STRENGTHENING
CORE COMPETENCIES

ANNUAL REPORT 2017

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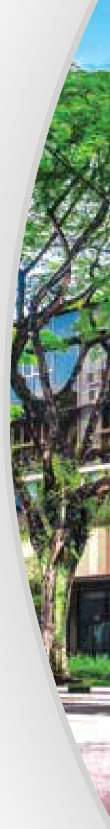


OUR MISSION

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.

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 its 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 the 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, BBR 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 more than 40 years of 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 was completed in 2010. Bliss@Kovan is the third freehold site which was developed into a five-storey condominium with 140 luxurious residential units was completed in November 2015.

To date, all the units in these three freehold developments were fully sold.

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 was 100% sold and Temporary Occupation Permit was obtained on 30 December 2016.

BBR is currently involved in the development of the Wisteria, 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 levels 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 100% of the 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.

To date, BBR has succesfully delivered 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 allowed 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

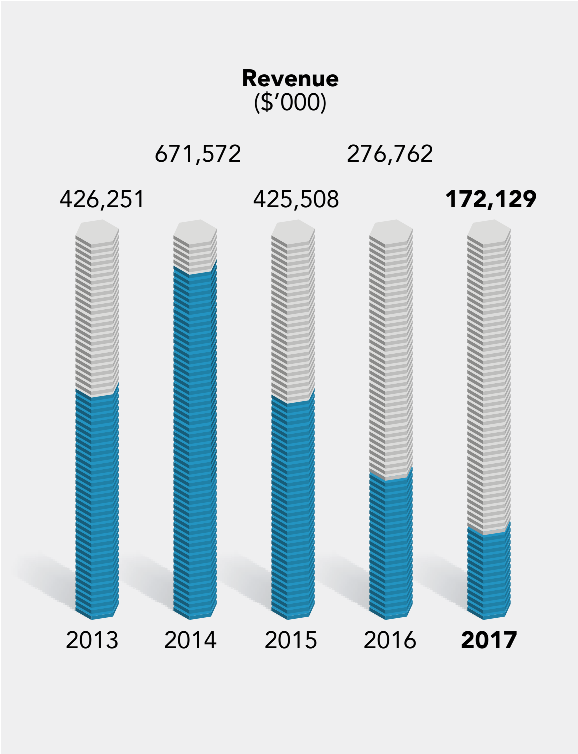
KEY FINANCIAL HIGHLIGHTS

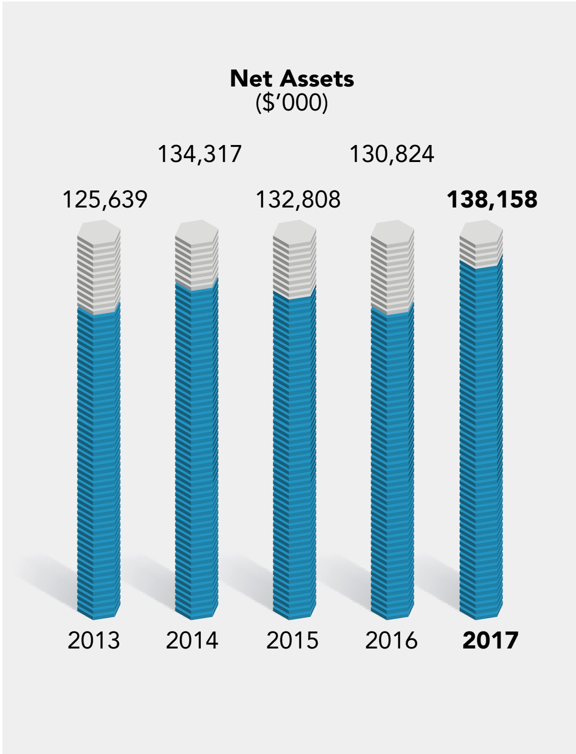
		FY2013	FY2014	FY2015	FY2016	**FY2017**
Revenue	($'000)	426,251	671,572	425,508	276,762	**172,129**
Gross Profit	($'000)	43,588	28,655	25,207	13,397	**26,410**
Profit Before Taxation	($'000)	22,956	14,805	5,277	3,270	**6,350**
Profit After Taxation (PAT)	($'000)	22,028	11,799	2,611	1,919	**6,829**
Profit Attributable to Equity Holders of the Company	($'000)	21,839	11,230	2,332	1,129	**7,088**
Earnings Per Share	(Cents)	7.13	3.66	0.76	0.37	**2.23**
Dividend Per Share	(Cents)	0.8	0.8	0.4	0.6	**0.6**
Dividend Payout	(%)	11.2	21.9	52.6	162	**26.9**
Net Assets (NAV)	($'000)	125,639	134,317	132,808	130,824	**138,158**
NAV Per Share	(Cents)	40.98	43.61	43.12	42.48	**42.85**
Net Debt To Equity[1]	(%)	28.0	N.A.	0.6	N.A.	**39.9**
Return On Equity[2]	(%)	17.3	8.6	1.9	1.4	**4.9**
Return On Total Assets[3]	(%)	7.1	3.7	0.9	0.8	**2.2**
Revenue by Business Segment						
General Construction	($'000)	273,055	458,326	215,458	164,823	**60,547**
Specialised Engineering	($'000)	111,971	134,626	151,335	110,810	**101,171**
Property Development	($'000)	41,197	78,592	58,569	–	**9,165**
Green Technology	($'000)	–	–	118	1,101	**1,218**
Revenue by Geographical Segment						
Singapore	($'000)	381,843	570,999	319,317	216,311	**126,585**
Malaysia	($'000)	44,408	100,573	106,191	60,451	**45,544**

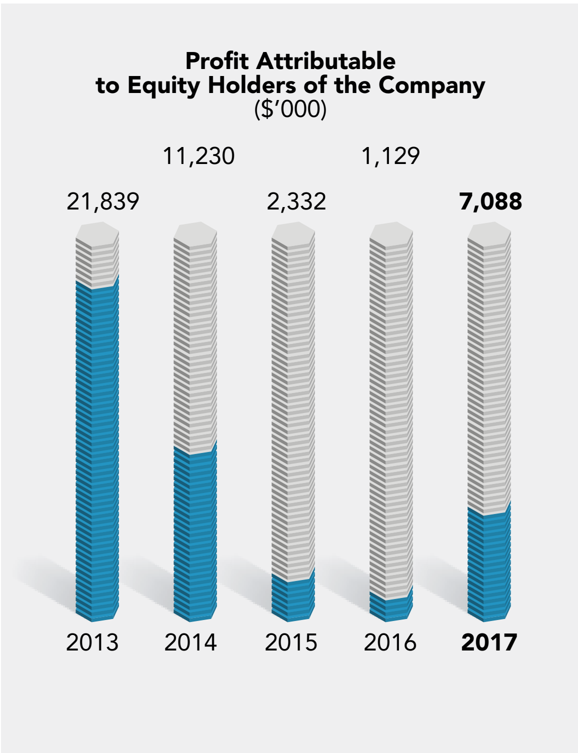
Notes:
1. Net Debt To Equity = Current and non-current bank borrowings and finance leases less cash and cash equivalents divided by total equity
2. Return On Equity = PAT divided by total equity
3. Return On Total Assets = PAT divided by total assets

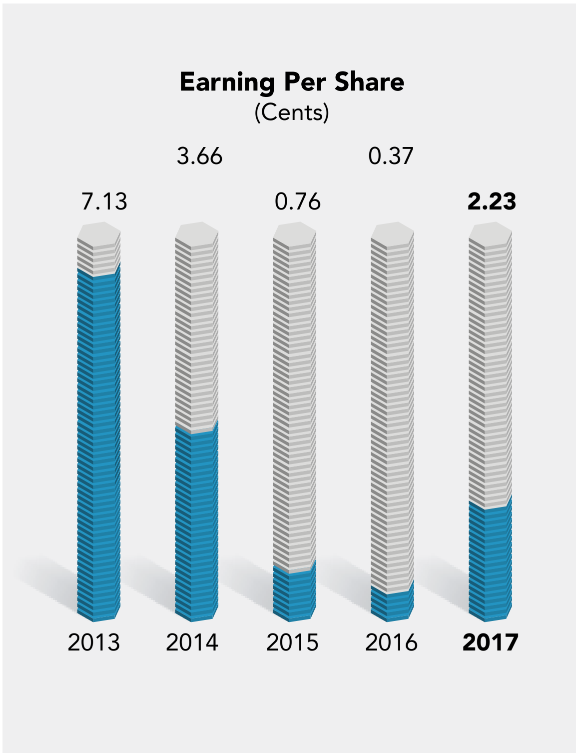
N.A. – not applicable

KEY FINANCIAL HIGHLIGHTS









PROF. YONG KWET YEW
Independent Director
Non-Executive Chairman

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

2017 has been a challenging year for the BBR Group with economic uncertainties and a competitive business environment. The tepid building and construction scene in the private sector is fortunately mitigated by the Building and Construction Authority's announcement of an increase in public sector construction demand for infrastructure and civil engineering works.

The enbloc fever has sparked off a competitive race for land banks by many large property developers. In September 2017, in spite of the odds, BBR Group has been successful in acquiring its latest property development project, Goh & Goh Building, next to Beauty World Station at Upper Bukit Timah.

Our growth strategy is driven by innovation and being future-ready for the economy of tomorrow. With more than 20 years of good track record and an established reputation, BBR is geared up for sustainable growth while remaining focused in strengthening our core competencies and investing in future technologies.

FINANCIAL REVIEW

The Group has recorded revenue of $172.1 million in the financial year ended 31 December 2017 ("FY2017"). Despite a lower revenue, gross profit increased by 97.1% to $26.4 million in FY2017 compared to $13.4 million in the financial year ended 2016 ("FY2016"). Net profit attributable to equity holders of the Company rose by 528% to $7.1 million in FY2017 compared to $1.1 million in FY2016.

Group revenue decreased 37.8% from $276.8 million in FY2016 to $172.1 million in FY2017 with the decline in revenue arising from both the General Construction Segment and Specialised Engineering Segment.

"Our growth strategy is driven by innovation and being future-ready for the economy of tomorrow. With more than 20 years of good track record and an established reputation, **BBR is geared up for sustainable growth while remaining focused in strengthening our core competencies** and investing in future technologies."

General Construction Segment registered lower sales due to lower construction activities in the current financial year as a number of projects were completed since the end of the last financial year, whilst lower demand for construction work and more competitive environments led to fewer projects being secured in FY2017. On the other hand, revenue from the Property Development Segment increased as revenue was recorded for the sale of all the remaining condominium units at Bliss@ Kovan.

Although overall revenue had dipped, the Group managed to improve on its gross profit margin from 4.8% to 15.3%. This was achieved with a better project mix of construction projects in FY2017 and better profit margin for a number of specialised engineering projects in Malaysia that were completed in the current financial year.

Following the acquisition of the remaining 20% shareholding in BBR Construction Systems (M) Sdn. Bhd. ("BBRM") during the year, BBRM is now a wholly owned subsidiary of the Group. Revenue contribution from Malaysia had increased to 26.5% of the Group's revenue in FY2017 compared to 21.8% in FY2016, and the division has also turned in decent margins for the Group.

Property Development has also reaped in good returns. The mixed development in Yishun, The Wisteria, which is currently under development under joint venture arrangement, has generated $2.5 million of profits for the Group as the joint venture progressively recognises income from the sale of the entire 216 units.

Lake Life Executive Condominium which was developed by the Group's associate, brought in profits of $6.2 million for the Group in FY2017 as profits were recognised profit from the sale of 247 condominium units according to financial accounting standards for executive condominium development.

Amid the challenging environment, BBR has delivered a set of commendable results with profit attributable to equity holders of the Company for FY2017 with profit attributable to equity holders of $7.1 million, representing a more than 500% increase from $1.1 million in FY2016. Correspondingly the earnings per share jump to 2.23 cents from 0.37 cents a year ago.

The Group's balance sheet remained strong with a net asset value of $138.2 million, up from $130.8 million as at 31 December 2016. This was equivalent to 42.85 cents per share compared to 42.48 cents per share at the end of last year.

CHAIRMAN'S MESSAGE

As at 31 December 2017, the Group has an order book of approximately $199 million in respect of construction projects, predominantly in Singapore and Malaysia.

INNOVATE TO GROW

As projected by the Building and Construction Authority, the construction demand to be awarded this year will be in the range of $26.0 billion to $31.0 billion, up from the $24.5 billion awarded in 2017. The projected higher demand is due to an anticipated increase in the public sector construction demand, which is expected to grow from $15.5 billion recorded in 2017. The private sector's construction sector demand is similarly expected to improve modestly from $9 billion to $10-12 billion, on the back of the strengthened overall economic outlook and the upturn in the property market sentiments[1].

With the Singapore Government push to improve construction productivity and quality, projects prescribing Design for Manufacturing and Assembly ("DfMA") technologies have become more prevalent in recent years. Game-changing technologies that adopt DfMA include Prefabricated Pre-finished Volumetric Construction ("PPVC"). The number of DfMA projects to be put up for tenders is expected to increase in 2019 as more of these projects are firmed up.

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, in 2016, the Building and Construction Authority 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 PPVC technology which can deliver up to 40% improvement in labour productivity and shortened construction timeframe.

The Group completed two PPVC projects for student hostels at Nanyang Technological University delivering a total of 1,930 modules. There are two ongoing PPVC projects currently, the first of which is to design and supply 756 PPVC modules for the residential units at The Wisteria, a private 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. The second project is a 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.

STRENGTHENING CORE COMPETENCIES

We have been continuously strengthening our core competencies in general construction, specialised engineering and green technology segments through ongoing investments in infrastructure like our PPVC holding yard in Sungei Kadut and adopting technology to enhance work processes and productivity, as well as upgrading the skillset of our employees.

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 needs.

Since January 2017, MOM requires all construction firms to have at least 10% of their work permit holders ("WPHs") to be qualified as "Higher Skilled" R1 workers. As of December 2016, 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. In 2017, we have exceeded the set target for the training for WPHs to be qualified as "Higher Skilled" R1 workers to 76% overall, an increase of 18%.

On 21 June 2017, Mr Voon Yok Lin joined the Board as an Executive Director together with Mr Voon Chet Chie acting as his alternate. Given his extensive experience in general construction, post-tensioning and cable-stay bridge construction, the Board will tap this experience and knowledge to source and secure business opportunities in these areas in the region. Hence, beyond Singapore and Malaysia, we are geared up for the regional expansion through our 49% owned subsidiary, Siam BBR Systems Co., Ltd ("SBBRS"), a newly incorporated company in Thailand. Through collaboration with our Thai business partners, SBBRS will focus on post-tensioning and bridge works in Thailand.

NEW CATALYST FOR PROPERTY DEVELOPMENT

The acquisition of Goh & Goh Building in September 2017 makes this our latest property development project.

CHAIRMAN'S MESSAGE

Since our first property development in 8 Nassim Hill, followed by Lush on Holland Hill, Bliss@Kovan, Lake Life Executive Condominium and The Wisteria & Wisteria Mall, our property segment has been delivering commendable results, and is a consistent revenue generator due to our prudent and well-conceived approach in targeting only prime locations and identifying the optimal project design according to the target buyers' profile.

