of these subcontractors. These subcontractors may default or fall back on scheduled progress or quality standards may be below par. If their services are discontinued, alternative subcontractors are appointed and more often than not, at higher costs and longer completion duration, for which such additional costs cannot be recovered from the defaulting contractor.

BBR minimises this risk by assessing all subcontractors' quality of work after each project and maintains a list of pre-approved subcontractors for each work head. Subcontractors are awarded not purely on price, but assessed on quality of services and the company's financial strength. Other insurances include retention sums and submission of performance bonds to BBR.

Shipment and transportation of PPVC modules

Deploying the PPVC system enables BBR to achieve labour productivity and operational efficiency via off-site prefabrication of steel units, complete with internal finishes, fixtures and fittings at holding yards, which are then transported to construction sites for installation and assembly to form modular apartments. There could be delays by the logistics firm due to insufficient base cargo to justify shipments, or adverse weather conditions at sea. During transportation of the finished heavy and bulky modules to the project site, accidents may happen en route, causing not only delays and damages to the modules, but to third parties too.

BBR mitigates this risk by only engaging experienced logistics vendors with good track record, as well as ensuring contract terms contain provisions for fair compensation to BBR in the event of shipment delays and damages to goods. Adequate insurance coverage is fundamental to hedge against all forms of damages consequent to accidents.

Labour shortage

The Group is highly dependent on foreign workers to carry out construction activities at its projects and is therefore vulnerable to the dearth of workers and increasing levy costs of employment. Labour policies by the Singapore and Malaysia governments have restricted the supply of foreign workers, leading to higher costs of employing workers via less competitive sources of supply and having to manage diminished accountability from these outsourced labourers.

BBR has responded to the government's push for productivity by investing in PPVC, Building Information Modeling (BIM) software and application, and other automation, thereby reducing our reliance on labour.

FINANCIAL RISKS

Foreign Exchange risks

The Group is subject to foreign exchange risks as a result of transactions denominated in currencies other than the respective functional currencies of its companies. In particular, the business of PPVC entails engaging overseas fabricators to supply modules and ocean freight forwarders to provide shipping services. The transactions may be denominated in currencies other than the Singapore dollar, giving rise to foreign exchange differences as a result of movements in exchange rates for mainly the United States Dollars against the Singapore Dollar. The Group closely monitors for fluctuations and has entered into forward currency contracts to partially hedge its USD purchases.

In addition to transactional exposure, the Group is exposed to currency translation risk, mainly in Malaysian ringgit from net investments in its foreign subsidiary, BBR Construction Systems (M) Sdn Bhd.

Capital management

BBR recognises the importance of prudent capital management to support the Group's overall business operations and strategic investments. To remain competitive, BBR must have adequate financing on terms acceptable to the Group to continually invest in capital equipment, facilities and technological improvements for its businesses, aside from sufficient working capital facilities to finance the completion of its projects. A common condition for project awards is the procurement of a performance bond by an acceptable financial institution to guarantee the Group's contractual performance in the project.

Prudent capital management is particularly pertinent for PPVC because there is a longer time gap between the payment for cost of supplies and collection from our client. Unlike general construction and specialised engineering projects where claims are progressively paid by the client for work performed, payments for PPVC is due only when the completed module is installed at the site.

Financial institutions grant facilities to companies based on its financial performance and other factors that are beyond its control, such as general economic and political conditions. Hence, the importance of open communications with BBR's relationship managers at major banks so as to maintain available lines of credit facilities. By aligning the Group's capital management strategy with its short and mid-term goals, investment and expansion plans need not be curtailed in the event financing is unsuccessful or withdrawn. Also, the Group negotiates with banks to establish loan covenants, where required, with ample headroom and monitors the outcome on a quarterly basis.

Tariff for Production of Solar Energy

For the Group's green technology segment, it is involved in projects to supply, install and lease solar panels and grid connected systems to customers on a long-term basis. Power purchase agreements ("PPAs") are entered into for up to 25 years where the selling price of solar energy is pegged to the prevailing Singapore electricity tariff set by the Energy Market Authority ("EMA") and there may be no floor price set. As a key component in determining the cost of electricity is fuel cost, the income stream derived from the PPAs over the lease period would be affected by movements in oil prices, as a result of EMA adjusting the electricity tariff.

