SYSMA HOLDINGS LIMITED

ANNUAL REPORT 2018

CONTENTS

CORPORATE PROFILE

Founded in 1986, Sysma Holdings Limited ("Sysma Holdings" and together with its subsidiaries, the "Group") is an established construction company with diversified business interests in real estate development.

In the past 32 years, the Group has built up a strong and diverse track record in the construction business, having undertaken more than 300 building projects for residential, commercial, heritage and conservation, institutional, and industrial properties.

The Group's focus is on building high-end landed housing, particularly Good Class Bungalows as well as executing addition and alteration works on landed and other properties which require high quality furnishings and fittings. To date, the Group has constructed more than 150 bungalows in Singapore.

In FY2013, Sysma Holdings diversified into real estate development and has successfully launched three private residential projects, namely 28 RC Suites, 8M Residences and Charlton 18.

Sysma Holdings has been listed on the Catalist board of the SGX-ST since 3 August 2012. For more information on the Group and its building projects, please visit [www.sysma.com.sg].

CHAIRMAN'S STATEMENT

SIN SOON TENG
EXECUTIVE CHAIRMAN & GROUP CEO

DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to report that the Group has posted a creditable set of results in the financial year ended 31 July 2018 ("FY2018"), in spite of the challenging macroeconomic landscape amidst rising geopolitical tensions.

STABLE FINANCIAL PERFORMANCE

In FY2018, the Group reported a net profit of S$4.3 million, which was approximately 45.8% lower than the net profit of S$7.9 million for the previous financial year ended 31 July 2017 ("FY2017"). This was primarily due to lower contributions from the construction projects which was partially offset by higher contributions from the Charlton 18 property development project, as well as overall lower cost of sales which decreased by approximately 19.6% year-on-year.

During the year, gross profit margin declined from 18.4% in FY2017 to 15.1% in FY2018, while gross profit decreased by 36.4% year-on-year to S$11.4 million. The Group had incurred higher operating expenses, mainly due to increased marketing expenses for Charlton 18, which was mitigated by lower operating costs from the construction projects. Separately, administrative expenses, finance costs and income tax were all lower, while other income (comprising rental and interest income) were higher.

As at 31 July 2018, earnings per share declined to 1.59 Singapore cents, compared to 3.19 Singapore cents a year ago. In addition, net asset value as at 31 July 2018 increased to 20.86 Singapore cents per share, up from 19.54 Singapore cents per share as at 31 July 2017 due to lower number of issued shares (excluding treasury shares).

The Group's balance sheet and operating cash flow was also healthy, in line with our adherence to financial prudence. In FY2018, net cash from operating activities amounted to S$49.4 million, compared to S$53.7 million a year ago, while cash and cash equivalents was S$71.6 million, compared to S$54.4 million a year ago.

REWARDING OUR SHAREHOLDERS

To reward shareholders for their continuing support, the Board has recommended a first and final dividend of 0.8 Singapore cents per share for FY2018, which is subject to shareholders' approval at the upcoming annual general meeting.

LEVERAGING OUR CORE COMPETENCIES

The Group's revenue declined by approximately 22.7% from S$97.2 million in FY2017 to S$75.2 million in FY2018, mainly due to lower contribution from the construction projects (including Addition and Alteration projects) which was partially offset by higher contribution from the Charlton 18 property development project.

Nonetheless, the Group's building construction business remained stable, as we focused on timely execution and delivery of our order book which amounted to S$56.7 million as at 31 July 2018.

In the second half of FY2018, we secured a contract worth S$37.7 million to erect four blocks of 5-storey residential flats and three units of 2-storey strata landed houses (comprising a total of 170 units) at Pasir Panjang Road, which also includes a basement carpark, clubhouse, swimming pool and communal facilities. This contract is for a period of 28 months, and work has commenced in July 2018.

As at 31 July 2018, the residential units at our three property development projects have been fully sold and all have received their T.O.P. Going forward, we will continue to market the remaining commercial units in 28 RC Suites.

LOOKING AHEAD

In the new financial year, we will continue to keep a lookout for suitable opportunities to grow the Group's business strategically and create long term value for our shareholders.

For the past 32 years, we have built up a diverse construction portfolio that makes us the choice builder for projects that require high quality and speed. Our strengths are also demonstrated in recent builds where we have undertaken 4 level basements and 20 storey apartments. The recognition of our quality of work has resulted in repeat business, a similar situation to our high net worth clients in the GCB and landed housing sector. Whilst a surge in construction is expected due to the enbloc wave in 2017/8, we continue to bid for new projects of value to our order book and maintain a close eye on margins and costs.

The strategic choices and market understanding of our property development team has steered us through the government property cooling measures and helped bolster the Group's financial position. We will build on our experience gained and expand the Group's avenues for prospective business by exploring local and overseas property development projects with suitable partners and strategic investors.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt appreciation to our shareholders and all stakeholders for their unwavering support through the years.

I would also like to thank our past Board members, namely Mr Ho Boon Chuan Wilson and Mr Andy Goh Beng Kwang for their contributions as Directors during their tenure of service.

In addition, I would like to welcome the appointment of Mr Tan Kheng Swee as Independent Non-Executive Director, and Mr Sin Ee Wuen as Executive Director and Deputy Chief Executive Officer which is also aimed at strengthening the Group's management team.

The past year was challenging, but we have weathered through it with the commitment and resourcefulness shown by our management and staff, and the invaluable counsel and guidance provided by my fellow Directors. To all members of the Sysma family, thank you for your contributions.

Moving forward, we will continue to build on our core competencies and enhance our productivity and competitiveness to counter business challenges and capitalise on market opportunities to bring the Group to greater heights.

Thank you.

SIN SOON TENG
EXECUTIVE CHAIRMAN & GROUP CEO

BOARD OF DIRECTORS

MR. SIN SOON TENG, 73, is the Executive Chairman, Group CEO and founder of Sysma Holdings. He was first appointed to the Board on 28 March 2012. With 54 years' experience in the construction industry under his belt, he is responsible for setting the strategic direction and driving growth in the Group. Prior to the founding of Sysma Construction Pte Ltd in 1986, Mr. Sin started his career as a quantity survey apprentice with a consultant firm. In 1966, he joined Building Construction (M) Sdn Bhd as a quantity surveyor and was later promoted to contract manager in 1971. Subsequent to this, he jointly set up Building Engineering Enterprise Pte Ltd as Executive Director in 1976 where he was in charge of all construction and contract management. He obtained a Diploma in Building from the Singapore Polytechnic in 1972 and is a fellow member of the Singapore Institute of Building.

MR. SIN EE WUEN, 40, is our Executive Director and Deputy CEO and was appointed to the Board on 19 September 2018. He joined our Group in May 2014 as a Corporate Development Manager. He was responsible for monitoring, researching and developing sales and marketing intelligence on emerging trends in the property development industry. In October 2015, Mr. Sin was promoted to Property Development Director of the Group. He is responsible for strategic planning and direction as well as the implementation of the Group's Property Development Business. Mr. Sin served as Category A Pilot for Republic Of Singapore Air Force from 2000 to 2014. He obtained a Diploma in Computer Information Systems from Singapore Polytechnic in 1999. He was promoted to Deputy Chief Executive Officer with effect from 2 October 2017. He assists the Group CEO for the overall management of the Group's business and corporate development.