Moving forward, the acquisition of Goh & Goh Building which is situated next to the Beauty World Station at Upper Bukit Timah Road will provide a new impetus for our property development business. We are progressing on track to re-develop the 2,868.3 sqm freehold property into a mixed commercial and residential development project. After the completion of the purchase of Goh & Goh Building, the Group is in discussions with the relevant authorities to optimise the potential of the development site.

The Wisteria & Wisteria Mall, a mixed development project under a joint venture arrangement, is expected to obtain its Temporary Occupancy Permit ("TOP") in mid-2018, and the joint venture will operate and manage The Wisteria Mall after its TOP. The Group is also looking into the business of property management and consultancy through a newly set up associate company, Trendsteq Pte Ltd.

BUSINESS OUTLOOK

On 14 February 2018, the Ministry of Trade and Industry announced that the Singapore economy grew by 3.6 per cent on a year-on-year basis in the fourth quarter of 2017, easing from the 5.5 per cent growth in the third quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2.1 per cent, a moderation from the 11.2 per cent growth in the preceding quarter. The construction sector contracted by 5.0 per cent year-on-year in the fourth quarter, following the 9.3 per cent contraction in the third quarter, primarily due to weakness in private sector construction works. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted by 0.2 per cent, after posting a decline of 2.4 per cent decline in the third quarter.

For the whole of 2017, the economy grew by 3.6 per cent. The construction sector contracted by 8.4 per cent in 2017, a reversal of the 1.9 per cent growth in 2016. Output in the sector was primarily weighed down by the weakness in private sector construction works, which contracted by 29.1 per cent on the back of a decline in private residential and private industrial works. The performance of the construction sector is likely to remain lacklustre in 2018 as the earlier weakness in construction demand, particularly from the private sector, continues to weigh on construction activities in the sector[2].

The industry outlook remains challenging in the next 12 months with rising business costs, labour shortages and stiffer regulatory controls. Although the construction demand is expected to improve due to the anticipated increase in public sector projects, the construction sector remains weak. The Group is faced with intense competition and more construction firms are bidding on projects with thin margins to sustain their business. This may in turn drive down the overall profit margins for the construction industry.

The Group will continue to focus on its core businesses 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.

The Group will continue to explore for business opportunities both locally and in the region to maintain and sustain its long term growth.

REWARDING SHAREHOLDERS

Over the years, BBR has consistently delivered good returns to our shareholders. In view of the improved Group's performance, the Board of Directors is pleased to recommend a first and final dividend of 0.4 cents per share and a special dividend of 0.2 cents per share for the year, subject to approval by shareholders at the forthcoming Annual General Meeting to be convened. This translates to a payout of approximately 27% of its profits while maintaining sufficient cash reserve to invest in strategic opportunities.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to our shareholders, customers, business associates, management and staff for the continuing and unwavering support through the years. With your firm backing, we are motivated to strive for greater achievements and growth.

BBR is well prepared for new opportunities and challenges and we will grow from strength to strength in building our market leadership in the construction industry to meet the urbanisation and infrastructure needs of Singapore and beyond.

Prof. Yong Kwet Yew
Independent Director
Non-Executive Chairman

[1] Building and Construction Authority media release "Public Sector Construction Demand is Expected to Strengthen this Year" published on 11 January 2018

[2] Ministry of Trade and Industry press release "MTI Expects GDP Growth in 2018 to Moderate but Remain Firm" published on 14 February 2018

TAN KHENG HWEE ANDREW
Executive Director and
Chief Executive Officer

CEO'S BUSINESS REVIEW

In 2017, the Singapore building and construction industry was at the crossroad of coping with the prevailing oversupply of property developments and the exhilarating effects of the enbloc fever which brought the land re-development costs to new heights. The enbloc fever has sparked off a competitive race for landbanks for many large property developers and posed as rising price barriers for new land acquisition for boutique property developers like BBR.

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 FY2017, BBR has recorded $172.1 million in revenue, which reflects a 37.8% decrease compared to FY2016. The contributions from General Construction and Specialised Engineering segments were 35.2% and 58.8%, respectively.

Steadily, in FY2017 Green Technology registered improvement in revenue by 10.6% to S$1.2 million as compared to FY 2016.

Despite the challenging business environment, we are committed to strengthening our core competencies while we invest upfront in building technology of the future. Productivity and cost optimisation will remain our priority to steer BBR ahead in Singapore and the region.

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 Prefabricated Prefinished Volumetric Construction ("PPVC").

> "The newly-acquired building competencies in PPVC will put **BBR in good stead for Strengthening core competencies builds our resilience** and tenacity to maintain our competitive edge in the ever-changing business environment."

The revenue from Specialised Engineering amounted to $101.2 million and rose to be the top revenue contributor at 58.8% of total revenue for FY2017.

PPVC

Since the Group's first application of PPVC technology in 2014, it had successfully completed two projects totalling 1,930 modules for student hostels at the Nanyang University of Singapore.

Currently in progress is a project for the design, fabrication, delivery and installation of PPVC modular system for three 9-storey residential blocks with 216 units of condominium at The Wisteria along Yishun Avenue 4. In this project, PPVC modules with in-built with bathroom units are required to be adopted for at least 65% of the constructed floor area and bathroom units and in total there is 756 modules to be installed. Besides this, the other project that the Group is involved is 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.

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.

CEO'S BUSINESS REVIEW

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 26.5% for FY2017 and 21.8% for FY2016.

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.

In Malaysia, the project 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 was completed during the year. The other project which involves the design and construction of a new marina base at Pulau Poh and the bridge connecting Pulau Poh to the existing Pengkalan Gawi jetty in Kenyir Lake in Terengganu is still ongoing and is scheduled to be completed by 2018.

Besides one of the new projects added to the pipeline this year includes the development and upgrading of the proposed Pan Borneo Highway in the state of Sarawak. The scope of work comprises construction works at the Bakun Interchange, Suai Interchange, Niah Interchange and Niah Bridge of Work Package 10. This project is scheduled to be completed at the end of 2019.

These 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.

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 FY2017, the Group's General Construction business dipped to the second revenue generator amongst the four business segments.

The revenue of $60.5 million constitutes 35.2% of the total revenue generated. It reflects a decline of 63.3% compared to the previous year.

The 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.

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 $9.2 million and constituted 5.3% of total revenue for FY2017.

In 2017, the Group had successfully inked an enbloc deal for Goh & Goh Building which is situated at Upper Bukit Timah Road. This will provide the new impetus for our property development business. We are progressing on track to re-develop the 2,868.3 sqm freehold property into a mixed commercial and residential development project. After the completion of the purchase of Goh & Goh Building, the Group is now in discussions with the relevant authorities so as to optimise the potential of the development site.

CEO'S BUSINESS REVIEW

Reaping the harvest, all the existing property projects are at the sweetspot stage of revenue recognition for the mature projects.

Sale was recorded in FY2017 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 which received Temporary Occupation Permit ("TOP") in November 2015 was fully sold.

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 had obtained TOP on 30 December 2016 and Lakehomes has recognised revenue and profits for 296 sold units in FY2016 based on financial accounting standards for Executive Condominium development, of which, 35% has been recorded by BBR as its share of profits in associate. Revenue and profits for another 247 units were recognised in financial year ended 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 The 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, all units have been sold. Revenue and profits for private condominiums sales are progressively recognised based on percentage of completion method.

GREEN TECHNOLOGY

The Green Technology Division is steadily gaining traction in Singapore, as the oil prices were gearing for sustainable recovery after a prolonged period of dampened oil prices.

Steadily, revenue from Green Technology in FY2017 had registered improved contribution of 10.6% to S$1.2 million as compared to FY 2016.

Established in 2013, the division sets out 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.

Todate, BBR had completed two projects which were 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") and a 490 kW peak grid-tied PV system for GKE Warehousing & Logistics Pte Ltd ("GKE").

BBR had also completed the installation of a 173 KWp solar photovoltaic system in FY2017 and the system was successfully commissioned in the first quarter of 2018.

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, as well as revenue for electricity generated by solar panels on the rooftop of its warehouse under a 25-year solar leasing agreement with GKE.

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 strengthening core competencies and build our resilience and tenacity to maintain our competitive edge in the ever-changing business environment. As the Singapore property market evolves and reaches for new transformation both in the landscape as well as the broader industry growth direction, BBR will strive to harness our proven track record and robust business model to achieve future growth for the Group locally and regionally.

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

BOARD OF DIRECTORS

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 Senior Vice President (Campus Infrastructure) at the National University of Singapore. He has conducted extensive research in infrastructure and geotechnical engineering and has delivered over 36 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 200 major construction projects in Singapore, Asean, China and the region.

Prof Yong chairs several government advisory committees and professional committees. He is an Honorary Fellow of the Institution of Engineers and an Accredited Adjudicator of Singapore Mediation Centre. He is also 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, the Outstanding Geotechnical Engineer (2017) and the Institution of Civil Engineers, UK ICE200 Commemorative Medallion (2018).

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).

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.

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.

BOARD OF DIRECTORS

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.

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.

BOARD OF DIRECTORS

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 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).

MR VOON YOK LIN

Executive Director

Mr Voon Yok Lin was appointed a Director of BBR Holdings (S) Ltd on 21 June 2017. He is currently 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 VOON CHET CHIE

Alternate Director to Mr Voon Yok Lin

Mr Voon Chet Chie was appointed an Alternate Director to Mr Voon Yok Lin on 21 June 2017. He joined BBR Construction Systems (M) Sdn Bhd in 2012 as a Project Engineer in-charge of MRT and LRT projects. In 2017, he was appointed the current role of Manager (Special Task) where he is responsible for overseeing the cable-stayed bridge construction, beam casting and MRT Line 2 project.

Prior to joining the Group, he worked in an engineering capacity with the national oil and gas company in Malaysia and was involved in offshore pipelines and facilities rejuvenation projects.

He holds a Bachelor of Engineering (Honours) from Universiti Teknologi PETRONAS, Malaysia and a Master of Science (Construction Project Management) from Robert Gordon University, Scotland, in the United Kingdom. He is a registered Graduate Engineer with the Board of Engineers Malaysia and a member of The Institution of Engineers Malaysia.

SENIOR MANAGEMENT

MR JOHN MO KUAN SHENG

Mr John Mo Kuan Sheng is the Managing Director of BBR Construction Systems Pte Ltd since 1999. He is also the Managing Director of BBR Piling Pte Ltd and Moderna Homes Pte Ltd. 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 of Singapore Engineering & Construction Pte Ltd and Singa Development Pte Ltd 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 organisational 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 International Construction Management) from Nanyang Technological University.

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.

SENIOR MANAGEMENT

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.

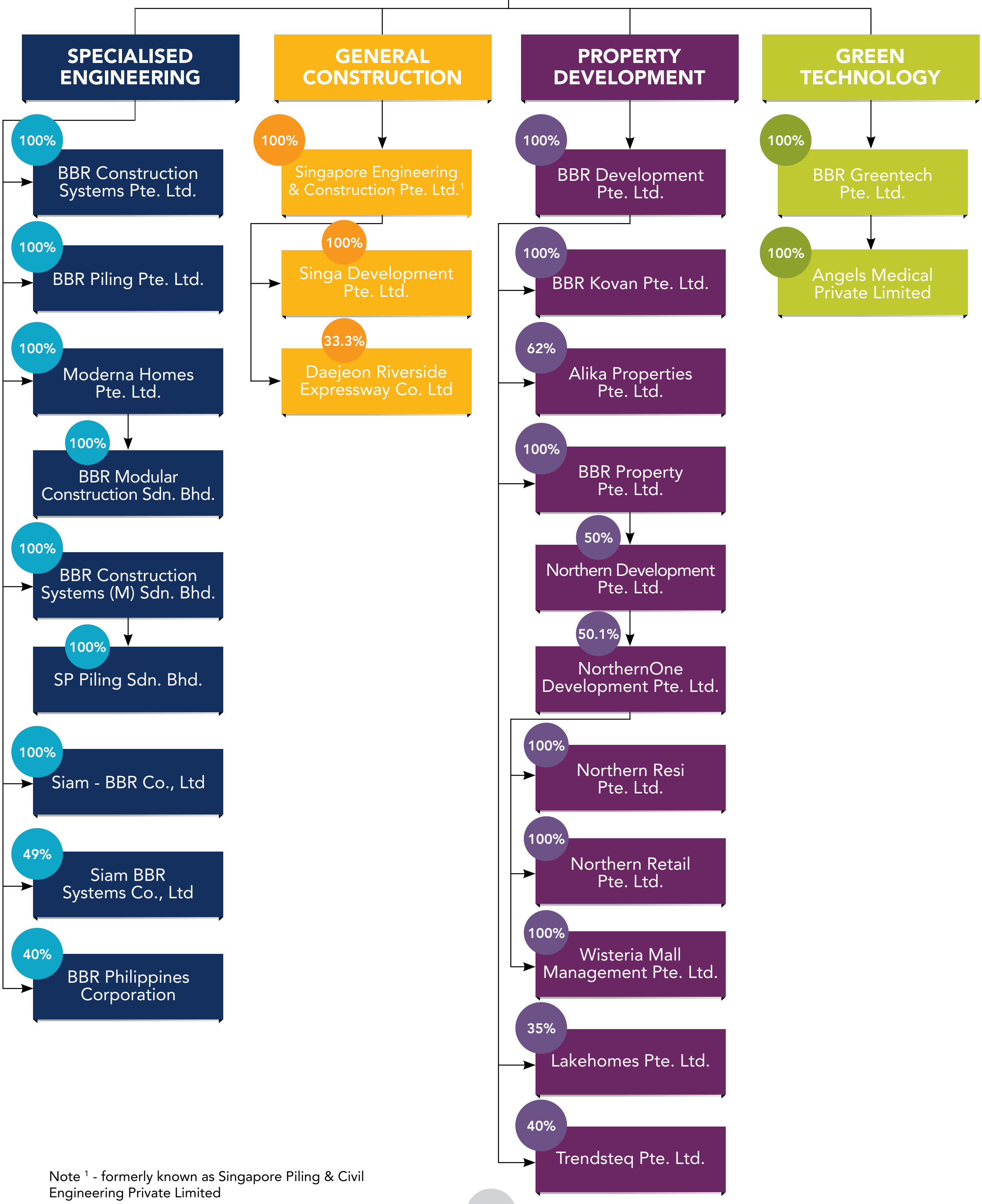
Prior to joining the Group, he worked for about 15 years in the trading, manufacturing and services industries.

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 CHEW NAM YEO

Ms Chew Nam Yeo was appointed the Chief Financial Officer of BBR Holdings (S) Ltd on 2 May 2017. She oversees the Group's finance and corporate functions covering financial reporting, treasury, tax, investor relations and corporate secretarial matters. Before joining the company, she was the Chief Financial Officer of a listed company providing engineering equipment and services to oil & gas and petrochemical companies. Adding to her breadth of experience, she spent more than 10 years in various financial capacities in other listed companies and several years as an auditor in an established public accounting firm. She holds a Bachelor's Degree in Accountancy (Honours) and is a member of the Institute of Singapore Chartered Accountants.