SGX launched the electricity futures market on 1 April 2015, which is a platform for the electricity industry to partially hedge its risks by allowing the trading of standardised contracts of electricity products up to 2 years into the future at specified prices. Industry players are able to derive more certainty on cashflows by hedging against any low spot prices or cover unplanned or maintenance outages of its panel installations, thereby protecting its revenues. However, BBR has not hedged income receivable from its solar leasing contracts because current revenue derived is relatively low and the cost of hedging does not merit the benefits.

COMPLIANCE RISKS

Workplace Safety and Health

Accidents at work sites may disrupt operations as a result of partial or full stop-work orders, fines, claims from injured parties for damages, and any claims which may not be covered by the Group's insurance policies. If an offence is committed under the Workplace Safety and Health Act, BBR and/or its officers may be liable to fines or imprisonment, as well as demerit points imposed by the Ministry of Manpower ("MOM") on the company. If the company continues to breach workplace safety and health rules, applications for new and renewal of work passes for foreign employees will be rejected by MOM.

BBR has placed great emphasis on workplace safety and health by establishing safety programmes, standard operating procedures and protocols for staff. These safety measures have been extended to subcontractors who are obliged to conform to these practices or face fines for breaches. Apart from appointment of qualified Safety Officers who performs regular site safety inspections, safe practices are reinforced by conducting mandatory safety induction sessions for site staff to familiarise themselves with safety policies, thus taking ownership for personal safety.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

Number of ordinary shares in issue	:	308,210,418
Number of ordinary shares in issue with voting rights	:	307,999,418
Voting Rights	:	1 vote for each ordinary share held

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	40	0.47	1,389	0.00
100 – 1,000	2,135	25.34	1,335,720	0.44
1,001 – 10,000	4,130	49.02	19,998,194	6.49
10,001 – 1,000,000	2,098	24.90	100,139,491	32.51
1,000,001 AND ABOVE	23	0.27	186,524,624	60.56
TOTAL	**8,426**	**100.00**	**307,999,418**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BBR HOLDING AG	85,632,978	27.80
2	CHIU HONG KEONG OR KHOO YOK KEE	20,289,100	6.59
3	TAN KHENG HWEE ANDREW	17,250,474	5.60
4	DBS NOMINEES (PRIVATE) LIMITED	9,271,000	3.01
5	ONG KIAN KOK	6,744,200	2.19
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,615,200	2.15
7	RAFFLES NOMINEES (PTE) LIMITED	6,225,200	2.02
8	HONG LEONG FINANCE NOMINEES PTE LTD	5,907,000	1.92
9	OCBC SECURITIES PRIVATE LIMITED	3,637,000	1.18
10	PHILLIP SECURITIES PTE LTD	2,814,500	0.91
11	DUNCAN PRODUCTS PTE LTD	2,700,073	0.88
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,521,000	0.82
13	ABN AMRO CLEARING BANK N.V.	2,258,200	0.73
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,009,000	0.65
15	JONATHAN CHADWICK	2,000,000	0.65
16	TIONG WOON CRANE & TRANSPORT (PTE) LTD	1,696,788	0.55
17	TYT BUILDERS PTE LTD	1,560,182	0.51
18	TAN BAN PIN	1,522,700	0.49
19	RYOBI-KISO (S) PTE LTD	1,481,200	0.48
20	CITIBANK NOMINEES SINGAPORE PTE LTD	1,264,600	0.41
	TOTAL	**183,400,395**	**59.54**

PUBLIC SHAREHOLDING

As at 15 March 2017, based on the registers of shareholders and to the best knowledge of the Company, approximately 66.20% of the Company's shares were held in the hands of the public. The Company has complied with the Mainboard Rule 723 of the Listing Manual of the Singapore Securities Trading Limited.