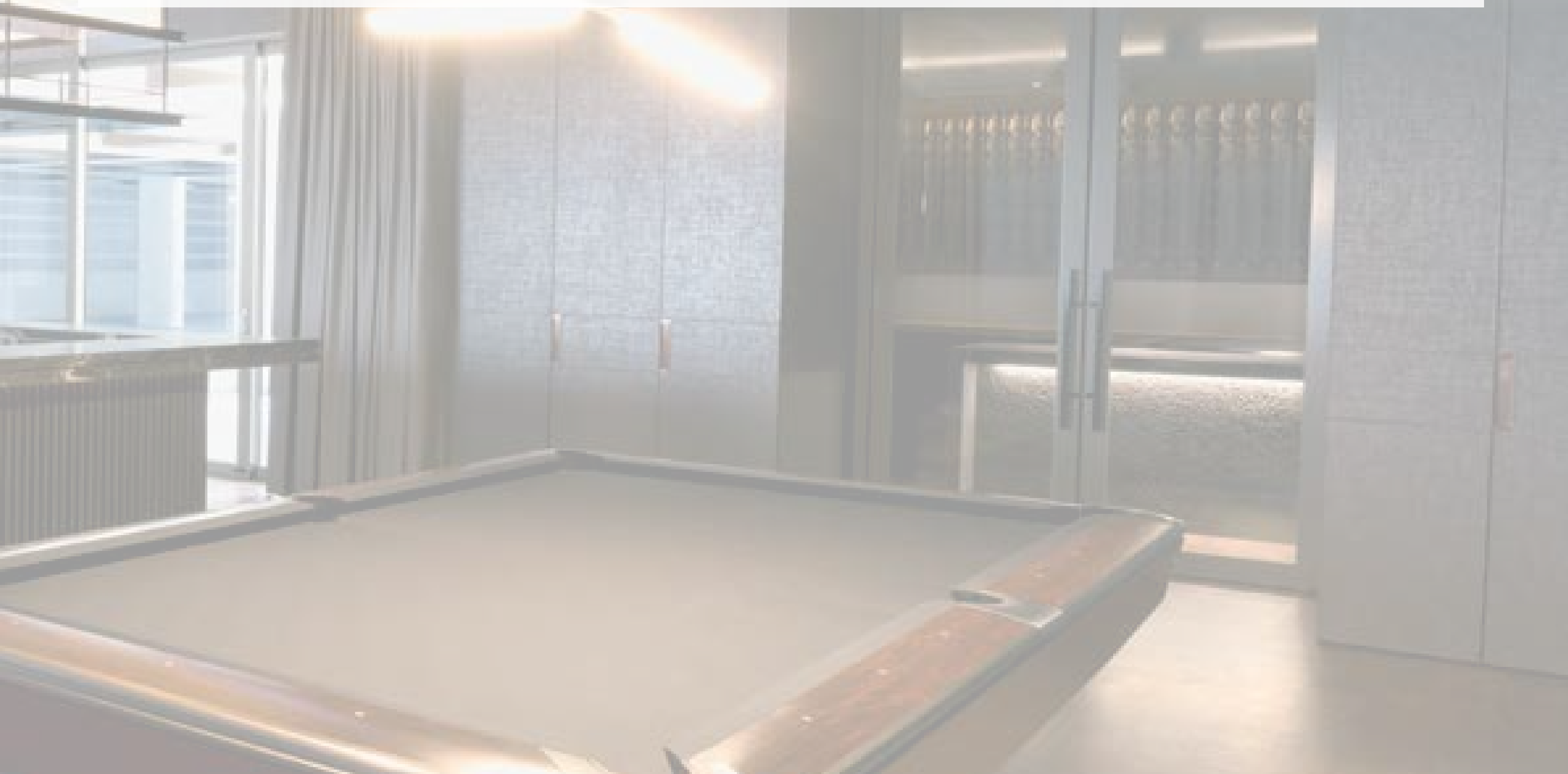
MR. ANG SENG HENG, 60, is our Executive Director and Head of Operations and was appointed to the Board on 28 March 2012. He is responsible for the overall planning of manpower and resources for the various projects undertaken by our Group and is also in charge of liaising with client representatives, regulatory authorities and consultants which our Group is involved in. He joined our Group in 1987 and has over four decades of experience in the construction industry. On 1 January 2015, Mr. Ang was appointed a director of North Shore Investments Pte Ltd, a subsidiary company of our Group. He obtained a Diploma in Civil Engineering from the Singapore Polytechnic in 1978 and a Diploma in Industrial Management from the Singapore Polytechnic in 1985.

BOARD OF DIRECTORS

MR. CHEN TIMOTHY TECK-LENG @ CHEN TECK LENG, 64, is our Lead Independent Director, and was appointed to the Board on 1 December 2015. He has more than three decades of management experience in banking, insurance, international finance, and corporate advisory work. He held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia, and Sun Life Financial Inc. He was formerly the General Manager, China for Sun Life Financial Inc., and the President and CEO of Sun Life Everbright Life Insurance Company in China. Mr. Chen currently sits on the boards of several SGX-listed companies. He is an Independent Director for Yangzijiang Shipbuilding (Holdings) Ltd., Tianjin Zhongxin Pharmaceutical Group Corporation Ltd., Boldtek Holdings Ltd and Tye Soon Limited. His directorship held over the past 3 years in other listed companies including XinRen Aluminum Holdings Ltd and TMC Education Corporation Ltd. He earned his Bachelor of Science degree from University of Tennessee, and his Master of Business Administration degree from Ohio State University. He received his Certified Corporate Director (ICD. D) designation from the Canadian Institute of Corporate Directors and attended the Executive Management Program of Harvard Business School.

MR. HENG YEOW MENG MICHAEL, 45, is our Independent Director and was appointed to the Board on 6 July 2012. He has over 20 years of experience in auditing, accounting and tax services and is currently managing partner of Heng Lee Seng LLP, a mid-sized public accounting firm that provides a range of services including audit and assurance, tax, internal audit, corporate secretarial, business services, payroll administration and other advisory services. Mr. Heng graduated from the University of Melbourne with a Bachelor of Commerce degree, is a fellow member of the Institute of Singapore Chartered Accountants, CPA Australia, and the Chartered Institute of Management Accountants; and a member of the Singapore Institute of Directors. He holds the designation of Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals.

MR. RICHARD TAN KHENG SWEE, 42 is our Independent Director and was appointed to the Board on 2 May 2018. He has more than a decade of experience in legal practice as a corporate and commercial lawyer and is currently the Managing Director of Barker Henley LLC, a Singapore law corporation and a partner at Barker Henley Australia, an Australian law practice. His practice includes advising and representing companies in a wide range of commercial transactions in relation to asset acquisitions, initial public offerings and other fund raising exercises, mergers and acquisitions, restructuring exercises, corporate advisory and compliance involving both listed and private companies. Prior to Mr. Tan's current appointments, he previously practised in a large Singapore law practice as well as a mid-sized Australian law practice in Victoria. Mr. Tan currently serves as an Independent Director of Jumbo Group Limited which is listed on the Catalist Board of the SGX-ST. Mr. Tan obtained a Bachelor of Laws (Honours) from the National University of Singapore in 2003 and a Bachelor of Science (Honours) from the University of Melbourne, Australia, in 2000. He is an Advocate & Solicitor of the Supreme Court of Singapore, a Barrister & Solicitor of the Supreme Court of Victoria, Australia, a Solicitor of the Supreme Court of New South Wales, Australia and a Solicitor of the High Court of Australia.



EXECUTIVE OFFICERS

MOHAMED AMANULLAH, 42, is our Chief Financial Officer. He joined our Group in July 2018 and is responsible for overseeing the financial and management accounting, compliance and taxation matters. Prior to joining our Group, he was the Group CFO of Geomotion (Singapore) Pte Ltd from September 2017 to July 2018. Mr Amanullah's work experience in listed companies include working as Chief Financial Officer of Swee Hong Limited, listed on the Mainboard of the SGX-ST from May 2015 to May 2017 during which he also served as the Company's Acting CEO from February to August 2016. He also served as Financial Controller of 3Cnergy Limited, listed on the Catalist Board of the SGX-ST, from July 2013 to May 2015. Mr Amanullah is a Fellow Chartered Certified Accountant ("FCCA"), registered with the Association of Chartered Certified Accountants in the United Kingdom, and a Chartered Accountant, CA (Singapore), registered with the Institute of Singapore Chartered Accountants; and a member of Singapore Institute of Directors. He holds a bachelors' degree in applied accounting and an MBA from University of Melbourne. He has more than 15 years' experience in accounting and finance in the legal, social welfare, civil engineering and real estate industries.

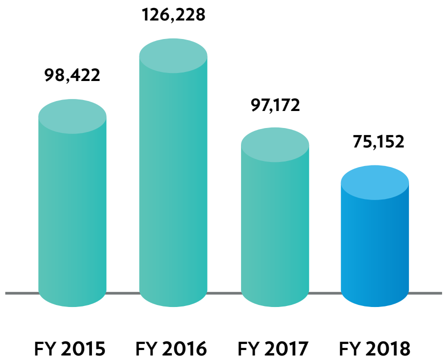
MR. CHONG KIM GUAN, 61, joined our Group in 1987 as a senior project manager and is currently our Project Director. He is responsible for overseeing and managing all the construction projects undertaken by the Group. On 1 January 2015, Mr. Chong was promoted to Managing Director of Sysma Construction Pte Ltd, a subsidiary company of our Group. He obtained his Bachelor's Degree in Engineering from the National Taiwan College of Marine Science and Technology in 1981.