CORPORATE STRUCTURE



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

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 Voon Yok Lin
Executive Director
B.Sc. (Hons)

Mr Voon Chet Chie
Alternate Director to Mr Voon Yok Lin
B.Eng. (Hons), M.Sc.

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

50 Changi South Street 1
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
Resona Merchant Bank Asia Limited
Sumitomo Mitsui Banking Corporation
RHB Bank Berhad
CIMB Bank Bhd
Ambank Bhd
AmIslamic Bank Bhd

AWARDS & ACCOLADES

ARCHITECTURAL HERITAGE

2017	BCA Universal Design Mark GoldPlus 2017 for Kallang Trivista
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

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

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

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)

AWARDS & ACCOLADES

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

SAFETY

2017	WSH Performance Awards 2017 Certificate of Commendation for Commitment to Workplace Safety & Health from the WSH Council
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

CONSTRUCTION PRODUCTIVITY

2017	BCA BIM GoldPlus Award as the Builder for The Wisteria & Wisteria Mall
2016	BCA Construction Productivity Award for the Galaxis (Fusionopolis 5)
2015	BCA BIM Gold Award as the Builder for the Galaxis (Fusionopolis 5)
2015	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

COMPANY RANKING

2017	Singapore 1000 Company for Public Listed Companies 2017 from DP Information Group
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

OTHERS

2017	NSMark Gold Certificate for Exemplary Support for Total Defence & National Service by MINDEF

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 2017.

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 2017 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)
Voon Yok Lin	
Voon Chet Chie	(Alternate Director to Voon Yok Lin)

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' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
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	–	–
Voon Yok Lin	16,690,000	16,690,000	–	–

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

By virtue of section 7 of the Singapore Companies Act, Chapter 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;

THE BBR SHARE PLAN *(cont'd)*

(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:

Name of participant	**Granted in financial year ended 31.12.17**	**Aggregate granted since commencement of Plan to 31.12.17**	**Aggregate released since commencement of Plan to 31.12.17**	**Aggregate outstanding as at 31.12.17**
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 2017	**–**	**3,860,000**	**3,860,000**	**–**

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 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;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

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

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

AUDITOR

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

On behalf of the board of directors,

Tan Kheng Hwee Andrew	Luk Ka Lai Carrie
Executive Director and Chief Executive Officer	Non-Executive Director

23 March 2018

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 2017, 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue recognition on construction contracts

We draw your attention to construction contracts (Note 2.19), key sources of estimation uncertainty (Note 3.1) and gross amount due from/(to) customers for contract work-in-progress (Note 20).

As at 31 December 2017, the Group has $5,898,000 gross amount due from customers for contract work-in-progress and $14,843,000 gross amount due to customers for contract work-in-progress. The Group is involved in engineering and construction projects for which it recognised revenue based on the progress of the projects. Contract revenue is recognised by making reference to the stage of completion of the contract activity the end of the reporting period when the outcome of a construction contract can be estimated reliably. Significant judgements 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BBR HOLDINGS (S) LTD

Key Audit Matters *(cont'd)*

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 traced significant components of total contract costs for selected projects to the underlying supporting documents such as projects budgets and agreements which indicates that cost to complete can be measured reliably.

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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements *(cont'd)*

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$'000	$'000
Revenue	4	172,129	276,762
Cost of sales		(145,719)	(263,365)
Gross profit		26,410	13,397
Other operating income	5	2,782	3,556
Other expense		(145)	(233)
Administrative costs		(9,496)	(8,019)
Other operating costs		(21,438)	(15,453)
Finance costs	6	(1,009)	(448)
Share of results of joint ventures		2,918	1,062
Share of results of associates		6,328	9,408
Profit before taxation	7	6,350	3,270
Income tax credit/(expense)	8	479	(1,351)
Profit for the year		6,829	1,919
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)		357	(477)
Other comprehensive income for the year		357	(477)
Total comprehensive income for the year		7,186	1,442
Profit attributable to:			
Equity holders of the Company		7,088	1,129
Non-controlling interests		(259)	790
		6,829	1,919
Total comprehensive income attributable to:			
Equity holders of the Company		7,450	734
Non-controlling interests		(264)	708
		7,186	1,442
Earnings per share (cents per share)	9		
Basic		2.23	0.37
Diluted		2.23	0.37

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	10	38,816	42,979	18,247	18,641
Intangible assets	11	119	419	–	–
Investments in subsidiaries	12	–	–	60,197	54,898
Investments in associates	13	16,145	10,162	260	260
Investments in joint ventures	14	2,003	–	–	–
Other investments	15	–	–	–	–
Deferred tax assets	16	–	424	–	–
Trade receivables	17	6,073	7,355	–	–
Loans to an associate	18	–	20,136	–	–
Loans to a joint venture	18	24,537	20,525	–	–
		87,693	102,000	78,704	73,799
Current assets					
Trade receivables	17	48,015	55,866	–	–
Loans to an associate	18	13,490	–	–	–
Amounts due from subsidiaries	19	–	–	5,608	3,547
Gross amount due from customers for contract work-in-progress	20	5,898	6,118	–	–
Development property	21	104,705	–	–	–
Properties held for sale	22	1,057	9,463	–	–
Inventories	22	6,093	7,343	–	–
Other receivables	23	5,763	2,458	170	876
Pledged deposits	24	4,962	4,657	–	–
Cash and bank balances (including fixed deposits)	24	30,435	58,730	1,559	1,047
Income tax recoverable		510	–	–	–
		220,928	144,635	7,337	5,470
Total assets		**308,621**	**246,635**	**86,041**	**79,269**

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Current liabilities					
Amounts due to subsidiaries	19	–	–	4,546	4,947
Gross amount due to customers for contract work-in-progress	20	14,843	33,635	–	–
Trade and other payables	25	42,179	44,372	231	307
Deferred income	26	159	159	–	–
Other liabilities	26	4,209	2,142	1,163	547
Loans and borrowings	27	1,607	3,201	396	443
Income tax payables		1,079	4,890	6	193
		64,076	88,399	6,342	6,437
Net current assets/(liabilities)		**156,852**	**56,236**	**995**	**(967)**
Non-current liabilities					
Trade payables	25	3,447	5,699	–	–
Deferred income	26	2,774	2,933	–	–
Deferred tax liabilities	16	308	239	–	–
Loans and borrowings	27	99,428	14,710	9,729	10,123
		105,957	23,581	9,729	10,123
Total liabilities		**170,033**	**111,980**	**16,071**	**16,560**
Net assets		**138,588**	**134,655**	**69,970**	**62,709**
Equity attributable to equity holders of the Company					
Share capital	28	49,082	43,967	49,082	43,967
Treasury shares	29	(566)	(69)	(566)	(69)
Retained earnings		91,932	89,578	21,454	18,811
Foreign currency translation reserve		(2,290)	(2,652)	–	–
		138,158	130,824	69,970	62,709
Non-controlling interests		430	3,831	–	–
Total equity		**138,588**	**134,655**	**69,970**	**62,709**

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 2017

Group	Share capital (Note 28)	Treasury shares (Note 29)	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2017	43,967	(69)	89,578	(2,652)	130,824	3,831	134,655
Total comprehensive income							
Profit for the year	–	–	7,088	–	7,088	(259)	6,829
Other comprehensive income for the year	–	–	–	362	362	(5)	357
Total comprehensive income for the year	–	–	7,088	362	7,450	(264)	7,186
Contributions by and distributions to owners							
Issuance of new ordinary shares	5,115	–	–	–	5,115	–	5,115
Purchase of treasury shares	–	(497)	–	–	(497)	–	(497)
Dividends paid on ordinary shares (Note 30)	–	–	(1,848)	–	(1,848)	–	(1,848)
Total transactions with owners in their capacity as owners	5,115	(497)	(1,848)	–	2,770	–	2,770
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests without a change in control (Note 12)	–	–	(2,886)	–	(2,886)	(2,229)	(5,115)
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	–	(1,806)	(1,806)
Capital contribution from non-controlling interests	–	–	–	–	–	898	898
Total changes in ownership interests in subsidiaries	–	–	(2,886)	–	(2,886)	(3,137)	(6,023)
Balance at 31 December 2017	49,082	(566)	91,932	(2,290)	138,158	430	138,588

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 2017

	Attributable to owners of the Company						
Group	**Share capital (Note 28)**	**Treasury shares (Note 29)**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2016	43,967	(69)	91,167	(2,257)	132,808	2,536	135,344
<u>Total comprehensive income</u>							
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	–	–	1,129	(395)	734	708	1,442
<u>Contributions by and distributions to owners</u>							
Dividends paid on ordinary shares (Note 30)	–	–	(1,232)	–	(1,232)	–	(1,232)
Total transactions with owners in their capacity as owners	–	–	(1,232)	–	(1,232)	–	(1,232)
<u>Changes in ownership interests in subsidiaries</u>							
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)	89,578	(2,652)	130,824	3,831	134,655

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

Company	Share capital (Note 28)	Treasury shares (Note 29)	Retained earnings	Total equity
	$'000	$'000	$'000	$'000
Balance at 1 January 2017	43,967	(69)	18,811	62,709
Profit for the year	–	–	4,491	4,491
Total comprehensive income for the year	–	–	4,491	4,491
Contributions by and distributions to owners				
Issuance of new ordinary shares	5,115	–	–	5,115
Purchase of treasury shares	–	(497)	–	(497)
Dividends paid on ordinary shares (Note 30)	–	–	(1,848)	(1,848)
Total transactions with owners in their capacity as owners	5,115	(497)	(1,848)	2,770
Balance at 31 December 2017	49,082	(566)	21,454	69,970
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 30)	–	–	(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

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 2017

	2017	2016
	$'000	$'000
Cash flows from operating activities		
Profit before taxation	6,350	3,270
Adjustments for:		
Depreciation of property, plant and equipment	6,353	5,661
Amortisation of deferred income	(159)	(93)
Bad debt written off	4	–
Allowance/(write-back of allowance) for doubtful receivables (net)	593	(209)
Allowance for inventory obsolescence	560	718
Impairment loss on property, plant and equipment	622	368
Impairment loss on goodwill	300	–
Share of results of joint ventures	(2,918)	(1,062)
Share of results of associates	(6,328)	(9,408)
Interest arising from the discount implicit in non-current trade receivables	8	(68)
Fair value loss/(gain) on derivatives	112	(19)
Gain on disposal of property, plant and equipment (net)	(152)	(123)
Disposal of an associate	–	15
Interest income	(1,107)	(1,285)
Interest expense	1,009	448
Operating cash flows before working capital changes	5,247	(1,787)
Changes in working capital:		
Development property	(104,705)	–
Properties held for sale	8,428	(1,102)
Amount due to customers for work-in-progress (net)	(18,677)	29,418
Trade receivables	8,788	58,202
Other receivables	(3,268)	927
Inventories	723	2,062
Trade and other payables	(4,539)	(38,681)
Deferred income	–	2,944
Other liabilities	2,648	(124)
Cash (used in)/generated from operations	(105,355)	51,859
Interest paid	(1,009)	(596)
Interest received	592	810
Income tax paid	(3,349)	(1,415)
Net cash (used in)/generated from operating activities	(109,121)	50,658

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

	2017	2016
	$'000	$'000
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 24)	(2,758)	(4,846)
Proceeds from disposal of property, plant and equipment	169	267
Net cash outflow on acquisition of non-controlling interests	–	(899)
Net cash inflow on acquisition of a subsidiary (Note 12(c))	–	27
Distribution of profits from a joint venture	470	772
Loans to an associate	–	(560)
Repayment of loans from an associate	7,000	–
Loans to a joint venture	(3,498)	(2,690)
Net cash used in investing activities	1,383	(7,929)
Cash flows from financing activities		
Repayment of bank borrowings, secured	(1,500)	(3,942)
Dividends paid on ordinary shares	(1,848)	(1,232)
Dividends paid to non-controlling interests of a subsidiary	(1,806)	–
Purchase of treasury shares	(497)	–
Proceeds from long term borrowings	71,051	5,257
Repayment of long term borrowings	(1,547)	(7,119)
Repayment of finance leases	(159)	(1,028)
(Increase)/decrease in pledged deposits	(225)	554
Loans from non-controlling interests	15,276	–
Capital contribution from non-controlling interests	898	–
Net cash generated from/(used in) financing activities	79,643	(7,510)
Net (decrease)/increase in cash and cash equivalents	(28,095)	35,219
Net effect of exchange rate changes on cash and cash equivalents	48	(383)
Cash and cash equivalents at beginning of the year	58,482	23,646
Cash and cash equivalents at end of the year (Note 24)	30,435	58,482

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 and domiciled in the Republic of Singapore and publicly traded on the mainboard of Singapore Exchange.

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 respectively.

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.

Convergence with International Financial Reporting Standards

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

The Group has performed an assessment of the impact of adopting SFRS(I). On transition to SFRS(I), the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will be exclude cumulative translation differences that arose before 1 January 2017. The Group expects to reclassify an amount of $2,652,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above, and the adoption of SFRS(I) 15, SFRS(I) 9 and SFRS(I) 16, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15, SFRS(I) 9 and SFRS(I) 16 will be similar to the impact on adoption of FRS 115, FRS 109 and FRS 116 as disclosed in Note 2.3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have a material effect on the financial performance or position of the Group and the Company.

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

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 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016) – *Amendments to FRS 28 Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	
– Amendments to FRS 103 *Business Combinations*	1 January 2019
– Amendments to FRS 111 *Joint Arrangements*	1 January 2019
– Amendments to FRS 12 *Income Taxes*	1 January 2019
– Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 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, and introduces new contract cost guidance. 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 is effective for annual periods beginning on or after 1 January 2018.

NOTES
TO THE FINANCIAL STATEMENTS

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)*

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

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts at 1 January 2017.

The Group is in the business of property development and construction. The Group expects the following impact upon adoption of FRS 115:

(a) ***Construction contracts***

The Group's general construction and specialised engineering segments currently recognises revenue using the percentage of completion method where the stage of completion is determined by reference to professional surveys of work performed. 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.

Under FRS 115, the Group will apply cost-based input method which measures the percentage of work completion based on construction and related costs incurred as a proportion of the estimated total construction and related costs. Accordingly, the Group expects an increase in revenue and an increase in cost of sales for the financial year ended 31 December 2017 arising from the adoption of FRS 115.

(b) ***Costs incurred to obtain a contract***

Under FRS 115, the Group will capitalise the incremental costs of obtaining a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue. On adoption of FRS 115, the Group expects to capitalise these costs as contract assets as at 1 January 2017 and increase in cost of sales for the financial year ended 31 December 2017.

(c) ***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 upfront payment received from customers as deferred income or progress billings within gross amount due from/(to) customers for contract work-in-progress. Under FRS 115, the Group will adjust the amount of consideration and accretes the contract liability by recognising an interest expense based on the Group's incremental borrowing rate. On the adoption of FRS 115, the Group expects to record an adjustment to increase revenue, with a corresponding increase in contract liability for the financial year ended 31 December 2017.

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

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

FRS 109 *Financial Instruments*

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

The Group plans to adopt 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.

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

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

The Group's debt instruments are expected to give rise to cash flows representing solely payments of principal and interest. 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. The Group does not expect any significant impact to arise from these changes.

(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. The Group does not expect any significant impact to arise from these changes.