TREASURY SHARES

As at 15 March 2017, 211,000 ordinary shares are held as treasury shares, representing 0.07% of the total number of issued shares excluding treasury shares

SUBSTANTIAL SHAREHOLDERS

AS AT 15 MARCH 2017

	NUMBER OF SHARES HELD		
Name	Direct Interest	Deemed Interest	Total Interest
BBR Holding AG, Switzerland	85,632,978	-	85,632,978
Tectus S.A [(1)]	-	85,632,978	85,632,978
Claudia Valsangiacomo-Brandestini [(2)]	-	85,632,978	85,632,978
Bruno Sergio Valsangiacomo [(3)]	-	85,632,978	85,632,978
Vesna Eckert- Brandestini [(2)]	-	85,632,978	85,632,978
Nick Brandestini [(2)]	-	85,632,978	85,632,978
Chiu Hong Keong or Khoo Yok Kee	20,289,100	-	20,289,100
Tan Kheng Hwee Andrew [(4)]	17,250,474	228,400	17,478,874

Notes:

(1) Tectus S.A. is deemed to have interests in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of its holding in aggregate not less than 20% of the voting shares of BBR Holding Ltd, Switzerland.

(2) Mrs Claudia Valsangiacomo-Brandestini, Ms Vesna Eckert-Brandestini and Mr Nick Brandestini are each deemed to have an interest in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of each of them holding not less than 20% of the voting shares of Tectus S.A..

(3) Mr Bruno Sergio Valsangiacomo is deemed to have an interest in the Company's shares held by BBR Holding Ltd, Switzerland by virtue of him together with his wife, Mrs Claudia Valsangiacomo-Brandestini, holding in aggregate not less than 20% of the voting shares of Tectus S.A..

(4) Mr Tan Kheng Hwee Andrew is deemed to have an interest in the Company's shares held by his wife, Ms Koh Peck Poh, Phyllis.

NOTICE
OF ANNUAL GENERAL MEETING

BBR HOLDINGS (S) LTD
(Incorporated in the Republic of Singapore)
Company Registration No. 199304349M

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of BBR HOLDINGS (S) LTD (the "**Company**") will be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 21 April 2017 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the audited Financial Statements of the Company for the year ended 31 December 2016 together with the Auditors' Report thereto. **(Resolution 1)**

2. To declare a first and final (tax exempt one-tier) dividend of 0.4 cents for each ordinary share for the financial year ended 31 December 2016. (2015: 0.4 cents). **(Resolution 2)**

3. To declare a special (tax-exempt one-tier) dividend of 0.2 cents for each ordinary share for the financial year ended 31 December 2016. (2015: Nil). **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 117 of the Company's Constitution:-

   4.1 Prof Yong Kwet Yew
   (Note: Prof. Yong Kwet Yew is an Independent Non-Executive Director, Chairman of the Board/Nomination Committee/Remuneration Committee/BBR Share Plan Committee and a member of the Audit Committee. He will upon re-election as a Director of the Company, remain as the Chairman of the Board/Nomination Committee/Remuneration Committee/BBR Share Plan Committee and a member of the Audit Committee.) **(Resolution 4)**

   4.2 Ms Luk Kai Lai Carrie (Mrs Carrie Cheong)
   (Note: Ms. Luk Ka Lai Carrie is an Independent Non-Executive Director, Chairperson of the Audit Committee, and a member of the Nomination Committee/Remuneration Committee/Investment Committee. She will upon re-election as a Director of the Company, remain as the Chairperson of the Audit Committee and a member of the Nomination Committee/Remuneration Committee/Investment Committee.) **(Resolution 5)**

   More information about the retiring Directors can be found on pages 16, 17 and 116 of the Annual Report.