MS. NG LAY KHIM, 61, joined our Group in 1987 as a Quantity Surveyor and Office Manager and is currently our Administration Director. She is responsible for overseeing all administrative and human resource matters in our Group. Ms. Ng was appointed a director of Gcap Properties Pte Ltd and Sysma Construction Pte Ltd, being subsidiary companies of our Group with effect from 24 July 2013 and 1 January 2015 respectively. She obtained a Diploma in Building from the Singapore Polytechnic in 1977, a Diploma in Industrial Management from the Singapore Polytechnic in 1984 and a degree in Bachelor of Business in Business Administration from Singapore Institute of Management – Royal Melbourne Institute of Technology in 1992.

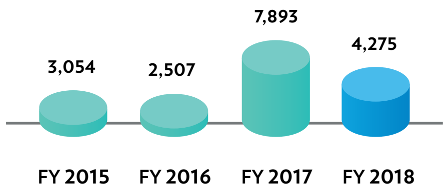
MS. LEE MAY LING, 51, joined our Group in 2004 as a senior quantity surveyor and is currently the Contracts Manager of our Group. She is responsible for overseeing the works of our quantity surveyors, the administration and the preparation of technical correspondences and other business documentation. She obtained a Diploma in Building from the Singapore Polytechnic in 1990 and a Diploma in Surveying from the College of Estate Management, UK in 1999.

GROUP FINANCIAL HIGHLIGHTS

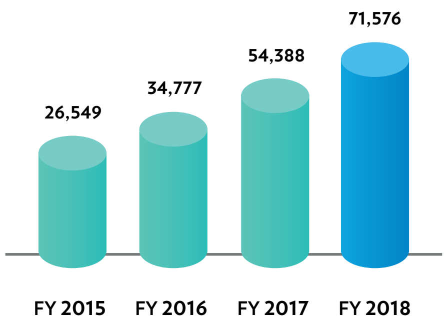
Revenue (S$'000)



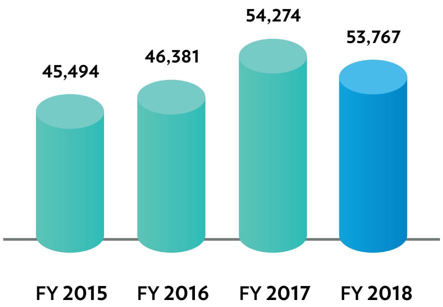
Profit/(Loss) After Tax (S$'000)



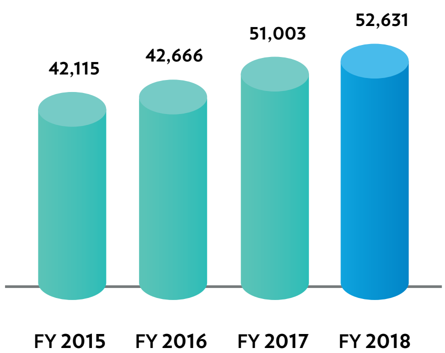
Cash & Cash Equivalents (S$'000)



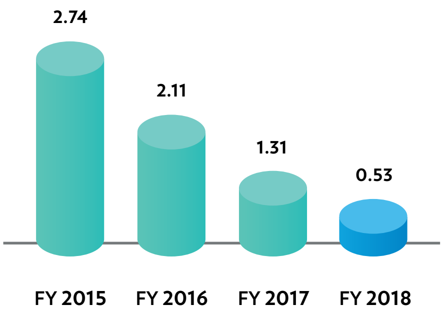
Net Assets (S$'000)



Equity Attributable to Owners of the Company (S$'000)

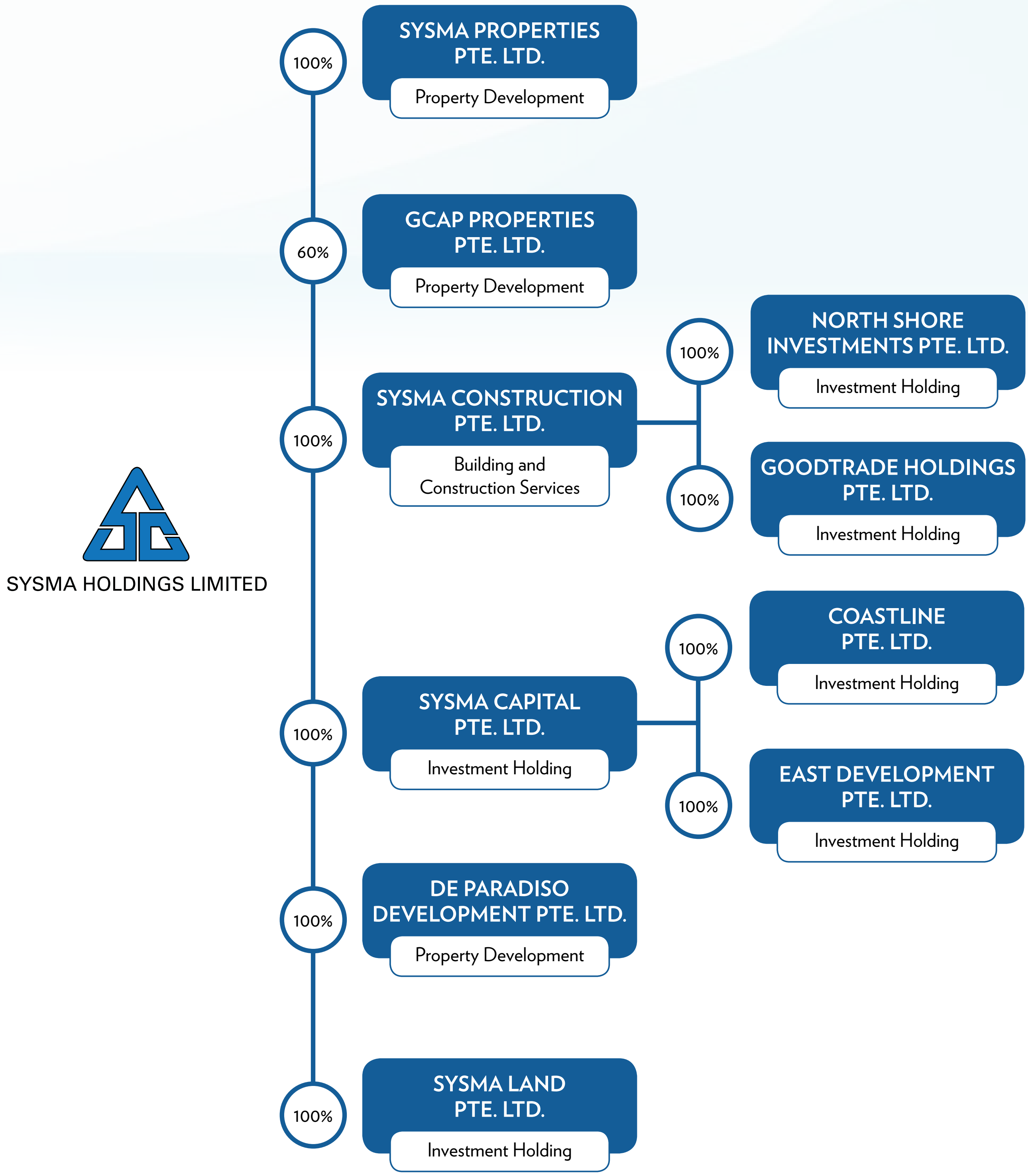


Total Debt/ Total Equity Ratio



		2015	2016	2017	2018
Revenue	(S$'000)	98,422	126,228	97,172	**75,152**
Profit/(Loss) After Tax	(S$'000)	3,054	2,507	7,893	**4,275**
Cash & Cash Equivalents	(S$'000)	26,549	34,777	54,388	**71,576**
Net Assets	(S$'000)	45,494	46,381	54,274	**53,767**
Equity Attributable to Owners of the Company	(S$'000)	42,115	42,666	51,003	**52,631**
Total Debt/Total Equity Ratio		2.75	2.11	1.31	**0.53**