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 has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

NOTES TO THE FINANCIAL STATEMENTS

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

2.4 Basis of consolidation and business combinations

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

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

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

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

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

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(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.

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

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

(b) ***Business combinations and goodwill*** *(cont'd)*

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

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

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

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

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's 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.

2.6 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 and items included in the financial statements of each entity are measured using that functional currency.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.6 Foreign currency *(cont'd)*

(a) ***Transactions and balances*** *(cont'd)*

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 end of the reporting period and their profit or loss 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.

2.7 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.

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

2.8 Joint arrangements *(cont'd)*

(a) ***Joint operations*** *(cont'd)*

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 the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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.

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

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

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

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

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.

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.14 Impairment of financial assets

The Group assesses at each reporting 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.

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

2.15 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.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

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. Financial liabilities 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 liabilities are recognised in profit or loss.

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.

2.16 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.18 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.

2.19 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during 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.

2.20 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.

2.21 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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

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

2.22 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 the end of the reporting period.

(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.

2.23 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 2.25 (e).

NOTES TO THE FINANCIAL STATEMENTS

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

2.24 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 end of the reporting period, 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 end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred tax 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.

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 the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

2.24 Taxation *(cont'd)*

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

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

(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.

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) ***Construction contracts***

Accounting policy for recognising construction contract revenue is stated in Note 2.19.

(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 Group considers 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.25 Revenue *(cont'd)*

(b) ***Sale of development properties under construction*** *(cont'd)*

(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.

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

2.26 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.

2.27 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.

2.28 Contingencies

A contingent liability is:

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

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

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the 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.

2.29 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.

2.30 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING ESTIMATES

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 Key sources of estimation uncertainty

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

(a) ***Revenue recognition on construction contracts***

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

Significant judgements 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 respectively.

(b) ***Impairment of loans and receivables***

The Group assesses at the end of the reporting period 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 end of the reporting period are disclosed in Note 17.

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

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

(c) ***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 2017, the carrying amount of provision for foreseeable losses was $Nil (2016: $665,000) in respect of work-in-progress for projects.

4. REVENUE

	Group	
	2017	**2016**
	$'000	$'000
Construction revenue	160,992	275,073
Sale of development properties	9,165	–
Sale of goods	726	560
Solar leasing income	1,218	1,101
Management fee from an associate	28	28
	172,129	276,762

5. OTHER OPERATING INCOME

	Group	
	2017	**2016**
	$'000	$'000
Gain on disposal of property, plant and equipment	152	123
Training and testing fees	445	547
Rental income from premises	669	1,000
Sale of scrap	46	39
Rental income from equipment	277	4
Interest income from:		
– deposits	562	629
– loans to a joint venture	545	475
– long outstanding receivables	–	181
Management service fees	–	89
Others	86	469
	2,782	3,556

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense on:		
Bank loans and bank overdrafts	872	403
Finance leases	15	45
Loans from non-controlling interests	122	–
	1,009	448

7. PROFIT BEFORE TAXATION

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

	Group	
	2017	2016
	$'000	$'000
Auditors of the Company:		
Audit fees	245	237
Non-audit fees	35	26
Depreciation of property, plant and equipment	6,353	5,661
Impairment loss on property, plant and equipment	622	368
Inventories recognised as expenses in cost of sales (Note 22)	24,358	28,733
Fair value loss/(gain) on derivative	112	(19)
Disposal of an associate	–	15
Foreign exchange loss (net)	33	252
Grant income from government authorities	(109)	(110)
Allowance for inventories obsolescence	560	718
Allowance/(write-back of allowance) for doubtful receivables (net)	593	(209)
Rental expenses in relation to:		
Premises	1,759	1,610
Equipment	18	11
Impairment loss on goodwill	300	–
Bad debt written-off	4	–

8. INCOME TAX (CREDIT)/EXPENSE

Major components of income (credit)/tax expense

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

	Group	
	2017	2016
	$'000	$'000
Statement of comprehensive income		
Current income tax:		
– Singapore	–	3,996
– Foreign	2,495	1,696
Over provision in respect of previous years	(3,398)	(27)
	(903)	5,665
Deferred income tax:		
Reversal of temporary differences	–	(3,695)
Over provision of deferred tax asset/(liabilities) in respect of previous year	424	(619)
	424	(4,314)
Income tax (credit)/expense recognised in profit or loss	(479)	1,351

Relationship between income tax (credit)/expense and accounting profit

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

	Group	
	2017	2016
	$'000	$'000
Profit before taxation	6,350	3,270
Tax at the domestic rates applicable to profits in the countries where the Group operates	1,674	894
Adjustments:		
Income not subject to tax	(20)	(180)
Over provision of income tax in respect of previous years	(3,398)	(27)
Over provision of deferred tax asset/(liabilities) in respect of previous year	424	(619)
Benefits from previously unrecognised tax losses and deferred tax assets	(234)	(548)
Utilisation of investment and enhanced allowances	–	(154)
Non-deductible expenses	1,692	1,861
Effect of partial tax exemption and tax relief	(12)	(79)
Deferred tax assets not recognised	1,289	2,189
Share of results of associates and joint ventures	(1,894)	(1,986)
Income tax (credit)/expense recognised in profit or loss	(479)	1,351

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses and capital allowances of $22,453,000 (2016: $1,910,000) to set off the assessable income of certain companies within the Group. At the end of the reporting period, no deferred tax asset was recognised (2016: deferred tax assets of $424,000 recognised, arising from unutilised tax losses amounting to $2,494,000). The Group has unutilised tax losses and capital allowances of approximately $30,201,000 (2016: $45,071,000) 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 and capital allowances have no expiry date.

Tax consequence of proposed dividends

There are no income tax consequences (2016: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

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:

	2017	**2016**
	$'000	$'000
Profit attributable to equity holders of the Company used in computation of basic and diluted earnings per share	7,088	1,129
	No. of Shares	**No. of Shares**
* Weighted average number of ordinary shares for basic and diluted earnings per share computation	317,818,460	307,999,418

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the years.

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 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 and 1 January 2017	50,084	1,698	22,756	5,018	200	2,090	81,846
Additions	341	53	–	353	1,813	198	2,758
Disposals	–	–	–	(303)	–	(3)	(306)
Reclassification	–	–	–	–	(2,013)	2,013	–
Translation adjustments	141	35	–	49	–	25	250
Balance at 31 December 2017	50,566	1,786	22,756	5,117	–	4,323	84,548
Accumulated depreciation and impairment loss							
Balance at 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 and 1 January 2017	29,293	–	4,430	3,798	–	1,346	38,867
Depreciation charge for the year	3,486	–	1,640	576	–	651	6,353
Disposals	–	–	–	(286)	–	(3)	(289)
Impairment loss	622	–	–	–	–	–	622
Translation adjustments	124	–	–	42	–	13	179
Balance at 31 December 2017	33,525	–	6,070	4,130	–	2,007	45,732
Net carrying amount							
Balance at 31 December 2016	20,791	1,698	18,326	1,220	200	744	42,979
Balance at 31 December 2017	17,041	1,786	16,686	987	–	2,316	38,816

NOTES TO THE FINANCIAL STATEMENTS

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 2016	73	22,756	453	–	41	23,323
Additions	–	–	–	200	–	200
Balance at 31 December 2016 and 1 January 2017	73	22,756	453	200	41	23,523
Additions	–	–	–	1,813	10	1,823
Reclassification	–	–	–	(2,013)	2,013	–
Balance at 31 December 2017	73	22,756	453	–	2,064	25,346
Accumulated depreciation						
Balance at 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 and 1 January 2017	73	4,430	338	–	41	4,882
Depreciation charge for the year	–	1,640	73	–	504	2,217
Balance at 31 December 2017	73	6,070	411	–	545	7,099
Net carrying amount						
Balance at 31 December 2016	–	18,326	115	200	–	18,641
Balance at 31 December 2017	–	16,686	42	–	1,519	18,247

Other assets

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

Assets held under finance leases

In the financial years ended 31 December 2017 and 2016, the Group did not acquire any property, plant and equipment by means of finance leases. The carrying amounts of property, plant and equipment held under finance leases for the Group as at 31 December 2017 were $218,000 (2016: $897,000).

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 $622,000 (2016: $368,000), 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 2017. The recoverable amount of the equipment was based on its value in use and the discount rate used was 4.1% (2016: 5.4%) which is also the Group's weighted average cost of capital.

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

Assets pledged as securities

As at 31 December 2017, property, plant and equipment of the Group and the Company with carrying amount of $25,136,000 (2016: $26,106,000) and $13,548,000 (2016: $13,889,000), respectively were mortgaged as securities for the banking facilities.

11. INTANGIBLE ASSETS

	Group	
	2017	**2016**
	$'000	$'000
Goodwill on consolidation		
Balance at 1 January	419	419
Impairment loss recognised during the year	(300)	–
Balance at 31 December	119	419

Goodwill acquired through business combinations has been allocated to two cash-generating units ("CGU") identified, being general construction and prefabricated prefinished volumetric construction ("PPVC"), for impairment testing. During the financial year, an impairment loss of $300,000 (2016: $Nil) attributable to PPVC segment has been recognised in profit or loss.

The recoverable amount was determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a three-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% (2016: 0%) is used to extrapolate cash flow projections beyond the three-year period. The discount rate applied is assumed at 4.1% (2016: 5.4%) 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	
	2017	**2016**
	$'000	$'000
Unquoted shares, at cost *	81,614	80,515
Additional investment	7,573	1,099
	89,187	81,614
Impairment losses	(28,990)	(26,716)
Carrying amount	60,197	54,898

* 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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		Country of incorporation	Cost of investment		Principal activities
	2017	2016		2017	2016	
	%	%		$'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]	100	80	Malaysia	5,908	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	3,825	3,500	Bored piling works
Singapore Engineering & Construction Pte. Ltd. [1] (Formerly known as Singapore Piling & Civil Engineering Private Limited)	100	100	Singapore	20,119	18,119	General building, civil and structural engineering, renovation and retro-fitting and investment holding
BBR Greentech Pte. Ltd. [1]	100	100	Singapore	700	700	System integration and distribution of renewable energy
Moderna Homes Pte. Ltd. [1]	100	75	Singapore	1,949	1,949	Design and assembly of prefabricated buildings
Siam-BBR Co., Ltd [3]	100	100	Thailand	432	432	Dormant
Siam BBR Systems Co., Ltd [4]	49	–	Thailand	133	–	Structural engineering and design and build services
				89,078	81,505	

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

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

Name of company	Proportion of ownership interest		Country of incorporation	Cost of Investment		Principal activities
	2017	**2016**		**2017**	**2016**	
	%	%		$'000	$'000	
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
Alika Properties Pte. Ltd. [(1)]	62	–	Singapore	1,240	–	Property development
Held by Moderna Homes Pte. Ltd.						
BBR Modular Construction Sdn. Bhd. [(2)]	100	100	Malaysia	169	169	Assembly of prefabricated buildings
Held by BBR Greentech Pte. Ltd.						
Angels Medical Pte. Ltd. [(1)]	100	100	Singapore	78	78	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.
(4) Audited by PJ.S. Auditing and Consulting Company Limited
\+ Cost of investment is $2.

NOTES TO THE FINANCIAL STATEMENTS

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

b. Acquisition of ownership interest in subsidiaries, without loss of control

On 17 May 2017, the Company acquired the remaining 20% shareholding comprising 602,500 ordinary shares in BBR Construction Systems (M) Sdn Bhd ("BBRM") from its minority shareholder for a consideration of $5,115,000 through the issuance of 16,500,000 shares of the Company at $0.31 per share. As a result of this acquisition, BBRM became a 100% owned subsidiary of the Company.

The carrying value of the net assets of BBRM on the date of acquisition was $11,145,000 and the carrying value of the remaining interest acquired was $2,229,000. The difference of $2,886,000 between the consideration and the carrying value of the remaining interest acquired has been recognised in retained earnings within equity.

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

	$'000
Consideration paid for acquisition of non-controlling interests	5,115
Decrease in equity attributable to non-controlling interests	(2,229)
Decrease in equity attributable to owners of the Company	2,886

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 wholly 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

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

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 has remained 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
Consideration transferred for the acquisition of Angels	
Cash paid, representing total consideration transferred	28
Fair value of equity interest in Angels held by the Group immediately before the acquisition	27
	55

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 re-measuring 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" line item in the Group's profit or loss for the year ended 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

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

d. Incorporation of subsidiaries

On 4 January 2017, BBR Development Pte Ltd ("BBRD"), a 100% owned subsidiary of the Company, incorporated a wholly owned subsidiary, Alika Properties Pte Ltd ("Alika") in Singapore. The principal activity of Alika is that of property development. The cost of investment is $2, representing issued and paid-up share capital of 2 ordinary shares. During the financial year, Alika further issued 1,999,998 shares at $1 per ordinary share, of which 1,239,998 and 760,000 new ordinary shares were allotted to BBRD and unrelated third parties respectively. Following this, BBRD's shareholding interest in Alika was reduced from 100% to 62%.

On 8 November 2017, the Company incorporated a 49% owned subsidiary, Siam BBR Systems Co., Ltd ("SBBRS") in Thailand, and was allotted 24,500 ordinary shares at 100 Thai Baht per share. Following the incorporation of SBBRS, the subsidiary further issued 7,350 ordinary shares at 100 Thai Baht per share. The shareholding interest of the Company in SBBRS remains unchanged at 49% following the capital expansion of the subsidiary. The Company has the power to direct relevant business activities and has rights to variable returns. Hence, the Group consolidates SBBRS in its financial statements as 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	
	2017	**2016**
	$'000	$'000
Balance at 1 January	26,716	24,416
Charge to profit or loss	2,274	2,300
Balance at 31 December	28,990	26,716

An impairment loss of $2,274,000 (2016: $2,300,000) 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 $2,274,000 (2016: $2,300,000) was derived based on cash flow projections for potential contracts and forecasted growth of the subsidiaries, pre–tax discount rate of 4.1% (2016: 5.4%) and a terminal growth rate of 0% (2016: 0%).

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**	**(Loss)/profit allocated to NCI during the reporting period**	**Accumulated NCI at the end of reporting period**
			$'000	$'000
31 December 2017:				
Alika Properties Pte Ltd^	Singapore	38%	(423)	337
31 December 2016:				
BBR Construction Systems (M) Sdn Bhd *	Malaysia	20%	968	3,310

^ Incorporated on 4 Jan 2017. There is no comparative for financial year ended 31 December 2016.

* Became a 100% owned subsidiary of the Group on 17 May 2017.

Summarised financial information about subsidiaries with material NCI

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

	Alika Properties Pte Ltd	**BBR Construction Systems (M) Sdn Bhd**
	2017	**2016**
	$'000	$'000
Summarised statement of financial position		
Current		
Assets	112,585	34,724
Liabilities	(25,372)	(21,810)
Net current assets	87,213	12,914
Non-current		
Assets	–	6,314
Liabilities	(86,326)	(435)
Net non-current (liabilities)/assets	(86,326)	5,879
Net assets	887	18,793

NOTES TO THE FINANCIAL STATEMENTS

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

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

Summarised financial information about subsidiaries with material NCI *(cont'd)*

	Alika Properties Pte Ltd	BBR Construction Systems (M) Sdn Bhd
	2017	**2016**
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	–	60,088
(Loss)/profit before taxation	(1,113)	6,115
Income tax expense	–	(1,782)
(Loss)/profit for the year	(1,113)	4,333
Other comprehensive income for the year	–	(408)
Total comprehensive income for the year	(1,113)	3,925
Other summarised information		
Net cash flows (used in)/generated from operating activities	(107,925)	9,729

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Lakehomes Pte. Ltd.	15,361	9,485	–	–
Other associates	784	677	260	260
	16,145	10,162	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
	2017	**2016**		**2017**	**2016**	
	%	%		$'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

(1) Not required to be audited by the law of its country of incorporation.