5. To approve payment of $280,000.00 as Directors' fees for the year ended 31 December 2016. (2015: $280,000.00). **(Resolution 6)**

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix the auditors' remuneration. **(Resolution 7)**

7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

NOTICE
OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

General Share Issue Mandate

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors to:

(a) (i) allot and issue shares in the share capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, at any time 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 while such authority was in force (notwithstanding that the authority conferred by the members may have ceased to be in force);

Provided that

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):

(A) does not exceed 50% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and

(B) the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the number of issued Shares excluding treasury shares in the share capital of the Company at the time of the passing of this Resolution, after adjusting for:-

(A) new Shares arising from the conversion or exercise of convertible securities; or

(B) new Shares arising from the exercise of share option or the vesting of share awards outstanding or subsisting at the time this Resolution is passed; and

(C) any subsequent bonus issue, consolidation or subdivision of Shares, where applicable.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of passing of this Resolution and expiring on the earliest of:

(A) the date on which the next annual general meeting of the Company is held; or

(B) the date by which the next annual general meeting of the Company is required by law to be held." **(Resolution 8)**

(See Explanatory Note (1))

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Authority to Allot and Issue Shares under The BBR Share Plan

"THAT the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of The BBR Share Plan ("**Plan**") and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the vesting of awards under the Plan provided that the aggregate number of new Shares issued and to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares of the Company excluding treasury shares from time to time." **(Resolution 9)**

(See Explanatory Note (2))

10. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

Proposed Renewal of the Share Purchase Mandate

"THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such prices or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate in paragraph (a) of this Resolution may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or

(iii) the date on which purchases or acquisitions of Shares are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares of the Company (excluding any Shares which are held as treasury shares) as at the date of the passing of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined),

Where:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." **(Resolution 10)**

All capitalised terms used in this Notice which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Appendix to the Notice of Annual General Meeting (the "**Appendix**") (including supplements and modifications thereto). Shareholders should refer to the Appendix for information relating to the proposed renewal of the Share Purchase Mandate.

(See Explanatory Note (3))

BY ORDER OF THE BOARD

Chiang Chai Foong
Company Secretary

Singapore, 5 April 2017

Explanatory Notes to the Notice of Annual General Meeting

(1) Ordinary Resolution 8 in item 8, if passed, will empower the Directors to issue shares and convertible securities in the Company up to a number not exceeding 50% of the total number of issued shares of the Company excluding treasury shares, of which up to 20% may be issued other than on a pro rata basis to the existing shareholders. For the purpose of determining the aggregate number of shares and convertible securities that may be issued, the percentage of issued shares is based on the Company's issued share capital excluding treasury shares at the date of passing of the Resolution after adjusting for new issuance of shares, any subsequent consolidation or subdivision of shares, where applicable.

(2) Ordinary Resolution 9 in item 9, if passed, will empower the Directors of the Company to grant awards in accordance with the provisions of The BBR Share Plan and to allot and issue shares thereunder provided that the aggregate number of new Shares issued and to be issued pursuant to the Plan shall not exceed 10% of the total number of issued Shares of the Company excluding treasury shares from time to time.

(3) Ordinary Resolution 10 in item 10, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) issued and fully paid ordinary shares in the capital of the Company (the "**Shares**") on the terms of the mandate (the "**Share Purchase Mandate**") set out in the Appendix. The authority conferred by this Resolution will continue in force until 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 or the date on which purchases or acquisitions of Shares are carried out to the full extent mandated, whichever is the earlier, unless previously revoked or varied at a general meeting.

The Company intends to use the Group's internal resources, or external loans and borrowings or a combination of both to finance its purchases or acquisitions of Shares pursuant to the Share Purchase Mandate. The amount of funding required for the Company to purchase or acquire the Shares under the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

For illustrative purposes only, the financial effects of purchases or acquisitions of Shares under the Share Purchase Mandate on the audited financial statements of the Company and the Group for the financial year ended 31 December 2016, based on certain stated assumptions, are set out in section 2.7 of the Appendix.

NOTICE
OF ANNUAL GENERAL MEETING

Notes:

1.1 A member of the Company who is not a Relevant Intermediary entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the proportion of shareholdings represented by each proxy is specified in the proxy form.

1.2 A member who is a relevant intermediary entitled to attend, speak and vote at the meeting is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" has the meaning ascribed to it in Section 18 of the Companies Act.

2. A proxy need not be a member of the Company. If the member is a corporation, the instrument appointing the proxy must be signed by the authorised persons of the corporation.

3. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **50 Changi South Street 1, BBR Building, Singapore 486126** at least forty-eight (48) hours before the time appointed for the holding of the meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

As announced on SGXNET on 22 February 2017 and subject to members' approval at the Twenty-Third Annual General Meeting of the Company; the Transfer Book and the Register of Members of the Company will be closed from 4 May 2017 to 5 May 2017, both dates inclusive for the purpose of determining members' entitlements to the first and final (tax exempt one-tier) dividend of 0.4 cents per share and the special (tax-exempt one-tier) dividend of 0.2 cents per share (the "**Proposed Dividends**").

Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate and Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 pm on 3 May 2017 will be registered to determine members' entitlements to the Proposed Dividends.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 pm on 3 May 2017 will be entitled to the Proposed Dividends.

The Proposed Dividends, if approved at the Twenty-Third Annual General Meeting, will be paid on 23 May 2017.

BBR HOLDINGS (S) LTD

Registration No.: 199304349M
(Incorporated in Singapore)

PROXY FORM

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Important:

1. Relevant intermediaries as defined in Section 181 of the Companies Act may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. CPF/SRS investors who have used their CPF monies to buy the shares of BBR Holdings (S) Ltd, should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy or proxies, a member accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 5 April 2017.

*I/We ____

of ____

being a *member/members of BBR Holdings (S) Ltd (the "Company"), hereby appoint

Name	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No	Proportion of Shareholdings	
		No. of Shares	%
Address			

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Twenty-Third Annual General Meeting ("**AGM**") of the Company to be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Friday, 21 April 2017 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated below. If no specific direction as to voting is given or in the event of any matter arising at the AGM, *my/our *proxy/proxies will vote or abstain from voting at *his/her own discretion.

		By way of a poll	
No	**Resolution relating to**	**No. of Votes For #**	**No. of Votes Against #**
	Ordinary Business		
1.	Adoption of audited Financial Statements ended 31 December 2016, Directors' Statement and Auditor's Report		
2.	Approval of First and Final Dividend – 0.4 cents for each share		
3.	Approval of Special Dividend - 0.2 cents for each share		
4.	Re-election of Prof Yong Kwet Yew as a Director		
5.	Re-election of Ms Carrie Luk Kai Lai (Mrs Carrie Cheong) as a Director		
6.	Approval of Directors' Fees – S$280,000.00		
7.	Re-appointment of Auditors and authority to fix their remuneration		
	Special Business		
8.	General Share Issue Mandate		
9.	Authority to Allot and Issue shares under The BBR Share Plan		
10.	Renewal of the Share Purchase Mandate		

* *Delete where applicable*

\# *If you wish to use all your votes **"For"** or **"Against"**, please indicate with an **"X"** within the box provided. Otherwise, please indicate the number of votes.*

Dated this ____________ day of ____________ 2017

Total Number of Shares Held in		
(a)	CDP Register	
(b)	Register of Members	

____

Signature(s) of the Shareholder(s)/
Authorised persons of Corporate Shareholder

Notes:

1. A member of the Company who is not a relevant intermediary entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the meeting. Such proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the proportion of shareholding represented by each proxy is specified in the proxy form.

3. A member should insert the total number of shares held.

3.1 If the member has shares entered against his name in the Depository Register, he should insert that number of shares.

3.2 If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members.

4. A member who is a relevant intermediary entitled to attend, speak and vote at the meeting is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means

   (a) a banking corporation licensed under the Banking Act, Chapter 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 and who holds shares in that capacity; or

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AFFIX
STAMP

Company Secretary

BBR HOLDINGS (S) LTD

50 CHANGI SOUTH STREET 1

BBR BUILDING

SINGAPORE 486126

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   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. The instrument appointing a proxy or proxies must be signed by authorised persons if it is to be executed by a corporation.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporate member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

8. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Changi South Street 1, BBR Building, Singapore 486126 at least forty-eight (48) hours before the time appointed for the holding of the meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

10. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have shares entered against his name in the Depository Register forty-eight (48) hours before the time appointed for the holding of the meeting, as certified by The Central Depository (Pte) Limited to the Company.

BBR HOLDINGS (S) LTD

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