GROUP STRUCTURE



*Group structure as at 31 July 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sin Soon Teng
(Executive Chairman and Group CEO)
Sin Ee Wuen
(Executive Director and Deputy CEO)
Ang Seng Heng
(Executive Director)
Chen Timothy Teck-Leng @ Chen Teck Leng
(Lead Independent Director)
Heng Yeow Meng Michael
(Independent Director)
Richard Tan Kheng Swee
(Independent Director)

JOINT COMPANY SECRETARIES

Pan Mi Keay, ACIS
Lee Wei Hsiung, ACIS

REGISTERED OFFICE

2 Balestier Road #03-669
Balestier Hill Shopping Centre
Singapore 320002
Tel: 6256 2288
Fax: 6252 4156
E-mail: sysma@sysma.com.sg

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay, #10-00
Income at Raffles
Singapore 049318

AUDITORS

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809

Partner-in-charge: Lee Boon Teck
(Appointed on 18 November 2016)

BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 049513

Malayan Banking Berhad
2 Battery Road
Maybank Tower #16-00
Singapore 049907

CIMB Bank Berhad
50 Raffles Place
#09-01 Singapore Land Tower
Singapore 048623

Corporate Governance Report

The Board of Directors (the "Board") of Sysma Holdings Limited (the "Company") is committed to achieving and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). The Group has substantially complied with the recommendations of the Code of Corporate Governance of 2 May 2012 (the "Code") as announced by the Singapore Exchange Securities Trading Limited ("SGX-ST"). Sound corporate governance ensures greater transparency, protecting and enhancing the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting.

The main corporate governance practices adopted by the Group and Company are outlined below.

1. BOARD OF DIRECTORS

Principle 1: The Board's Conduct of Affairs

Board Composition

The Board has six members comprising three Executive Directors and three Independent Directors, as follows:

Sin Soon Teng	-	Executive Chairman and Group Chief Executive Officer ("Group CEO")
Sin Ee Wuen	-	Executive Director and Deputy Chief Executive Officer
Ang Seng Heng	-	Executive Director
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Lead Independent Director
Heng Yeow Meng Michael	-	Independent Director
Richard Tan Kheng Swee	-	Independent Director

The Company was formally admitted to the Official List of the Catalist of the SGX-ST on 3 August 2012. The Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board members. The details of the number of meetings of the Board and Board Committees held during FY2018 and the attendance of the Directors at the meetings are stated below. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circular resolutions in writing for the Directors' approval together with supporting memoranda, enabling the Directors to make informed decisions. The Company's Constitution (the "Constitution") allow for meetings to be held through telephone and/or video-conference.

Board Meetings and Attendance

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Total number of meetings held	3	4	2	1
Number of meetings attended by respective directors				
Sin Soon Teng	3	3*	2*	1
Ang Seng Heng	3	3*	-	-
Sin Ee Wuen(1)	1*	2*	-	-
Chen Timothy Teck-Leng @ Chen Teck Leng	3	4	2	1
Heng Yeow Meng Michael	3	4	2	1
Richard Tan Kheng Swee(2)	-	-	-	-
Andy Goh Beng Kwang(3)	3	4*	2*	1*
Ho Boon Chuan Wilson(4)	2	2	1	1

**By Invitation*

Change of composition of the Board and Reconstitution of Board Committees:-

(1) Mr Sin Ee Wuen, the Deputy Chief Executive Officer, has been appointed as an Executive Director with effect from 19 September 2018.

(2) Mr Richard Tan Kheng Swee has been appointed as an Independent Non-Executive Director with effect from 2 May 2018. He has also been appointed as Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nominating Committee with effect from the same date.

(3) Mr Andy Goh Beng Kwang resigned as Executive Director and Group Chief Financial Officer with effect from 16 August 2018.

(4) Mr Ho Boon Chuan Wilson resigned as Independent Non-Executive Director with effect from 20 February 2018. He had relinquished his position as Chairman of the Remuneration Committee as well as member of the Audit Committee and Nominating Committee with effect from the same date.

The profile of each Director and other relevant information as at the date of this Report are set out on pages 4 and 5 of the Annual Report. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Role of the Board

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by Management and monitors the standards of performance and issues of policies directly. In addition to its statutory duties, the Board's principal functions are to:

(i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(ii) supervise the overall management of the business and affairs of the Group, review management performance and approve the Group's corporate and strategic policies and direction;

(iii) formulate and approve financial objectives of the Group and monitor its performance such as reviewing and approving of results announcements and approving of financial statements;

(iv) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(v) oversee the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested persons transactions;

(vi) assume responsibility for corporate governance and compliance with the provision of Singapore Companies Act (the "Companies Act") and the rules and regulations of the revised regulatory bodies;

(vii) evaluate performance of the Management;

(viii) review and approve the remuneration framework for the Board and Key Management Personnel;

(ix) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(x) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(xi) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Matters Requiring Board Approval

Without abdicating its responsibility, the Board has delegated its authority to make decisions on certain matters to the Board Committees, details of which are set out herein. Matters which are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and the proposing of dividends. Clear directions are also given to the Management on matters that must be approved by the Board.

Delegation by the Board

The Board has adopted a set of internal guidelines on the matters requiring Board approval. Certain functions have also been delegated to various Board Committees, namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each Board Committee operates within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis.

Board Induction and Training

When a Director is first appointed to the Board, that Director will receive a comprehensive and tailored induction on joining the Board. An orientation program is arranged for him to ensure that he is familiar with the Group's business and governance practices. The Company provides training for a first-time director in areas such as accounting, legal and industry-specific knowledge when appropriate. Upon appointment of a Director, the Company provides a formal letter to the Director, setting out the Director's duties and obligations.

Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations, the Board is updated regularly on these changes. All Directors receive training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. These training activities are arranged and funded by the Company. The Chairman will brief all newly appointed Directors on the business activities of the Group and its strategic directions as well as the duties and responsibilities as Directors. All Directors are regularly briefed on the business activities of the Group.

In addition, briefings and updates for the Directors in FY2018 include:

- the external auditors had briefed the AC on changes or amendments to accounting standards; and
- The Company Secretary had briefed the Board on regulatory changes, such as changes to the Companies Act and/or the SGX-ST Listing Manual Section B: Rules of Catalist.

In order for the Board to fulfill its responsibilities, prior to Board Meetings, Management will provide the Board with management accounts and the relevant background information and documents relating to items of business to be discussed at a Board Meeting before the scheduled Meeting.

Principle 2: Board Composition and Guidance

As at the date of this Annual Report, the Board comprises three Executive Directors and three Independent Directors. The Company endeavours to maintain a strong and independent element on the Board. Three of the Directors are independent, thereby fulfilling the Code's requirements that the Independent Directors should make up at least half of the Board, where, *inter alia*, the Chairman of the Board and the Group CEO is the same person.

Review of Directors' Independence

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more in the voting shares of the Company or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The NC reviews the independence of each Director annually, and as and when circumstances require. The NC adopts the Code's definition of what constitutes an Independent Director in its review and also considers any other salient factors.

The NC is of the view that the current composition of the Board exhibits a level of independence that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from the Management. The NC is also of the view that no individual or small groups of individuals dominate the Board's decision-making processes. The Board has determined, taking into account the views of the NC, that each Independent Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, that Director's judgement.

Duration of Independent Directors' Tenure

None of the Independent Directors have served on the Board for more than nine (9) years from the date of their first appointment. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

Board Composition, Size and Diversity

The Board reviews the composition and size of the Board and each Board Committee and the skills and core competencies of its members from time to time to ensure they have appropriate balance and diversity of skills, experience and knowledge of the Company to maximize the effectiveness of the Board and Board Committees. The Board is of the view that the size of the current Board, comprising six (6) Directors, is appropriate with reference to the scope and extent of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board considers that its composition of Directors is well-balanced, with each Director having well-mixed knowledge, business network and commercial experience.

The NC and Board are of the view that current Board comprises members who as a group possess core competencies necessary to lead and manage the Group effectively.

The current Board composition provides a diversity of knowledge and experience to the Company as follows:-

Balance and Diversity of the Board		
Core Competencies	**Number of Directors**	**Proportion of Board**
Accounting or finance	2	33.33%
Business management	4	66.67%
Legal, corporate advisory and governance	3	50%
Relevant industry knowledge or experience	3	50%
Strategic planning experience	2	33.33%
Customer based experience or knowledge	3	50%
Gender		
Male	6	100%
Female	0	0%

Board Renewal

The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.