(2) Audited by Ernst & Young LLP, Singapore

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:

	2017		2016	
	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	107,120		277,991	
Non-current liabilities	–		(9,611)	
Current liabilities	(57,938)		(236,776)	
Net assets	49,182		31,604	
Proportion of the Group's ownership	35%		35%	
Group's share of net assets	17,214		11,061	
Less: Notional interests adjustment	(1,853)		(1,576)	
Carrying amount of significant associate	15,361		9,485	
Carrying amount of other associates		784		677
Carrying amount of the investments in associates		16,145		10,162
Summarised statement of comprehensive income				
Profit after tax for the year, representing total comprehensive income	17,773		26,629	
Group's share of profit	6,221		9,320	
Group's share of profit of other associates, representing the Group's share of total comprehensive income of other associates		107		88
Group's share of profit of associates for the year, representing the Group's share of total comprehensive income for the year		6,328		9,408

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENTS IN JOINT VENTURES

	Group	
	2017	**2016**
	$'000	$'000
Unquoted shares, at cost	250	250
Share of post-acquisition reserves	1,753	(250)
Carrying amount	2,003	–

Details of joint ventures 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**
	2017	**2016**		**2017**	**2016**	
	%	%		$'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 [(2)]	50	50	Singapore	+	+	Investment holding for property development
Held by Northern Development Pte. Ltd.						
NorthernOne Development Pte. Ltd. [(2)]	50.1	50.1	Singapore	501	501	Investment holding for property development
Held by NorthernOne Development Pte. Ltd.						
Northern Resi Pte. Ltd. [(2)]	100	100	Singapore	1,000	1,000	Residential property development
Northern Retail Pte. Ltd. [(2)]	100	100	Singapore	1,000	1,000	Commercial property development

(1) An unincorporated partnership.

(2) Audited by Ernst & Young LLP, Singapore

\+ 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:

	2017		**2016**	
	NorthernOne Development Pte. Ltd.	**Total**	**NorthernOne Development Pte. Ltd.**	**Total**
	$'000	$'000	$'000	$'000
Summarised statement of financial position				
Assets and liabilities:				
Cash and cash equivalents	20,180		13,031	
Current assets	238,578		218,444	
Non-current assets	–		–	
Total assets	258,758		231,475	
Non-current liabilities	241,196		224,328	
Current liabilities	9,425		8,876	
Total liabilities	250,621		233,204	
Net assets/(liabilities)	8,137		(1,729)	
Proportion of the Group's ownership	25%		25%	
Group's share of net assets/(liabilities)	2,034		(432)	
Carrying amount of significant joint venture	2,034		–	
Carrying amount of other joint ventures		(31)		–
Carrying amount of investments in joint ventures		2,003		–

In 2016, 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 was taken up in other liabilities.

NOTES TO THE FINANCIAL STATEMENTS

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

	2017		2016	
	NorthernOne Development Pte. Ltd	Total	NorthernOne Development Pte. Ltd	Total
	$'000	$'000	$'000	$'000
Summarised statement of comprehensive income				
Revenue	112,555		26,278	
Cost of sales	(100,541)		(22,630)	
Other income	64		30	
Operating expenses	(151)		(128)	
Interest income	42		16	
Interest expense	(83)		(2,037)	
Profit before taxation	11,886		1,529	
Income tax expense	(2,020)		(322)	
Profit after tax for the year, representing total comprehensive income	9,866		1,207	
Proportion of the Group's ownership	25%		25%	
Group's share of profit for the year, representing the Group's share of total comprehensive income for the year	2,466		302	
Group's share of profit of other joint ventures, representing the Group's share of total comprehensive income for the year		452		760
Group's share of profit of joint ventures, representing the Group's share of total comprehensive income for the year		2,918		1,062

15. OTHER INVESTMENTS

	Group	
	2017	2016
	$'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

15. OTHER INVESTMENTS *(cont'd)*

Unquoted equity shares relates to the following:

(a) 33.3% (2016: 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% (2016: 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	
	2017	**2016**
	$'000	$'000
Deferred tax assets:		
Balance at 1 January	424	735
Charge to profit or loss	(424)	(311)
Balance at 31 December	–	424
Deferred tax liabilities:		
Balance at 1 January	(239)	(4,864)
(Charge)/credit to profit or loss	(69)	4,625
Balance at 31 December	(308)	(239)

Deferred tax as at 31 December related to the following:

	Group	
	2017	**2016**
	$'000	$'000
Deferred tax assets:		
Unutilised tax losses	–	424
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(308)	(239)
Net deferred tax (liabilities)/assets	(308)	185

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Non-current:				
Retention receivables				
– External parties	5,029	7,355	–	–
– Related parties	1,044	–	–	–
	6,073	7,355	–	–
Current:				
Contract receivables				
– External parties	32,939	38,450	–	–
– Related parties	6,099	4,000	–	–
Less: Allowance for doubtful external receivables	(916)	(472)	–	–
	38,122	41,978		
Retention receivables				
– External parties	9,081	13,968	–	–
– Related parties	1,044	–	–	–
Less: Allowance for doubtful external receivables	(232)	(80)	–	–
	9,893	13,888	–	–
Total current receivables	48,015	55,866	–	–
Total trade receivables	54,088	63,221	–	–
Add:				
– Loans to an associate (Note 18)	13,490	20,136	–	–
– Loans to a joint venture (Note 18)	24,537	20,525	–	–
– Amounts due from subsidiaries (Note 19)	–	–	5,608	3,547
– Other receivables (Note 23)	5,763	2,458	170	876
– Pledged deposits (Note 24)	4,962	4,657	–	–
– Cash and bank balances (including fixed deposits) (Note 24)	30,435	58,730	1,559	1,047
Total loans and receivables	133,275	169,727	7,337	5,470

17. TRADE RECEIVABLES *(cont'd)*

Retention receivables

Retention receivables 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' (2016: 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 $3,417,000 (2016: $8,622,000) and retention receivables amounting to $Nil (2016: $1,803,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Contract receivables past due:		
Lesser than 30 days	946	2,074
30 to 60 days	133	1,095
61 to 90 days	22	601
91 to 120 days	121	172
More than 120 days	2,195	4,680
	3,417	8,622
Retention receivables past due:		
More than 120 days	–	1,803

Trade receivables that are impaired

	Group	
	2017	**2016**
	$'000	$'000
Trade receivables – nominal amounts	1,148	552
Less: Allowance for doubtful receivables	(1,148)	(552)
	–	–

Trade receivables that are individually determined to be impaired at the end of the reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE RECEIVABLES *(cont'd)*

Allowance for doubtful receivables

Analysis of allowance for doubtful receivables are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Contract receivables		
Balance at 1 January	472	918
Charge to profit or loss	542	428
Write-back to profit or loss	(115)	(612)
Written off against allowance	–	(250)
Translation adjustments	17	(12)
Balance at 31 December	916	472
Retention receivables		
Balance at 1 January	80	105
Charge to profit or loss	205	40
Write-back to profit or loss	(39)	(65)
Written off against allowance	(14)	–
Balance at 31 December	232	80
Total allowance for doubtful receivables	1,148	552

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
2017				
Trade receivables - third party	a	14,047	(8,676)	5,371
Trade payables	b	1,780	(557)	1,223
2016				
Trade receivables - third party	a	10,180	(7,822)	2,358
Trade payables	b	6,740	(2,597)	4,143

(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' (2016: 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' (2016: 30 to 60 days') term basis.

18. LOANS TO AN ASSOCIATE AND A JOINT VENTURE

	Group	
	2017	**2016**
	$'000	$'000
Non-current		
Loans to an associate	–	20,136
Loans to a joint venture	24,537	20,525
Current		
Loans to an associate	13,490	–

(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 2017, the loans are expected to be repaid within 12 months.

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 2.4% (2016: 2.6%) 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 end of the reporting period.

19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2017	**2016**
	$'000	$'000
Amounts due from subsidiaries	7,831	3,593
Less: Allowance for doubtful receivables	(2,223)	(46)
	5,608	3,547
Amounts due to subsidiaries	(4,546)	(4,947)

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 (2016: $3,400,000) of amounts due to a subsidiary that bears interest at an average interest rate of 3.5% (2016: 3.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

19. AMOUNTS DUE FROM/(TO) SUBSIDIARIES *(cont'd)*

Analysis of allowance for doubtful receivables are as follows:

	Company	
	2017	**2016**
	$'000	$'000
Balance at 1 January	46	46
Charge to profit or loss	2,177	–
Balance at 31 December	2,223	46

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

	Group	
	2017	**2016**
	$'000	$'000
Contract costs to date	446,407	517,251
Recognised profits (net of recognised losses)	65,204	19,537
Less: Provision for foreseeable losses	–	(665)
Aggregate amount of costs incurred and recognised profits less recognised losses to date	511,611	536,123
Less: Progress billings	(520,556)	(563,640)
	(8,945)	(27,517)
Presented as:		
Gross amount due from customers for contract work-in-progress	5,898	6,118
Gross amount due to customers for contract work-in-progress	(14,843)	(33,635)
	(8,945)	(27,517)
Retention sums on construction contract (included in trade receivables), net of allowance for doubtful receivables	15,966	21,243

Provision for foreseeable losses

Analysis of provision for foreseeable losses are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Balance at 1 January	665	2,874
Foreseeable losses realised and incurred during the year	(665)	(2,209)
Balance at 31 December	–	665

21. DEVELOPMENT PROPERTY

	Group	
	2017	2016
	$'000	$'000
Freehold land	104,705	–

On 21 September 2017, the Group acquired a mixed-use development known as the Goh & Goh Building situated in Singapore for the purpose of re-development. As at the end of the reporting period, re-development has not commenced. The freehold land under development has been pledged as security for a bank loan (Note 27).

Details of the Group's development property are as follows:

Description and location	Proportion of ownership interest		Site area (square metre)
	2017	2016	
Goh & Goh Building, located at Nos. 110 to 122 Upper Bukit Timah Road	62%	–	2,868.3

22. PROPERTIES HELD FOR SALE AND INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Statement of financial position:		
Properties held for sale, at lower of cost and net realizable value	1,057	9,463
Construction materials, at lower of cost and net realizable value	6,093	7,343
Statement of comprehensive income:		
Inventories recognised as expenses in cost of sales (Note 7)	24,358	28,733
Allowance for inventories obsolescence	560	718

23. OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deposits	2,407	925	21	20
Rental receivables	21	800	21	800
Amounts due from associates	220	184	84	56
Fair value derivative asset	–	76	–	–
Other receivables	3,115	473	44	–
	5,763	2,458	170	876

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

NOTES TO THE FINANCIAL STATEMENTS

24. CASH AND BANK BALANCES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Cash at bank and on hand	18,359	18,005	1,559	1,047
Fixed deposits	17,038	45,382	–	–
	35,397	63,387	1,559	1,047

Fixed deposits are mainly short-term deposits made for varying periods of varying terms, and bears interest ranging from 0.3% to 4.0% (2016: 0.3% to 4.0%) per annum during the year.

As at 31 December 2017, cash at bank of the Group of $903,000 (2016: $406,000) 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 end of the reporting period:

	Group	
	2017	**2016**
	$'000	$'000
Cash at bank and on hand	18,359	18,005
Fixed deposits	17,038	45,382
	35,397	63,387
Less: Deposits pledged with financial institutions	(4,962)	(4,657)
Cash and bank balances (including fixed deposits)	30,435	58,730
Maintenance funds from owners of Bliss @Kovan received on behalf of property managing agent	–	(248)
Cash and cash equivalents	30,435	58,482

Pledged fixed deposits include $3,962,000 (2016: $3,657,000) placed as security for banking facilities granted to a subsidiary by various banks and $1,000,000 (2016: $1,000,000) for the issue of a performance bond by a bank.

Note to the consolidated statement of cash flows

	Group	
	2017	**2016**
	$'000	$'000
Purchase of property, plant and equipment (Note 10)	2,758	4,951
Less:		
Interest cost paid	–	(105)
Cash payments to acquire property, plant and equipment	2,758	4,846

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Non-current:				
Retention payables	3,447	5,699	–	–
Current:				
Trade payables	31,862	24,310	122	–
Retention payables	8,852	18,226	–	–
Other payables	1,465	1,836	109	307
	42,179	44,372	231	307
Total trade and other payables	45,626	50,071	231	307
Add:				
Amounts due to subsidiaries (Note 19)	–	–	4,546	4,947
Other liabilities (Note 26)	4,209	2,142	1,163	547
Loans and borrowings (Note 27)	101,035	17,911	10,125	10,566
	150,870	70,124	16,065	16,367
Less: Finance leases (Note 27)	(194)	(350)	–	–
Total financial liabilities carried at amortised cost	150,676	69,774	16,065	16,367

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 to external parties are non-interest bearing and are generally on 30 to 90 days' (2016: 30 to 90 days') terms.

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

	Group	
	2017	**2016**
	$'000	$'000
United States Dollar	2,996	927

NOTES TO THE FINANCIAL STATEMENTS

26. DEFERRED INCOME AND OTHER LIABILITIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Deferred income				
Non-current	2,774	2,933	–	–
Current	159	159	–	–
	2,933	3,092	–	–
Other liabilities				
Accrued operating expenses	2,842	896	363	332
Accrued staff costs	669	26	669	26
Deposits	223	392	95	157
Fair value derivatives liabilities	36	–	–	–
Sundry creditors	439	828	36	32
	4,209	2,142	1,163	547

Deferred income of $2,933,000 (2016: $3,092,000) 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.

27. LOANS AND BORROWINGS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Non-current:				
Finance leases	87	196	–	–
Long term borrowings (secured)	84,065	14,514	9,729	10,123
Loans from non-controlling interest	15,276	–	–	–
	99,428	14,710	9,729	10,123
Current:				
Finance leases	107	154	–	–
Short term borrowings (unsecured)	–	1,500	–	–
Current portion of long term borrowings (secured)	1,500	1,547	396	443
	1,607	3,201	396	443
Total loans and borrowings	101,035	17,911	10,125	10,566

The Group has undrawn loans and guarantee facilities of $92,007,000 (2016: $92,748,000) 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.