Directors' Multiple Board Representations

Coupled with the independence element provided by the Independent Directors, the Board considers itself effective and capable of ensuring all corporate strategies are well-directed, while all proposals and significant issues brought to the Board by the Management are thoroughly discussed and examined, focusing on the long-term interests of the Group. The NC has determined that each Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The Company has in place guidelines that address the competing time commitments that are faced when Directors serve on multiple Boards. The Company did not fix the maximum number of listed company board representations which any director may hold as the Board does not wish to omit from consideration outstanding individuals who, despite the demands of their time, have the capacity to participate and contribute as members of the Board.

To-date, none of the Independent Directors of the Company has been appointed as a Director of the Company's principal subsidiaries. The Board and the Management are of the view that the current Board structures in the principal subsidiaries are already well organised and constituted.

The Board and the Management will from time to time review the Board structures of the principal subsidiaries and will make an appropriate corporate decision to consider the appointment of the Independent Directors into the principal subsidiaries.

The Board has no dissenting view on the Chairman's statement for the year in review.

Non-Executive Director Meetings in Absence of Management

For FY2018, the Non-Executive Directors have met in the absence of key management personnel.

Principle 3: Chairman and Group Chief Executive Officer

Mr Sin Soon Teng is the Executive Chairman and the Group CEO. He has full executive responsibilities over business directions and operational decisions of the Group. The AC reviews all major decisions made by the Group CEO and Executive Directors. The NC periodically reviews his performance and his appointment to the Board and the RC periodically reviews his remuneration package.

The Board is of the opinion that it is not necessary to separate the roles of the Chairman and the Group CEO after taking into account the size, scope and nature of the operations of the Group. Although the roles of Chairman and Group CEO are not separate, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or groups of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance.

Mr Sin played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision.

The Board is of the view that it is currently in the best interests of the Group to adopt a single leadership structure. The Board is of the view that there is a balance of power and authority with the various Board Committees chaired by the Independent Directors.

The Chairman:

(a) leads the Board to ensure its effectiveness on all aspects of its role;

(b) sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promotes a culture of openness and debate at the Board;

(d) ensures that the Directors receive complete, adequate and timely information;

(e) ensures effective communication with shareholders;

(f) encourages constructive relations within the Board and between the Board and Management;

(g) facilitates the effective contribution of non-executive Directors in particular; and

(h) promotes high standards of corporate governance.

Lead Independent Director

In view that the Executive Chairman of the Board and the Group CEO is the same person, Mr Chen Timothy Teck-Leng @ Chen Teck Leng is the Lead Independent Director. He is available to the shareholders where they have concerns and for which contact through the normal channels of the Chairman, Group CEO or CFO has failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other directors as and when circumstances warrant. In FY2018, the Independent Directors have met in the absence of the other directors.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee

The NC comprises the following Directors:

Chen Timothy Teck-Leng @ Chen Teck Leng	-	Chairman
Sin Soon Teng	-	Member
Heng Yeow Meng Michael	-	Member
Richard Tan Kheng Swee	-	Member

The NC's written terms of reference describe its responsibilities, including:

(a) reviewing and recommending the nomination and re-nomination of the Directors (including alternate Directors, if applicable) having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent;

(c) reviewing the training and professional development programs for the Board;

(d) reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director;

(e) reviewing of board succession plans for Directors, in particular, the Chairman and for the Group CEO;

(f) reviewing and approving any new employment of related persons and the proposed terms of their employment; and

(g) deciding on how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval by the Board.

Board Nomination Process

The Company believes that the Board's renewal must be an on-going process, to ensure good governance and to maintain relevance to the business as well as the changing needs of the Group.

New Directors are appointed by way of a Board Resolution, after the NC has reviewed and approved their nomination for recommendation to the Board. In its search and selection process for new Directors, the NC taps on the resources of Directors' personal contacts and recommendations of potential candidates and appraises the nominees to ensure that the candidates possess relevant experience and have the calibre to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

The Company's Constitution requires one-third of the Directors (excluding the Managing Director) to retire and subject themselves to re-election ("One-Third Rotation Rule") by shareholders at every Annual General Meeting ("AGM"). In other words, no Director stays in office for more than three years without being re-elected by shareholders. This will enable all shareholders to exercise their rights in selecting all Board members. Newly appointed Directors will subject themselves to re-election by shareholders at the AGM immediately following their appointment and, thereafter, they are subject to the One-Third Rotation Rule.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, accounting, business, finance and management skills, industry knowledge, strategic planning and customer-based experience or knowledge, all of which are critical to the Group's business and that each Director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

Re-Election of Incumbent Directors

The NC, in considering the re-election of a Director, evaluates such Director's contribution and performance, such as his attendance at meetings of the Board and/or Board Committees, participation, conduct and any special contribution.

The NC has recommended and the Board has agreed that the following Directors who are retiring at the forthcoming AGM to be nominated for re-elections. The retiring Directors have offered themselves for re-elections and the Board has accepted the recommendations of the NC:

Sin Soon Teng	-	retiring under Regulation 107 of the Company's Constitution
Chen Timothy Tek-Leng @ Chen Teck Leng	-	retiring under Regulation 107 of the Company's Constitution
Sin Ee Wuen	-	retiring under Regulation 117 of the Company's Constitution
Richard Tan Kheng Swee	-	retiring under Regulation 117 of the Company's Constitution

Mr Sin Soon Teng, upon re-election as Director of the Company, remains as the Executive Chairman and Group Chief Executive Officer of the Company as well as a member of the Nominating Committee.

Mr Chen Timothy Teck-Leng @ Chen Teck Leng, upon re-election as Director of the Company, remains as the Lead Independent Non-Executive Director of the Company, Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee.

Mr Sin Ee Wuen, upon re-election as Director of the Company, remains as an Executive Director and Deputy Chief Executive Officer of the Company.

Mr Richard Tan Kheng Swee, upon re-election as Director of the Company, remains as an Independent Non-Executive Director of the Company, Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nominating Committee.

Directors' Key Information

The dates of the first appointment and last re-appointment/re-election of each Director are set out as follows:

Name	Positions	Date of first appointment	Date of last re-election
Sin Soon Teng	Executive Chairman and Group CEO	28 March 2012	18 November 2016
Sin Ee Wuen	Executive Director and Deputy CEO	19 September 2018	N.A.
Ang Seng Heng	Executive Director	28 March 2012	17 November 2017
Chen Timothy Teck-Leng @ Chen Teck Leng	Lead Independent Director	1 December 2015	18 November 2016
Heng Yeow Meng Michael	Independent Director	6 July 2012	18 November 2016
Richard Tan Kheng Swee	Independent Director	2 May 2018	N.A.

Key information of each director is set out on pages 4 to 5 of this Annual Report.

Performance Review

The non-executive Directors regularly review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, non- executive Directors meet without the presence of Management and/or the Executive Directors; and thereafter, the Lead Independent Director provides feedback to the Chairman. A formal review of the Board's and Board Committees' performances will be undertaken collectively and individually by the Board annually. The NC will also review the Board's performance informally with inputs from the Group CEO and Executive Directors. The evaluation exercise is carried out annually by way of a Board and Board Committees' Assessment Checklists, which is circulated to the Board members for completion. The completed Assessment Checklists were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and to determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole. The evaluation process focused on the following areas of evaluation:-

(i) Board and Board Committees size and composition;

(ii) Board and Board Committees operation;

(iii) Access to Information;

(iv) Board and Board Committees roles and responsibilities;

(v) Contribution to Interaction; and

(vi) Quality of Input.

Based on the NC's review and evaluation findings, the Board is of the view that the Board and its Board Committees operate effectively and each Director has contributed to the overall effectiveness of the Board. In addition, the NC has reviewed and is satisfied that the Board has met its performance objectives for FY2018. There was no external facilitator appointed for evaluation of the performances of the Board and Board Committees for FY2018.

Informal evaluation of the performance of the Board will be undertaken on a periodic basis by the NC with input from the Executive Directors and the Chairman and Group CEO. The latter will act on the results of the evaluation and where appropriate, in consultation with the NC, will propose the appointment of new Directors or seek resignation of current Directors. Renewal or replacement of Directors does not necessarily reflect their contribution to-date and it may be due to the need to position and shape the Board in line with the needs of the Group and its business.

As at the date of this Annual Report, the Company does not have any alternate Director.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, Management is required to provide complete, adequate information to the Board on Board affairs and issues that require Board's decision, in a timely manner and on an on-going basis, as well as reports relating to operational and financial performance of the Group. Whenever appropriate, senior managers and/or department heads who can provide additional insight in the matters to be discussed are invited to attend the Board meetings.

The Board has separate and independent access to the Management, External Auditors, Internal Auditors and the Company Secretary at all times. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner. Information provided include Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

Where necessary, the Company will, upon the request of Directors (whether as a group or individually), provide them with independent professional advice, at the Company's expense, to enable them to discharge their duties.

The Company Secretary has responsibility for ensuring that Board procedures are followed and that all applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary shall be responsible for ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The Company Secretary should attend all Board meetings.

The appointment and the removal of the Company Secretary should be a matter for the Board as a whole.

2. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies
Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

Remuneration Committee

The RC comprises the following Independent Directors:

Richard Tan Kheng Swee	-	Chairman
Heng Yeow Meng Michael	-	Member
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Member

The RC's written terms of reference describes its responsibilities, including:

(a) reviewing and recommending a remuneration framework for the Directors and key management personnel, reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the key management personnel and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework; and

(b) conducting annual review of the remuneration packages of employees who are related to any of the Directors or substantial shareholders of the Company.

The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

Remuneration Consultant

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. Where such expert is appointed, the Company shall disclose the names and firms of the remuneration consultants herein, and include a statement on whether the remuneration consultants have any relationships with the Company that will affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2018. The service of an external remuneration consultant will be sought as and when necessary.

Remuneration Policy and Performance Conditions

The RC ensures that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and key management personnel. Although the recommendations are made in consultation with the Chairman and Group CEO, the remuneration packages are ultimately approved by the entire Board. No Director will be involved in deciding his own remuneration.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration package of the Chairman and Group CEO includes a variable performance bonus.

The remuneration of Independent Directors should be determined by his contribution to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board. The RC and the Board will recommend the remuneration of the Independent Directors for shareholders' approval at the forthcoming AGM.

Service Agreements

The Company had entered into a service agreement with our Executive Chairman and Group CEO, Mr Sin Soon Teng dated 1 June 2012 which was valid for an initial period of three (3) years with effect from the listing of our Company on Catalist (the "Initial Term"). After having reviewed by the Board (in consultation with the RC), on 3 August 2015 a new service agreement was entered into by the Company with Mr Sin Soon Teng for a period of three (3) years upon the expiry of the Initial Term. On 19 September 2018, the Company had extended the said service agreement with our Executive Chairman and Group CEO, Mr Sin Soon Teng for a further three (3) years.

The Company has also entered into a service agreement with our Executive Director, Mr Ang Seng Heng commencing from 3 August 2015 for a period of three (3) years which was automatically renewed for a further three (3) years commencing 3 August 2018 on the same terms.

Upon the expiry of the respective 3-year service agreements with our Executive Chairman and Group CEO, Mr Sin Soon Teng, and Executive Director, Mr Ang Seng Heng, the said service agreements shall be reviewed by the Board (in consultation with the RC) and renewed on such terms and conditions as the parties may agree.

The service agreements may be terminated by either party giving the other party not less than six (6) months' notice in writing or payment in lieu of notice by either party. The RC has reviewed the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service and is of the view that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Directors and Key Management Personnel Remuneration

The following table shows the remuneration of the Directors, key management personnel and employees who are immediate family members of the Executive Chairman and Group CEO whose remuneration exceeds S$50,000 for FY2018.

The Company has disclosed the remuneration of the Directors and key management personnel in bands of S$250,000 with breakdown in percentage of fees, salary, bonus and other benefits instead of disclosing the remuneration of each individual Director and key management personnel to the nearest dollars in the annual report in accordance with Principle

9.2 of the Code as the Board believes that it is not in the best interest of the Company to fully disclose such information given the highly competitive industry conditions for human resource recruitment and retention in the construction and properties development sectors in Singapore.

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Directors					
S$750,000 to S$1,000,000					
Sin Soon Teng	-	79	20	1	100
S$250,001 to S$500,000					
Sin Ee Wuen(1) (7)	-	61	34	5	100
Andy Goh Beng Kwang(2)	-	96	-	4	100
Ang Seng Heng		77	19	4	100
Below S$250,000					
Chen Timothy Teck-Leng @ Chen Teck Leng	100	-	-	-	100
Heng Yeow Meng Michael	100	-	-	-	100
Ho Boon Chuan Wilson(3)	100	-	-	-	100
Richard Tan Kheng Swee(4)	100	-	-	-	100
Key Management Personnel					
S$250,001 to S$500,000					
Chong Kim Guan	-	65	32	3	100
Ng Lay Khim	-	58	39	3	100
Below S$250,000					
Lee May Ling	-	73	18	9	100
Mohamed Saleem Mohamed Amanullah(5)	-	85	-	15	100
Immediate family member of Executive Chairman and Group CEO					
S$50,000 to S$100,000					
Sinn Mei Chue, Julie(6) (7)	-	71	18	11	100

(1) Sin Ee Wuen, the Deputy Chief Executive Officer, has been appointed as an Executive Director with effect from 19 September 2018. He is the son of Sin Soon Teng, the Executive Chairman and Group CEO. The remuneration information of Mr Sin Ee Wuen as disclosed above is related to his position as the Deputy CEO of the Company for FY2018.

(2) Andy Goh Beng Kwang resigned as Executive Director and Group Chief Financial Officer with effect from 16 August 2018.

(3) Ho Boon Chuan Wilson resigned as Independent Non-Executive Director with effect from 20 February 2018.

(4) Richard Tan Kheng Swee has been appointed as an Independent Non-Executive Director with effect from 2 May 2018.

(5) Mohamed Saleem Mohamed Amanullah was appointed as CFO with effect from 23 July 2018.

(6) Sinn Mei Chue, Julie is the sister of Sin Soon Teng, the Executive Chairman and Group CEO, and the aunt of Sin Ee Wuen, an Executive Director and Deputy CEO.

(7) Save for Sin Ee Wuen and Sinn Mei Chue, Julie there are no other employee who is an immediate family member of a Director or the Executive Chairman and Group CEO, and whose remuneration exceeded S$50,000 in FY2018.

The Group has five (5) key management personnel for FY2018 (including Mr Sin Ee Wuen) and the aggregate amount of the total remuneration paid to the five (5) key management personnel was approximately S$1,399,100 in FY2018.

There are no termination, retirement, post-employment benefits that may be granted to the Directors, the Group CEO and key management personnel.

Sysma Performance Share Plan

The Company has a performance share plan under the Sysma Performance Share Plan (the "Share Plan") which was approved by shareholders on 5 July 2012. The committee which administers the Share Plan in accordance with the rules of the Share Plan ("Awards Committee") comprises members of the RC, the names of which are set out in page 18 of this Annual Report. Additionally, the RC reviews whether Executive Directors (who are not controlling shareholders) and key management personnel should be eligible for awards under the Share Plan.

The Share Plan, which forms an integral component of the Company's compensation plan, is to provide an opportunity for Group employees, who have met the performance conditions to be remunerated not just through cash bonuses but also by an equity stake in the Company.

It is primarily a share incentive scheme and recognises the fact that the services of such Group employees are important to the success and continued well-being of the Group. Implementation of the Share Plan will enable the Company to give recognition to the contributions made by such Group employees. At the same time, it will give such Group employees an opportunity to have a direct interest in the Company and will also help to achieve the Share Plan objectives, as enumerated in the Company's Offer Document dated 27 July 2012 (the "Offer Document").

Under the rules of the Share Plan, Group employees who are full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the date of the award are eligible to participate in the Share Plan at the absolute discretion of the Awards Committee.

Controlling Shareholders and their associates and the Non-Executive Directors are not eligible to participate in the Share Plan.

The aggregate amount of new shares which may be issued pursuant to the vesting of awards granted on any date, when added to the amount of new shares issued and issuable in respect of (i) all awards previously granted under the Share Plan; and (ii) any other share-based incentive scheme of the Company, shall not exceed 15% of the issued and paid-up share capital of the Company on the day preceding the date of grant ("Share Issuance Limit").

The number of existing shares purchased from the market which may be delivered pursuant to the awards granted under the Share Plan, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to the Share Issuance Limit, as such methods will not involve the issue of any new shares.