27. 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). The discount rate implicit in the leases ranges from 4.6% to 6.3% (2016: 3.0% 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:

	2017		**2016**	
	$'000		$'000	
	Minimum lease payments	**Present value of payments**	**Minimum lease payments**	**Present value of payments**
Group				
Not later than one year	114	107	167	154
Later than one year but not later than five years	89	87	211	196
Total minimum lease payments	203	194	378	350
Less: Amounts representing finance charges	(9)	–	(28)	–
Present value of minimum lease payments	194	194	350	350

Long term borrowings (secured)

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Non-current:				
Term loan 1	9,728	10,123	9,729	10,123
Term loan 2	3,287	4,391	–	–
Term loan 3	71,050	–	–	–
	84,065	14,514	9,729	10,123
Current:				
Term loan 1	396	443	396	443
Term loan 2	1,104	1,104	–	–
	1,500	1,547	396	443
Total long term borrowings	85,565	16,061	10,125	10,566

NOTES
TO THE FINANCIAL STATEMENTS

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

Long term borrowings (secured) (cont'd)

Term loan 1

Term loan 1 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 average interest rate was 2.6% (2016: 2.3%) per annum and the loan is secured by the leasehold premises with a carrying amount of $13,548,000 (2016: $13,889,000) (Note 10).

Term loan 2

Term loan 2 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 3.1% (2016: 3.0%) per annum and the loan is secured by an assignment and first fixed charge of the leasing contract and solar leasing equipment with a carrying value of $11,588,000 (2016: $12,217,000) (Note 10) and a corporate guarantee from the Company.

Term loan 3

Term loan 3 is a Singapore dollar denominated loan of $71,050,000 secured in 2017 to finance the acquisition of a property comprising a 4-storey mixed-use development known as the Goh & Goh Building situated in Singapore.

The average interest rate was 2.1% (2016: Nil) per annum and the loan is secured by the freehold premises.

Loans from non-controlling interest

Loans from non-controlling interest are non-trade, unsecured, interest bearing at an average interest rate of 2.1% (2016: Nil) per annum and are to be settled in cash. The purposes of the loans are to partially finance the land acquisition and development charges of a property development project undertaken by Alika Properties Pte Ltd. The loans are not expected to be repaid within 12 months from the end of the reporting period.

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. LOANS AND BORROWINGS *(cont'd)*

Reconciliation of liabilities arising from financing activities

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

		Cash flows	Non-cash item		
	2016		**Accretion of interest**	**Others**	**2017**
	$'000	$'000	$'000	$'000	$'000
Finance leases					
– Non-current	196	–	2	(111)	87
– Current	154	(159)	1	111	107
Long term borrowings					
– Non-current	14,514	71,051	–	(1,500)	84,065
– Current	1,547	(1,547)	–	1,500	1,500
Short term borrowings					
– Current	1,500	(1,500)	–	–	–
Loans from non-controlling interest					
– Non-current	–	15,276	–	–	15,276
	17,911	83,121	3	–	101,035

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

28. SHARE CAPITAL

	Group and Company			
	2017		**2016**	
	No. of shares		**No. of shares**	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares:				
Balance at 1 January	308,210	43,967	308,210	43,967
Issuance of ordinary shares for the acquisition of non-controlling interest (Note 12(b))	16,500	5,115	–	–
Balance at 31 December	324,710	49,082	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.

NOTES TO THE FINANCIAL STATEMENTS

29. TREASURY SHARES

	Group and Company			
	2017		2016	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
Balance at 1 January	(211)	(69)	(211)	(69)
Acquired during the financial year	(2,111)	(497)	–	–
Balance at 31 December	(2,322)	(566)	(211)	(69)

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

The Company acquired 2,111,000 (2016: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $497,000 (2016: $Nil) and this was presented as a component within shareholders' equity.

30. DIVIDENDS

	Group and Company	
	2017	2016
	$'000	$'000
Declared and paid during the financial year:		
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 but not recognised as a liability as at 31 December:		
First and final (tax exempt one-tier) dividend for 2017 of 0.4 cents (2016: 0.4 cents) per ordinary share	1,289	1,232
Special (tax exempt one-tier) dividend for 2017 of 0.2 cents (2016: 0.2 cents) per ordinary share	645	616
	1,934	1,848

Proposed dividends per ordinary share for 2017 is based on 322,388,218 (2016: 307,999,418) shares (excluding treasury shares) as disclosed in Notes 28 and 29.

31. COMMITMENTS AND CONTINGENCIES

(a) ***Capital commitments***

Capital expenditure contracted as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Capital commitments in respect of:		
Property, plant and equipment	–	1,291
Office renovations	–	64

(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 $1,696,000 (2016: $1,646,000).

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Not later than one year	1,694	1,457	322	3,460
Later than one year but not later than five years	4,398	3,913	90	232
Later than five years	13,774	12,786	–	–
	19,866	18,156	412	3,692

(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 recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to $1,777,000 (2016: $1,621,000).

NOTES TO THE FINANCIAL STATEMENTS

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

(c) ***Operating lease commitments – as lessee*** *(cont'd)*

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Not later than one year	1,821	1,409	600	716
Later than one year but not later than five years	2,180	2,430	1,125	1,924
Later than five years	3,996	4,381	3,792	4,381
	7,997	8,220	5,517	7,021

(d) ***Contingent liabilities***

	Company	
	2017	**2016**
	$'000	$'000
Corporate guarantees given to banks for credit and guarantee facilities utilised	39,975	38,415

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

32. EMPLOYEE BENEFITS

	Group	
	2017	**2016**
	$'000	$'000
Employee benefits expense (including executive directors)		
– Salaries and bonuses	22,528	27,024
– Central Provident Fund	3,506	4,899
– Others	1,286	968
	27,320	32,891

Employee benefits expenses capitalised during the year under contract work-in-progress amounted to $14,955,000 (2016: $23,043,000).

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 at terms agreed between the parties during the financial year:

	Group	
	2017	**2016**
	$'000	$'000
From an associate:		
Accounting services income	(96)	(96)
Licence fees income	(30)	(29)
Management fees income	(28)	(28)
From joint ventures:		
Construction revenue	(51,503)	(36,241)
Accounting services income	(102)	(102)
Interest income on loans	(515)	(475)
Loans to an associate	–	560
Loans to a joint venture	3,497	2,690
License and other fees to a related party	384	304
Purchases from a related party	517	–
Service income from a related party	(5)	–
Rental expense paid to a director of the Company	47	–
Rental expense paid to a director of a subsidiary	42	92
Project management fees income from a related party	–	(89)
Professional fees to a firm in which a director has an interest	60	60

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

	Group	
	2017	**2016**
	$'000	$'000
Short-term employee benefits	3,014	2,459
Central Provident Fund	135	89
	3,149	2,548
Comprise amounts paid/payable to:		
– Directors of the Company	1,653	939
– Other key management personnel	1,496	1,609
	3,149	2,548

NOTES TO THE FINANCIAL STATEMENTS

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 trading in derivatives for speculative purposes shall be undertaken. 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 end of the reporting period, 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 end of the reporting period is as follows:

	Group			
	2017		**2016**	
	$'000	% of total	$'000	% of total
By country:				
Singapore	40,692	75	51,344	81
Malaysia	13,396	25	11,877	19
	54,088	100	63,221	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and 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.

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

(a) ***Credit risk*** *(cont'd)*

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.

(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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	**Within 1 year**	**1 - 5 years**	**After 5 years**	**Total**
2017	$'000	$'000	$'000	$'000
Financial assets:				
Loans to an associate	13,490	–	–	13,490
Loans to a joint venture	24,960	–	–	24,960
Trade receivables	48,015	6,073	–	54,088
Other receivables	6,273	–	–	6,273
Pledged deposits	4,962	–	–	4,962
Cash and bank balances (including fixed deposits)	30,435	–	–	30,435
Total undiscounted financial assets	128,135	6,073	–	134,208
Financial liabilities:				
Trade and other payables	42,179	3,447	–	45,626
Other liabilities	4,209	–	–	4,209
Finance leases	124	79	–	203
Long term borrowings	2,874	97,303	11,148	111,325
Total undiscounted financial liabilities	49,386	100,829	11,148	161,363
Total net undiscounted financial assets/(liabilities)	78,749	(94,756)	(11,148)	(27,155)

NOTES TO THE FINANCIAL STATEMENTS

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

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

Group	**Within 1 year**	**1 - 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)*

Company	**Within 1 year**	**1 - 5 years**	**After 5 years**	**Total**
2017	$'000	$'000	$'000	$'000
Financial assets:				
Amounts due from subsidiaries	5,608	–	–	5,608
Other receivables	170	–	–	170
Cash and bank balances (including fixed deposits)	1,559	–	–	1,559
Total undiscounted financial assets	7,337	–	–	7,337
Financial liabilities:				
Amounts due to subsidiaries	4,546	–	–	4,546
Trade and other payables	231	–	–	231
Other liabilities	1,163	–	–	1,163
Loans and borrowings	775	3,497	11,148	15,420
Total undiscounted financial liabilities	6,715	3,497	11,148	21,360
Total net undiscounted financial assets/(liabilities)	622	(3,497)	(11,148)	(14,023)
2016				
Financial assets:				
Amounts due from subsidiaries	3,547	–	–	3,547
Other receivables	876	–	–	876
Cash and bank balances (including fixed deposits)	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)

NOTES TO THE FINANCIAL STATEMENTS

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

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

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called. The Group does not provide financial guarantees for external parties.

Company	**Within 1 year**	**1 - 5 years**	**After 5 years**	**Total**
	$'000	$'000	$'000	$'000
2017				
Financial guarantees	19,326	17,439	3,210	39,975
2016				
Financial guarantees	11,507	26,908	–	38,415

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from 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 end of the reporting period, if interest rates had been 10% (2016: 10%) lower/higher with all other variables held constant, the Group's profit before taxation would have been $10,000 (2016: $66,000) 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 and Malaysian Ringgit (Ringgit). The foreign currency in which these transactions are denominated is mainly the United States Dollar ("USD"). As at 31 December 2017, trade payables denominated in USD is $2,996,000 (2016: $927,000) (Note 25).

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 24.

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. The Group does not apply hedge accounting for such forward currency contracts.

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

(d) ***Foreign currency risk*** *(cont'd)*

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	
	2017	**2016**
	$'000	$'000
USD - strengthened 5% (2016: 5%)	(105)	(26)
USD - weakened 5% (2016: 5%)	105	26

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 2017 and 2016. 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	
	2017	**2016**
	$'000	$'000
Trade and other payables (Note 25)	45,626	50,071
Other liabilities (Note 26)	4,209	2,142
Loans and borrowings (Note 27)	101,035	17,911
Less: Cash and bank balances (including fixed deposits) (Note 24)	(35,397)	(63,387)
Net debt	115,473	6,737
Equity attributable to the equity holders of the parent	138,158	130,824
Total capital	138,158	130,824
Capital and net debt	253,631	137,561
Gearing ratio	46%	5%

NOTES TO THE FINANCIAL STATEMENTS

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) and trade payables (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 and trade payables of the Group as at 31 December 2017 and 2016.

Current trade and other receivables and payables (Notes 17, 23 and 25), other liabilities (Note 26), cash and bank balances (including fixed deposits) and pledged deposits (Note 24) 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 an associate and a joint venture (Note 18) and loans and borrowings (Note 27)

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 end of the reporting period. 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 an associate and a joint venture and loans and borrowings of the Group as at 31 December 2017 and 2016.

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 has four reportable segments organised based on their products and services 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.

NOTES
TO THE FINANCIAL STATEMENTS

37. SEGMENT INFORMATION *(cont'd)*

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

	Specialised engineering	General construction	Property development	Green Technology	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Revenue					
External revenue	101,171	60,547	9,165	1,218	172,101
Inter-segment revenue	23,745	–	–	111	23,856
Total revenue	124,916	60,547	9,165	1,329	195,957
Results:					
Interest income	775	55	248	–	1,078
Interest expense	17	–	536	152	705
Depreciation of property, plant and equipment	2,784	726	–	626	4,136
Share of results of associates	107	–	6,221	–	6,328
Share of results of joint ventures	–	470	2,448	–	2,918
Other non-cash items:					
Allowance for inventories obsolescence	66	494	–	–	560
Impairment loss on property, plant & equipment	622	–	–	–	622
Impairment loss on goodwill	300	–	–	–	300
Amortisation of deferred income	–	–	–	(159)	(159)
Interest arising from the discount implicit in non-current trade receivables	8	–	–	–	8
Fair value gain on derivative	112	–	–	–	112
Allowance for doubtful receivables	593	–	–	–	593
Bad debt written off	3	1	–	–	4
Segment profit/(loss) before taxation	6,735	(3,277)	7,775	(327)	10,906
Income tax expense/(credit)	2,922	(14)	(3,387)	–	(479)
Assets					
Investments in associates	785	–	15,360	–	16,145
Additions to property, plant and equipment	2,660	98	–	–	2,748
Segment assets	69,567	37,076	169,695	12,308	288,646
Segment liabilities	35,482	32,359	87,334	3,334	158,509

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
2016					
Revenue					
External revenue	110,810	164,823	–	1,101	276,734
Inter-segment revenue	21,970	475	–	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 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	(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

NOTES TO THE FINANCIAL STATEMENTS

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

	2017	2016
	$'000	$'000
Revenue		
Total revenues for reportable segments	195,957	302,835
Management fee from an associate	28	28
Elimination of intersegment revenue	(23,856)	(26,101)
	172,129	276,762
Profit before taxation		
Total profit before taxation for reportable segments	10,906	6,711
Management fee from an associate	28	28
Unallocated amounts:		
Other corporate income	2,900	3,028
Other corporate expenses	(7,484)	(6,497)
	6,350	3,270
Assets		
Total assets for reportable segments	288,646	226,072
Other unallocated amounts	19,975	20,563
	308,621	246,635
Liabilities		
Total liabilities for reportable segments	158,509	100,367
Other unallocated amounts	11,524	11,613
	170,033	111,980

37. SEGMENT INFORMATION *(cont'd)*

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

	2017			2016		
Other material items	**Reportable segment totals**	**Adjustments**	**Entity totals**	**Reportable segment totals**	**Adjustments**	**Entity totals**
	$'000	$'000	$'000	$'000	$'000	$'000
Interest income	1,078	29	1,107	1,282	3	1,285
Interest expense	705	304	1,009	81	367	448
Allowance for inventories obsolescence	560	–	560	718	–	718
Impairment of property, plant & equipment	622	–	622	368	–	368
Impairment of goodwill	300	–	300	–	–	–
Interest arising from the discount implicit in non-current trade receivables	8	–	8	(68)	–	(68)
Fair value loss/(gain) on derivative	112	–	112	(19)	–	(19)
Depreciation of property, plant and equipment	4,136	2,217	6,353	3,931	1,730	5,661
Allowance/(write-back of allowance) for doubtful receivables, net	593	–	593	(209)	–	(209)
Additions to property, plant and equipment	2,748	10	2,758	4,951	–	4,951
Income tax (credit)/expense	(479)	–	(479)	1,125	226	1,351

(b) ***Analysis by geographical segment***

	Revenue		Non-current assets	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Countries				
Singapore	126,585	216,311	81,456	94,904
Malaysia	45,544	60,451	5,870	6,746
Others	–	–	367	350
	172,129	276,762	87,693	102,000

Information about a major customer

Revenue from one major customer amounted to $51,503,000 (2016: $82,988,000) arising from general construction and specialised engineering works.