Subject to the foregoing limits, there shall be no other limitation on the number of shares available to participants of the Share Plan.

The Share Plan shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Since the commencement of the Share Plan till the end of the financial year under review and up to the current date of this Report, no shares were granted under the Share Plan to the Group's employees. Accordingly, the provisions of Rule 851(1)(b) to (d) are not applicable.

3. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board acknowledges that it is accountable to the Company's shareholders and is mindful of the obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory reporting requirements. Price-sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

The Board, through its announcement of the Group's financial results to shareholders, aims to present a balanced and understandable assessment of the Group's position and prospects.

In preparing the financial statements, the Board has selected suitable accounting policies and applied them consistently. The Board has made judgements and estimates that are reasonable and prudent and ensure that all applicable accounting standards have been followed. The financial statements were prepared on the basis that the Directors have reasonable expectations, having made enquiries, that the Group and Company have adequate resources to continue operations for the foreseeable future.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST, for instance, by establishing written policies where appropriate.

Management provides all members of the Board with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Principle 11: Risk Management and Internal Controls
Principle 12: Audit Committee

Risk Management and Internal Controls

The Board has required the Management to maintain a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

Internal Audit

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Group engaged Nexia TS Risk Advisory Pte. Ltd. ("Internal Auditor") to assist the Board and AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. Risk Management Assessment as well as Control Self-Assessment were conducted by the Management with the assistance of the Internal Auditor. The key risk areas which have been identified continue to be analysed, monitored and mitigated accordingly. In connection, the Group has developed a register of risks detailing their respective risk ratings and impacts to ensure that the Group's risk management and internal control system are adequate and effective in FY2018.

Adequacy and Effectiveness of Internal Controls

The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and Board. The Board reviews, at least annually, the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, and risk management systems, are adequate and effective in FY2018.

The Company consistently improves and adopts the recommendations highlighted by the internal and external auditors as well as the Sponsor to safeguard the Group's internal controls.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Group CEO and CFO Assurances

The Board has received assurances from the Group CEO and the CFO (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) that the Company's risk management and internal control systems are sufficiently effective.

Audit Committee

The AC comprises the following Independent Directors:

Heng Yeow Meng Michael	-	Chairman
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Member
Richard Tan Kheng Swee	-	Member

Qualification and Independence of Audit Committee

The Board is satisfied that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge their responsibilities.

The Board considers Mr Heng Yeow Meng Michael to have extensive and practical financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in accounting, finance and business management.

All members of the AC are independent and non-executive directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

Authority of Audit Committee

The AC assists the Board in overseeing the adequacy of the overall internal control functions, the internal audit functions within the Group, the relationship of those functions to external audit, the scope of audit by the external auditors as well as their independence. The terms of reference of the AC stipulate that the functions of the AC include the following:

(a) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to Management and the Management's response, the scope and results of the external audit and the independence and objectivity of the external auditors;

(b) make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors and a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, herein. The AC will keep the nature and extent of non-audit services under review, seeking to maintain objectivity, review the half yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements;

(c) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls; review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and the Management's response;

(d) ensure co-ordination between the external auditors and Management, and review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditors may wish to discuss (in the absence of the Management, where necessary);

(e) commission an annual internal controls audit that the internal controls of the Group are sufficiently robust and effective in mitigating any internal control weaknesses the Group may have. As the internal audit function is presently undertaken by an outsourced service provider, the AC will review the effectiveness of the internal audit function of the Group and ensure that it is adequately resourced and has appropriate standing within the Group. The Board shall report to the Sponsor and the SGX-ST on the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify key weaknesses in and/or strengthen the internal controls of the Group. Thereafter, the AC shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of the Group have remained robust and effective. Upon the completion of an internal control audit, the Board shall make the appropriate disclosures via the SGXNET of any weaknesses in the Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by the Board;

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;

(g) review potential conflicts of interest (if any);

(h) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(i) review the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(j) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(k) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, among others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(l) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, 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.

Meetings between Audit Committee and Auditors

The AC has met with the external auditors, Deloitte & Touche LLP and the internal auditors, Nexia TS Risk Advisory Pte. Ltd., in the absence of the Management in FY2018 to review any matters that might be raised. The AC has full access to and the co-operation of the Management. The external auditors and internal auditors have unrestricted access to the AC.

Independence of External Auditors

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money considerations. The AC has reviewed the independence of the Company's external auditors and is satisfied with the independence and objectivity of the external auditors. During FY2018, there was no non-audit services provided by the external auditors to the Company. The aggregate amount of fees paid to the external auditors of the Company and subsidiaries for audit services was S$176,000 (100%) for the financial year ended 31 July 2018.

The AC has recommended to the Board the nomination of Messrs Deloitte & Touche LLP for re-appointment as auditors of the Company at the forthcoming AGM.

The Company confirms that Rules 712 and 715 of the Catalist Rules has been complied with.

Whistle-Blowing Policy

The AC has incorporated a whistle blowing policy into the Company's internal control procedures to provide a channel for staff to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and for appropriate follow-up action, all whistle blowing reports will be addressed to the Chairman of the AC. Details of the whistle blowing policy have been made available to all employees.

The AC members take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the external auditors.

Audit Committee's Review of Financial Statements and Interested Person Transactions

The AC has also reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 July 2018 as well as the Auditors' Reports thereon. Interested person transactions of the Group in FY2018 have also been reviewed by the AC. Every member of the AC shall abstain from voting on any resolutions in respect of matters in which he is or may be interested in.

Key Audit Matters:

The Audit Committee considered a number of key matters during the financial year ended 31 July 2018 taking into account all instances the views of the Company's external auditor.

The key audit matters and how they were addressed by the Audit Committee are detailed as follows:

Significant matters considered	How the issues were addressed by the AC
Valuation of properties held for sale	The AC considered the approach and methodology applied to the valuation of completed properties held for sale. The assessment included considerations of transactions of similar properties in the surrounding vicinity as well as the general property market for commercial shop units. The AC discussed the above with the external auditors and reviewed the reasonableness of the estimates used by management and was satisfied that these were appropriate. The auditors have included the valuation of completed properties held for sale as a key audit matter in the auditor's report for the financial year ended 31 July 2018. This is on page 34 of the annual report.
Accounting for construction contracts	The AC considered the key judgement and assumptions made in management's approach to estimating the total budgeted cost of a project as well as management's past experiences in budgeting for projects. The AC reviewed Management's estimation process, as well as the involvement of management personnel with suitable knowledge and experience, and was satisfied that these were appropriate. The auditors have included the accounting for construction contracts as a key audit matter in the auditor's report for the financial year ended 31 July 2018. This is on page 35 of the annual report.
Provisions for completed projects	The AC considered the key judgement and assumptions made in management's approach to estimating the provisions for the completed projects as well as management's past experiences in making such provisions. The AC reviewed Management's estimation process, as well as the involvement of management personnel with suitable knowledge and experience, and was satisfied that these were appropriate. The auditors have included the provisions for completed projects as a key audit matter in the auditor's report for the financial year ended 31 July 2018. This is on page 35 of the annual report.

Principle 13: Internal Audit

The internal audit function of the Group has been outsourced to Nexia TS Risk Advisory Pte. Ltd. to strengthen the internal audit function and promote sound risk management, including financial, operational, compliance and information technology risks and good corporate governance.

The internal auditor's primary line of reporting should be to the AC Chairman although the internal auditor would also report administratively to the Group CEO.

The AC approves the hiring, removal, evaluation and compensation of the corporation to which the internal audit function is outsourced. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor is staffed with persons with the relevant qualifications and experience. The internal auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditors plan their internal audit schedules in consultation with the Management and its plans are submitted to the AC for approval. The AC reviews and approves the internal audit plans and ensures that the internal audit function is effective and adequately resourced.

No former partner or director of the Company's External Auditors and Internal Auditors is a member of the AC.

4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Company does not practice selective disclosures. The Company communicates information, including price-sensitive information, to its shareholders and the investing community through the release of announcements via SGXNET on a timely basis. Results and annual reports are announced or issued within the mandatory periods. Such announcements include the half-year and full-year results, material transactions and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST.

The Company's main forum for dialogue with shareholders takes place at its AGM, whereat members of the Board, Senior Management and the external auditors are in attendance. At the AGM, shareholders are given the opportunity to express their views and ask questions regarding the Group.