NOTES TO THE FINANCIAL STATEMENTS

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Incorporation of a joint venture

On 1 February 2018, NorthernOne Development Pte Ltd ("NOD"), a joint venture company which the Group holds 25.05% equity interest, has incorporated a new company, Wisteria Mall Management Pte Ltd ("WMM") in Singapore. WMM is wholly owned by NOD and has an issued and paid-up share capital of $2 comprising of 2 ordinary shares. The principal activity of WMM is that of retail mall management and it will be managing The Wisteria Mall that is owned by NOD.

Incorporation of an associate

On 21 February 2018, the Group's wholly owned subsidiary BBR Development Pte Ltd ("BBRD") has incorporated an associated company, Trendsteq Pte Ltd ("TPL"). BBRD holds 40% shareholding in TPL and the other 60% shareholding is held by an unrelated third party. TPL has a total issued and paid-up share capital of S$10 comprising 10 shares of S$1 each. The principal activities of TPL are the provision of property management and consultancy services.

39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 23 March 2018.

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 2017. Deviations from the CCG, if any, have been explained appropriately in this report.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors comprises seven Directors and two Alternate Directors, namely:

Executive	:	Mr. Tan Kheng Hwee Andrew Mr. Voon Yok Lin (appointed on 21 June 2017) Mr. Voon Chet Chie (appointed on 21 June 2017 as alternate to Mr. Voon Yok Lin)
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 is responsible for overseeing and supervising the management and corporate affairs of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group.

The principal functions of the Board are:

- Set strategic direction of the Group and ensure the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls so as to safeguard shareholders' interests and the Company's assets;
- review and approve financial performance of the Group including its quarterly and full year financial results announcements;
- review the adequacy of the Group's internal control and financial reporting system;
- identify key stakeholder groups and set the values and standards so as to ensure that obligations to these stakeholders and shareholders are met; and
- consider sustainability issues e.g. environmental and social factors, as part of its strategic formation.

All the Directors have objectively discharged their duties and responsibilities in every circumstance as fiduciaries in the interests of the Company. To facilitate effective management, the Board has delegated the authority to make certain decisions to various Board Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, BBR Share Plan Committee, Investment Committee and Risk Management Committee. The effectiveness of each Board Committee is also closely monitored. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, it has not abdicated its ultimate responsibilities. The terms of reference for the respective committees are disclosed in the following paragraphs.

CORPORATE GOVERNANCE

Board and Board Committees 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 Board Committees to be conducted by means of telephone and video-conference and other methods of simultaneous communication by electronic, telegraphic or other similar means, where applicable, by which the foreign Directors who reside overseas could participate in the meetings.

The number of meetings held in 2017 and the attendance of each Board member at these meetings were as follows:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	**5**	**4**	**2**	**2**
Number of meetings attended:				
Mr. Tan Kheng Hwee Andrew	5	4*	2*	N.A.
Mr. Voon Yok Lin/Voon Chet Chie**	3	N.A.	N.A.	N.A.
Mr. Bruno Sergio Valsangiacomo	4	N.A.	1	N.A.
Mr. Marcel Poser/Romano William Fanconi	4	N.A.	1*	N.A.
Prof. Yong Kwet Yew	5	4	2	2
Ms. Luk Ka Lai Carrie	5	4	2	2
Mr. Soh Gim Teik	5	4	N.A.	2

* Attendance by invitation
** Appointed on 21 June 2017

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, reorganisation or substantial transactions which have a material impact on the Group, declaration of dividends to shareholders, periodic announcements of financial results and annual reports.

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.

Upon appointment of each Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.

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, they 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.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Company endeavours to maintain a strong and independent element on the Board with the Independent Directors making up at least one-third of the Board. The Board currently comprises seven members, three of whom are independent. The independence of each Independent Director is reviewed annually by the Nomination Committee.

The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nomination Committee, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

The Board has adopted guidelines set out in the CCG on relationships, the existence of which would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company, is considered to be independent.

The Nomination Committee is tasked to determine on an annual basis and, as and when the circumstances require, whether or not a Director is independent, bearing in mind the CCG and any other salient factors which would render a Director to be deemed not independent. In addition, consideration is given to Guideline 2.4 of the CCG which requires that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment, be subject to particularly rigorous review.

The Board recognises that Independent Directors may over time develop significant insights into the Group's business and operations, and can continue to objectively provide significant and valuable contribution to the Board as a whole. Where there are such Directors serving as an Independent Director for more than nine years, the Board will do a rigorous review of their continuing contribution and independence.

Prof. Yong Kwet Yew, Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik have each served on the Board as Non-Executive Independent Directors for more than nine years from the date of their first appointment.

The Nomination Committee takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the Management in the interests of the Group as he/she performs his/her duties in good faith, are more critical measures in ascertaining a Director's independence than the number of years served on the Board.

During its review, the Nomination Committee (saved for Prof. Yong Kwet Yew) considered and noted that notwithstanding that Prof. Yong Kwet Yew has served the Board for more than nine years, Prof. Yong's independence as a Director is not affected as he continues to demonstrate his independent leadership and guidance through active participation and objective questioning on matters discussed during the Board and Board Committees meetings and has led discussions and offered independent views on critical areas of the Group's business and governance issues.

CORPORATE GOVERNANCE

During its review, the Nomination Committee (saved for Ms. Luk Ka Lai Carrie) considered that Ms. Luk Ka Lai Carrie has continually exercised independent judgement for the benefits of the Company and all shareholders. She is always aware of her responsibilities towards the minority shareholders and has acted in their interests. She is an effective Audit Committee Chairperson who is very knowledgeable in finance, accounting and governance matters and had independently enquired on key control issues and offered critical insights and independent views during the Board and Board Committees meetings.

During its review, the Nomination Committee (saved for Mr. Soh Gim Teik) considered and noted that Mr. Soh Gim Teik had demonstrated a high level of independence in discharging his duties. He had exercised sound independent business judgement and highlighted potential issues on investment terms and provided comments on internal control issues and areas where improvements are needed.

All the three Independent Directors have no business relationship with the Company and the Group and have not been directly or indirectly interested in the shares of the Company and its Group. In situations where there may be potential conflict of interest or lack of impartiality, the respective Independent Directors will recuse themselves completely. They are independent in character and judgement and their long service as Independent Directors is an invaluable asset to the Company due to their familiarity with the industry and the Group's businesses.

After taking into account these factors, the views of the Nomination Committee and having weighed the need for Board's refreshment against tenure, the Board has considered and determined that Prof. Yong Kwet Yew, Ms. Luk Ka Lai Carrie and Mr. Soh Gim Teik continue to be regarded as Independent Directors of the Company, notwithstanding that they have served on the Board beyond nine years.

The Board has evaluated its size, composition and skills of its members to ensure an appropriate balance and diversity of skills, experience and knowledge.

The Board comprises members possess a wealth of experience ranging from accounting and finance, engineering, industry knowledge, management and strategic planning who, as a group, provide core competencies necessary to meet the demands facing the Company and the industry and provide leadership of the Company. Key information regarding the Directors is set out under the section entitled "Board of Directors" in this Annual Report.

The Board is satisfied that the current size of the Board 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.

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.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The clear division of responsibilities between the Non-Executive and Independent Chairman and the Chief Executive Officer ensures proper balance of power and authority of the Group.

Prof. Yong Kwet Yew is the Chairman of the Board since 28 April 2008.

The Chairman's role includes the following:

- scheduling meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
- preparing agendas for meetings in consultation with the CEO;
- exercise control over quality, quantity and timeliness of the flow of information between management and the Board;
- assist in ensuring compliance with Company's guidelines on corporate governance;
- facilitating the effective contribution of the Non-Executive Directors;
- ensuring effective communication with shareholders;
- encourage constructive relations within the Board and between the Board and Management: and
- promote high standards of corporate governance.

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.

The Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all decisions and policy changes are conducted through the respective Board Committees, which are chaired by Independent Directors.

The Company has not appointed a Lead Independent Director because the Chairman and the CEO are separate persons and they are not family members. The Chairman is also an Independent Director who is not part of the management team.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nomination Committee ("NC") comprises three Independent Directors, namely:

Prof. Yong Kwet Yew – Chairman
Ms. Luk Ka Lai Carrie
Mr. Soh Gim Teik

The NC was established for the purpose of ensuring that there is a formal and transparent process for all board appointments.

The terms of reference of the NC are:

- 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;
- 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;
- To determine annually, or whenever necessary during the year, 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; and
- To evaluate the performance of the Board and the contributions from the Directors on a year to year basis.

CORPORATE GOVERNANCE

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.

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 years.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold.

After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group and the multiple directorships of the IDs do not affect their performance as IDs of the Company.

Details of the appointment of Directors including date of initial appointment and date of last re-election and directorships in listed companies, both current and for the preceding three years, are set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr. Tan Kheng Hwee Andrew	01/04/1994	25/04/2016	–
Mr. Voon Yok Lin	21/06/2017	–	–
Mr. Bruno Sergio Valsangiacomo	11/02/1997	25/04/2016	–
Mr. Marcel Poser	24/04/2015	25/04/2016	–
Prof. Yong Kwet Yew	19/08/1997	21/04/2017	Tritech Group Limited
Ms. Luk Ka Lai Carrie	24/09/1997	21/04/2017	Tiong Woon Corporation Holding Ltd
Mr. Soh Gim Teik	08/08/2008	24/04/2015	KS Energy Limited QAF Limited [3] UMS Holdings Limited [3]
Mr. Romano William Fanconi [1]	24/04/2015	–	–
Mr. Voon Chet Chie [2]	21/06/2017	–	–

(1) Alternate Director to Mr. Marcel Poser
(2) Alternate Director to Mr. Voon Yok Lin
(3) Past directorships in the preceding three years

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:

Mr. Soh Gim Teik (pursuant to Article 117)
Mr. Marcel Poser (pursuant to Article 117)
Mr. Voon Yok Lin (pursuant to Article 121)

The NC has recommended Mr. Soh Gim Teik, Mr. Marcel Poser and Mr. Voon Yok Lin (saved for Mr. Soh Gim Teik who has abstained from the evaluation and voting of his own nomination) 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, Mr. Soh Gim Teik, being an Independent Non-Executive Director, will remain as the Chairman of the Investment Committee, and a member of the Audit Committee and Nomination Committee.

If re-elected at the AGM, Mr. Marcel Poser will remain as a Non-Executive Director of the Company.

Mr. Voon Yok Lin who was appointed an Executive Director of the Company on 21 June 2017 shall retire from the Board pursuant to Article 121 of the Company's Constitution. If re-elected at the AGM, Mr. Voon Yok Lin will remain as an Executive Director of the Company.

Alternate Directors

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 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 Non-Executive Director. He bears all the duties and responsibilities of a Director.

Similarly Mr. Voon Yok Lin has appointed his son, Mr. Voon Chet Chie as his Alternate Director on 21 June 2017. Mr. Voon Chet Chie has building and construction experience in both public and private sectors in Malaysia and is currently the Manager for Special Task in the Malaysia subsidiary, BBR Construction Systems (M) Sdn. Bhd. With his qualification, experience and the industry knowledge that he possesses, the NC and the Board had approved his appointment as an Alternate Director.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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 2017, 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.

CORPORATE GOVERNANCE

The Board and the NC strive 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 balanced 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.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the Board is able to fulfil its responsibilities, the Management is required to provide timely information on matters that require the Board's decision and reports on material operational and financial matters of the Group. The Directors also have unrestricted access to the Company's records and information.

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.

The Board has separate and independent access to the Management, the company secretary and internal and external auditors on all matters whenever they deem necessary.

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 or a representative from the Company Secretary's office attends all meetings of the Board and Board Committees 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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises three Non-Executive Directors, with two of its members, including the Chairman, being Independent Directors. They are:

Prof. Yong Kwet Yew - Chairman
Mr. Bruno Sergio Valsangiacomo
Ms. Luk Ka Lai Carrie

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his own remuneration.

The duties and responsibilities of the RC include:

- 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
- 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 Non-Executive Directors to minimise the risk of any potential conflict of interest. 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.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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.

The Independent Directors and Non-Executive Directors 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 Non-Executive Directors 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 Non-Executive Directors to board and general meetings in Singapore are reimbursed by the Company.

CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Directors of the Company

The remuneration bands and components in percentage terms of the Directors' remuneration based on amounts received in financial year 2017 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	78	15	4	3	**100**
Below $250,000					
Mr. Voon Yok Lin	86	4	4	6	**100**
Mr. Voon Chet Chie [(1)]	88	12	–	–	**100**
Mr. Bruno Sergio Valsangiacomo	–	–	–	100	**100**
Mr. Marcel Poser/ Mr. Romano William Fanconi [(2)]	–	–	–	100	**100**
Prof. Yong Kwet Yew	–	–	–	100	**100**
Ms. Luk Ka Lai Carrie	–	–	–	100	**100**
Mr. Soh Gim Teik	–	–	–	100	**100**

(1) Alternate Director to Mr. Voon Yok Lin

(2) Alternate Director to Mr. Marcel Poser

The Board is of the view that due to competitive reasons, the total remuneration of each Director is not disclosed.

The Directors' fees for financial year 2016 amounted to $280,000.00 were paid in financial year 2017 after approval by the members at the annual general meeting held on 21 April 2017.

Key Executives

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 five key executives are as follows:

Remuneration Band	Number of key executives	Basic salary	Variable performance bonus	Benefits-in-kind and others	Total
		%	%	%	**%**
$250,000 to below $500,000	2	89	11	–	**100**
Below $250,000	3	92	8	–	**100**

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure of the compensation for top key executives is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

The annual aggregate remuneration paid to the top five key executives (excluding the CEO) for the financial year 2017 is approximately $1,241,000.

Immediate Family Members of Director, Chief Executive Officer or Substantial Shareholder

There was no employee who is an immediate family member of a Director, Chief Executive Officer or Substantial Shareholder of the Company and whose remuneration exceeds S$50,000 for the financial year ended 31 December 2017.

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 Non-Executive Directors 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 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 BBR Share Plan Committee who are eligible to participate in the Plan abstain from discussions relating to their own performance and award of performance shares.

Information relating to the Plan are disclosed in the Directors' Statement on page 26.

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to Shareholders while the Management is accountable to the Board. The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with the requirements of the SGX-ST Listing Manual. Price sensitive information is publicly announced before it is communicated to any other interested person.

In presenting the annual and quarterly financial statements to Shareholders, it is the aim of the Board to provide a detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects. Further to the above, the quarterly financial statements of the Group are also signed by the Managing Director and the Chairperson of the Audit Committee, for and on behalf of the Board, confirming that it is to the best of the Board's knowledge that nothing has come to the attention of the Board, which may render the announcements relating to the Group's quarterly financial statements to be false or misleading in any material aspects. The directors' statements of the Company are also signed by the Managing Director and the Chairperson of the Audit Committee. Further to the above, the Company also completes and submits compliance checklists to SGX (if applicable and when required) to ensure that all announcements, circulars or letters to Shareholders comply with the requirements set out in the SGX-ST Listing Manual.

CORPORATE GOVERNANCE

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

In 2013, the Board established a Risk Management Committee ("RMC") which reports to the Audit Committee ("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 124 to 129.

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 internal audit 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 internal audit 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 SGX-ST Listing Manual;
- 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 2017, the CEO and Chief Financial Officer ("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 SGX-ST Listing Manual.

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.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three Independent Directors, 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 of the Company's external auditor, Ernst & Young LLP, nor do they have any financial interest in the accounting entity.

The duties and responsibilities of the AC include those described in the Companies Act, Chapter 50 and the CCG. The main responsibilities include:

- Review the audit plan of the external auditors;
- Review scope and results of the audit and its cost effectiveness, and independence and objectivity of the external auditors;
- Review the Group's financial and operating results and accounting policies;
- Evaluate the Group's systems of internal accounting controls;
- Review the audit plan of internal auditors and the scope and results of their review;
- Review the adequacy and effectiveness of the internal audit function and ensure co-ordination between the internal and external auditors and the Management;
- Review and make recommendations to the Board on the re-appointment of external auditors of the Company and the Group;
- Approve remuneration of external auditors;
- Review the consolidated financial statements of the Group before submission to the Board together with the external auditors' report on those financial statements;
- Review the quarterly and annual announcements as well as the related press releases on the results and financial position of the Group before submission to the Board for approval for release to SGX-ST; and
- Review interested person transactions to ensure that each has been conducted on an arm's length basis.

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 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 AC.

CORPORATE GOVERNANCE

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 matter was highlighted by external auditors as key audit matter (KAM) for the financial year ended 31 December 2017, which was discussed with management and reviewed by the AC.

Significant matter	How the AC reviewed the matter and what decision was 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 2017.

Details on the KAM can be found on pages 29 and 30 of the Independent Auditor's Report.

The AC has reviewed the work performed by the external auditors, Ernst & Young LLP, after taking into consideration the relevant guidelines issued to the Audit Committees by Singapore Exchange Trading Limited and/or the Singapore Accounting & Corporate Regulatory Authority.

After taking into consideration the adequacy of the resources and experience of Ernst & Young LLP (including the audit partner in charge of auditing the Company), the other audit engagements of Ernst & Young LLP, the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the Audit Committee and the Board are of the view that Ernst & Young LLP has been able to assist the Company in meeting its audit obligations.

The Company engages Ernst & Young LLP for all its Singapore incorporated subsidiaries, associate and joint venture companies as well as significant foreign-incorporated subsidiaries.

Accordingly, the Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

In accordance with Rule 1207(6) of the SGX-ST Listing Manual, the audit fees paid to Ernst & Young LLP for their audit and non-audit services for the financial year ended 31 December 2017 amounted to $245,000 and $35,000 respectively.

The AC has conducted an annual review of non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services do not affect the independence of the external auditors.

The AC is satisfied with the independence and objectivity of the external auditors and recommends to the Board the nomination of the external auditors for re-appointment.

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 2017.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

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. Their appointment, removal, evaluation and compensation are approved by the AC. The Company has given the IA full access to its documents, records, premises and personnel in the course of their work.

The internal audit function is independent and reports directly to the AC. To ensure the adequacy of the internal audit function, the AC meets at least once a year to review the internal audit findings and to approve the annual internal audit plans. 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 members of the AC have unrestricted access to the IA on all matters whenever they deem necessary and have met the IA without the presence of the Management at least once annually

The IA meets 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 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.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The 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 proxies to attend and vote at general meetings.

CORPORATE GOVERNANCE

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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.

The Company's website at *www.BBR.com.sg*, particularly in the investor relations section from which Shareholders can access, provides all publicly announced financial information, corporate announcements, press releases and annual reports which shareholders can access at anytime.

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: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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 proxies to attend and vote on his behalf. Where shares are held via a nominee or custodial services for securities, more than two 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.

ADDITIONAL INFORMATION

Dealings in the Company's Shares (Rule 1207(19) of the SGX-ST Listing Manual)

The Company has adopted policies in line with the requirements of the listing rules 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 weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full year financial statements.

Risk Management Policies and Processes (Rule 1207(4)(b)(iv) of the SGX-ST Listing Manual)

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 Risk Management Report on pages 124 to 129.

Material Contracts (Rule 1207(8) of the SGX-ST Listing Manual)

There were no material contracts entered into by the Company and its subsidiaries in financial year 2017 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 SGX-ST Listing Manual)

No general mandate has been obtained for interested person transactions pursuant to Rule 920(1) of the SGX-ST Listing Manual. The aggregate value of interested persons transactions carried out during the financial year by the Group was as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	$'000
BBR VT International Ltd (A related corporation of BBR Holding AG, Switzerland, a controlling shareholder of the Company)	906	–

The above interested persons transactions were carried out on arm's-length basis.

Sustainability Report (Rules 711A and 711B of the SGX-ST Listing Manual)

The Company will release the Sustainability Report via SGXNET at a later date. A copy will also be made available on the Company's website at www.BBR.com.sg.

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.

The Group also mitigates competition risk by exploring business opportunities in the region.

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. We would also send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as on new safety and building standards imposed by the regulatory authorities.

Sales of development properties may also be affected by changes to government policies like the cooling measures implemented with respect to Singapore residential properties. 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.

RISK MANAGEMENT REPORT

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.

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, quality, 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 and raise competencies and productivity levels during project executions, staff undergo relevant professional as well as technical training courses. The Group also conducts regular checks on the quality of work done for its projects.

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.

For the BBR's property development business, the Group uses the services of professional and experienced project or development manager to assist if necessary to ensure that development costs are within budgets, design and construction are in accordance with approved design and specifications, variation works orders are duly approved and construction progress is according to the planned time schedule.

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 Modelling (BIM) software and application, and other automation, thereby reducing our reliance on labour.

RISK MANAGEMENT REPORT

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 Dollar 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.

For the Group's property development business, cash flow planning and forecasting is done at the feasibility study stage to ensure that the Group's has sufficient cash flow to embark on the project. For larger developments, the Group will consider developing the projects through joint venture arrangements or will invite other business partners to take up shares in the project company. The Group will also negotiate with the banks on the terms and conditions of the loan to finance the development of the property prior to completion of the purchase of the land.

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 and behavioural safety approach is being promoted to all staff and workers, and thus taking ownership for personal safety.

STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2018

Issued and fully paid capital	:	S$49,082,199
Number of ordinary shares (excluding treasury shares)	:	322,388,218
Number of treasury shares	:	2,322,200
Class of shares	:	Ordinary
Voting rights		1 vote for each ordinary share held (excluding treasure shares)

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	38	0.48	1,345	0.00
100 – 1,000	2,071	25.93	1,291,520	0.40
1,001 – 10,000	3,920	49.09	18,929,194	5.87
10,001 – 1,000,000	1,932	24.19	89,593,691	27.79
1,000,001 AND ABOVE	25	0.31	212,572,468	65.94
TOTAL	**7,986**	**100.00**	**322,388,218**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% [1]
1	BBR HOLDING AG	85,632,978	26.56
2	CITIBANK NOMINEES SINGAPORE PTE LTD	37,045,300	11.49
3	TAN KHENG HWEE ANDREW	17,250,474	5.35
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	9,475,273	2.94
5	DBS NOMINEES (PRIVATE) LIMITED	8,041,000	2.49
6	ONG KIAN KOK	7,600,000	2.36
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,373,600	1.98
8	RAFFLES NOMINEES (PTE) LIMITED	6,202,900	1.92
9	NG SENG HUA	4,257,000	1.32
10	HONG LEONG FINANCE NOMINEES PTE LTD	4,021,000	1.25
11	ABN AMRO CLEARING BANK N.V.	3,512,400	1.09
12	DUNCAN PRODUCTS PTE LTD	2,700,073	0.84
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,461,400	0.76
14	PHILLIP SECURITIES PTE LTD	2,410,800	0.75
15	JONATHAN CHADWICK	2,000,000	0.62
16	TAN BAN PIN	1,761,500	0.55
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,718,000	0.53
18	TIONG WOON CRANE & TRANSPORT (PTE) LTD	1,696,788	0.53
19	TYT BUILDERS PTE LTD	1,560,182	0.48
20	RYOBI-KISO (S) PTE LTD	1,360,000	0.42
	TOTAL	**207,080,668**	**64.23**

PUBLIC SHAREHOLDING

As at 8 March 2018, based on the registers of shareholders and to the best knowledge of the Company, approximately 54.61% 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 Exchange Securities Trading Limited.

TREASURY SHARES

As at 8 March 2018, 2,322,200 ordinary shares are held as treasury shares, representing 0.72% of the total number of issued shares excluding treasury shares

Note:

[1] Percentage is calcuted based on 322,388,218 ordinary shares (excluding treasury shares) as at 8 March 2018.

SUBSTANTIAL SHAREHOLDERS

AS AT 8 MARCH 2018

	Number of shares held		
Name of Substantial Shareholders	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
Tan Kheng Hwee Andrew [(4)]	17,250,474	228,400	17,478,874
Voon Yok Lin [(5)]	16,690,000	–	16,690,000
Chiu Hong Keong or Khoo Yok Kee [(6)]	26,160,700	40,000	26,200,700

Notes:

(1) Tectus S.A. is deemed to have interests in the Company's shares held by BBR Holding AG, Switzerland by virtue of its holding in aggregate not less than 20% of the voting shares of BBR Holding AG, 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 AG, 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 AG, 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.

(5) The shares of Mr Voon Yok Lin are held in the name of Citibank Nominees Singapore Pte Ltd.

(6) Mr Chiu Hong Keong or Ms Khoo Yok Kee are deemed to have an interest in the shares held by their son, Mr Chiu Wei Wen.

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-Fourth Annual General Meeting of BBR HOLDINGS (S) LTD (the "**Company**") will be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Monday, 23 April 2018 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 financial year ended 31 December 2017 together with the Auditor's 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 2017 (2016: 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 2017 (2016: 0.2 cents). **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 117 of the Company's Constitution:-

   4.1 Mr. Soh Gim Teik

   (Note: Mr. Soh Gim Teik is an Independent Non-Executive Director, Chairman of the Investment Committee and a member of the Audit Committee/Nomination Committee. He will, upon re-election as a Director of the Company, remain as the Chairman of the Investment Committee and a member of the Audit Committee/Nomination Committee.) **(Resolution 4)**

   4.2 Mr. Marcel Poser

   (Note: Mr. Marcel Poser is a Non-Executive Director. He will, upon re-election as a Director of the Company, remain as a Non-Executive Director. The appointment of Mr. Romano William Fanconi as the Alternate Director to Mr. Marcel Poser shall continue upon re-election of Mr. Marcel Poser as a Director of the Company.) **(Resolution 5)**

5. To re-elect Mr. Voon Yok Lin, a Director retiring pursuant to Article 121 of the Company's Constitution.

   (Note: Mr. Voon Yok Lin is an Executive Director appointed on 21 June 2017. He will, upon re-election as a Director of the Company, remain as an Executive Director. The appointment of Mr. Voon Chet Chie as the Alternate Director to Mr. Voon Yok Lin shall continue upon re-election of Mr. Voon Yok Lin as a Director of the Company.) **(Resolution 6)**

   More information about the retiring Directors can be found on pages 15, 17 and 112 of the Annual Report.

6. To approve payment of $290,000.00 as Directors' fees for the financial year ended 31 December 2017 (2016: $280,000.00). **(Resolution 7)**

7. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix the auditors' remuneration. **(Resolution 8)**

8. To transact any other ordinary business that may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

9. 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) shall not exceed 50% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company (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 shareholders of the Company does not exceed 20% of the total number of issued Shares (excluding treasury shares) in the share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(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 aggregate number of issued Shares (excluding treasury shares) shall be based on the aggregate 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 which are outstanding or subsisting at the time of passing of this Resolution; 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 earlier 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 9)**

(*See Explanatory Note (1)*)

10. 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 aggregated number of issued Shares of the Company (excluding treasury shares) from time to time." **(Resolution 10)**

(See Explanatory Note (2))

11. 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 share 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:

NOTICE
OF ANNUAL GENERAL MEETING

(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 11)**

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 2018

Explanatory Notes to the Notice of Annual General Meeting

(1) Ordinary Resolution 9 in item 9, if passed, will empower the Directors of the Company 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 shareholders. For the purpose of determining the aggregate number of shares and convertible securities that may be issued, the aggregate number of issued shares is based on the Company's aggregate number of issued shares (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 10 in item 10, 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 aggregate number of issued Shares of the Company (excluding treasury shares) from time to time. Please refer to the Company's Circular to Shareholders dated 13 April 2010 for further details.

(3) Ordinary Resolution 11 in item 11, 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) up to 10 percent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 Groups' 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 2017, based on certain stated assumptions, are set out in section 2.7 of the Appendix.

Notes:

1.1 A member of the Company who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) 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, he shall specify the proportion of his shares to be represented by each such proxy, failing which the appointment shall be deemed to be alternative.

1.2 A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two (2) proxies to attend, speak and vote 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.

NOTICE
OF ANNUAL GENERAL MEETING

2. A proxy need not be a member of the Company. If the member is a corporation, the instrument appointing the proxy may be executed under seal or the hand of its duly authorized officers or attorney.

3. The 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** not less than forty-eight (48) hours before the time appointed for holding the meeting.

Personal Data Privacy:

By attending the Annual General Meeting and/or adjournment thereof or 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 2 March 2018 and subject to members' approval at the Twenty-Fourth Annual General Meeting of the Company; the Transfer Book and the Register of Members of the Company will be closed on 17 May 2018 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 16 May 2018 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 16 May 2018 will be entitled to the Proposed Dividends.

The Proposed Dividends, if approved at the Twenty-Fourth Annual General Meeting, will be paid on 31 May 2018.

BBR HOLDINGS (S) LTD

Registration No.: 199304349M
(Incorporated in Singapore)

Important:
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF/SRS investors who wish to attend and vote at the Annual General Meeting should contact their CPF/SRS Approved Nominee (as may be applicable).

PROXY FORM

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

*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-Fourth Annual General Meeting ("**AGM**") of the Company to be held at 50 Changi South Street 1, BBR Building, Singapore 486126 on Monday, 23 April 2018 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.

No	Resolution relating to	No. of Votes For #	No. of Votes Against #
	Ordinary Business		
1.	Adoption of audited Financial Statements ended 31 December 2017, 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 Mr Soh Gim Teik as a Director		
5.	Re-election of Mr Marcel Poser as a Director		
6.	Re-election of Mr Voon Yok Lin as a Director		
7.	Approval of Directors' Fees – S$290,000.00		
8.	Re-appointment of Auditors and authority to fix their remuneration		
	Special Business		
9.	General Share Issue Mandate		
10.	Share Issue Mandate for The BBR Share Plan		
11.	Renewal of the Share Purchase Mandate		

* *Delete where applicable*

\# *Voting will be conducted by poll. If you wish to exercise all your votes **"For"** or **"Against"** the relevant resolution, please indicate with an **"X"** within the relevant box provided. Otherwise, please indicate the number of shares in the relevant box provided.*

Dated this __________ day of ________________ 2018

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 two proxies, the appointments shall be deemed to be alternative 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 (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares.

3.2 If the member has shares entered against his name in the Register of Members, he should insert that number of shares.

3.3 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.

3.4 If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by the member.

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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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. Where the instrument appointing a proxy or proxies is executed by a corporation, it may be executed under seal or signed by its authorised officers or attorney.

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 as at seventy-two (72) hours before the time appointed for the holding of the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2018.

BBR HOLDINGS (S) LTD

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