The Company believes in encouraging shareholder participation at its general meetings. The Company's Constitution allows a shareholder entitled to attend and vote at general meetings to appoint not more than two proxies who need not be shareholders of the Company to attend and vote on his stead. Pursuant to Section 181 of the Companies Act, a member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his/her/its stead. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

Separate resolutions on each distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed.

The Chairman of the Board and Board Committees are present and available to address questions from shareholders at general meetings.

At the AGMs and other general meetings of shareholders, separate resolutions will be set out on each substantially separate issue for approval by shareholders. The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes will be available to shareholders upon their request.

Apart from the SGXNet and annual reports, the Company updates shareholders on its developments through (www.sysma.com.sg).

Dividend Policy

The Company does not have a formal dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the earnings, general financial condition, results of operations, capital requirements, cash flows, general business conditions and other factors as the Board may deem appropriate.

The Board has proposed a first and final dividend (one tier tax exempt) of S$0.008 (0.8 Singapore cent) per ordinary share for FY2018 which will be subject to shareholders' approval at the forthcoming AGM.

5. DEALINGS IN SECURITIES

The Company has adopted an internal compliance code which prohibits dealings in the Securities of the Company by Directors and officers while in possession of price-sensitive information. The Company, its Directors and officers should not deal in the Company's securities on short-term considerations and are prohibited from dealing in the securities of the Company during the period beginning one month before the announcement of the half-year and full-year financial results respectively, and ending on the date of the announcement of the results.

The Directors and officers of the Group are also required to adhere to the provisions of the Securities and Futures Act, Companies Act, the Catalist Rules and any other relevant regulations with regard to their securities transactions.

Directors and officers of the Group are also expected to observe the insider-trading laws at all times even when dealing with securities within the permitted trading period.

6. MATERIAL CONTRACTS

Save for the service agreements between the Company and the Executive Directors as disclosed above as well as the interested person transaction disclosed below, there were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the Group CEO, any Director, or controlling shareholders, either still subsisting as at 31 July 2018 or if not then subsisting, entered during the period under review.

7. INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to govern and ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on an arm's length basis and on normal commercial terms which will not be prejudicial to the interests of the Company and its minority shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. Save as disclosed below, there were no interested person transactions of S$100,000 or more entered into during FY2018.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' general mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' general mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
	S$'000	S$'000
Sin Ee Wuen	5,000[1]	-

Note:

(1) Shareholders had at the extraordinary general meeting of the Company held on 2 April 2018 approved and ratified the award of the construction contract worth approximately S$5 million awarded by Mr. Sin Ee Wuen to Sysma Construction Pte Ltd as an interested person transaction. Please refer to the Company's circular dated 16 March 2018 for more details.

8. NON-SPONSOR FEES (Rule 1204(21))

There was no non-sponsor fees paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2018.

9. STATEMENT OF COMPLIANCE

The Board confirms that for FY2018 and save as expressly disclosed herein, the Company has adhered to the principles and guidelines as set out in the Code.

10. SUSTAINABILITY REPORTING ("SR")

In respect of the SR, the Company has initiated the process by seeking advice and engaging an external party to assist in preparing the SR in compliance with the Catalist Rule 711B and Paragraph 4.1 of Practice Note 7F Sustainability Report Guide.

The Company's first Sustainability Report will be released by 31 July 2019.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 38 to 79 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 July 31, 2018, and financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Sin Soon Teng
Ang Seng Heng
Chen Timothy Teck-Leng @ Chen Teck Leng
Heng Yeow Meng Michael
Richard Tan Kheng Swee (Appointed on May 2, 2018)
Sin Ee Wuen (Appointed on September 19, 2018)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as disclosed in paragraph 4 of the Directors' statement.

3 DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of director		**Shareholdings in which directors are deemed to have an interest**	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
(Ordinary shares)				
Sin Soon Teng	-	-	166,600,000	166,600,000
Andy Goh Beng Kwang	200,000	200,000	-	-
(Resigned on August 16, 2018)				
Ang Seng Heng	15,400,000	15,400,000	-	-
Ultimate holding company				
Xiang Investment Ltd				
(Ordinary shares)				
Sin Soon Teng	8	8	-	-

By virtue of Section 7 of the Singapore Companies Act, Mr Sin Soon Teng is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company as at August 21, 2018 were the same as at July 31, 2018.

4 SHARE SCHEME

The Sysma Performance Share Plan (The "Share Plan")

(i) The Share Plan was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on July 5, 2012.

(ii) The Share Plan is administered by the Awards Committee.

(iii) A participant's award under the Share Plan will be determined at the sole discretion of the Awards Committee. In considering the award to be granted to a participant, the Awards Committee may take into account, *inter alia*, the participant's performance during the relevant period, and the rank, year(s) of service and potential for future development, his contribution to the success and development of the Group and the extent of effort required to fulfill the performance conditions within the performance period of the participant.

(iv) Awards granted under the Share Plan are performance related and will typically vest only after the satisfactory completion of a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the Share Plan, and the length of the vesting period(s) is determined on a case-by-case basis.

(v) The total number of new shares which may be issued or shares which may be delivered pursuant to award granted under the Share Plan, when added to the total number of new shares issued and issuable or existing shares delivered and deliverable in respect of:

a. all awards granted under the Share Plan; and

b. all shares, options, or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued capital of the Company (excluding treasury shares) on that day preceding the relevant date of award.

(vi) At the end of the reporting period, no awards have been granted under the Share Plan.

5 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, is chaired by Mr Heng Yeow Meng Michael, an independent director, and includes Mr Chen Timothy Teck-Leng @ Chen Teck Leng and Mr Richard Tan Kheng Swee, both independent directors. The Audit Committee has met 2 times during the year under review, and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) The Group's financial and operating results and accounting policies;

c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

d) The semi-annual announcements as well as related press releases on the results and financial position of the Company and the Group;

e) Interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;

f) The co-operation and assistance given by the management to the Group's external auditors; and

g) The re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Sin Soon Teng

Ang Seng Heng

October 19, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYSMA HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sysma Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at July 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 79.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and 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 July 31, 2018 and 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 year. 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.

(i) <u>Valuation of properties held for sale</u>

The Group has properties held for sale in Singapore comprising of commercial units. These are stated at the lower of cost and their net realisable value as at July 31, 2018. Fluctuations in the market demand for such properties may continue to impact valuation of these properties. Management estimates the net realisable value based on recent transacted sales of existing units as well as similar properties in the surrounding location.

<u>Our audit performed and responses thereon</u>

We performed procedures by comparing the estimates used by management to, where available, recently transacted prices and prices of similar properties in the surrounding location. We compared the cost and estimated net realisable value of the properties held for sale to assess whether these properties are held at the lower cost and estimated net realisable value. We also evaluated the adequacy of the disclosure of significant accounting policies for valuation of properties held for sale, and their related disclosures in Note 10. We found the estimates within a reasonable range of our expectations.

Key Audit Matters (cont'd)

(ii) Accounting for construction contracts

The Group is involved in construction projects and applies the percentage of completion method for the recognition of costs. The stage of completion is determined by reference to certification of the value of work performed to date by professional independent architects. Management estimates the costs of each project by (i) applying the percentage of completion on the total budgeted cost estimated for each project; and (ii) includes any foreseeable losses where the estimated contract revenue is lower than the estimated total contract cost. Any changes to the total budgeted cost may have a significant impact on the results of the Group.

Our audit performed and responses thereon

We performed procedures to evaluate the design and implementation of the relevant controls in respect of budgeting for projects. We reviewed management's budgeted costs and assessed the reasonableness of the assumptions and estimates applied by management including key elements such as materials, subcontractor and labor costs. We discussed the latest project activity with the Group's project officers and inquired if there is any potential disputes, variation order claims, or significant events that impacts the estimated costs. We also evaluated the adequacy of the disclosure of significant accounting policies for construction contracts, and their related disclosures in Note 9.

(iii) Provisions for completed projects

The Group is involved in construction projects and records provisions for completed projects. Management's estimates are based on terms as set out in the letter of award or contracts or management's experience. Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Significant assumptions are required in estimating the provisions. In making these estimates, the Group relies on past experience. The carrying amount of provisions for completed projects is disclosed in Note 14 to the financial statements.

Our audit performed and responses thereon

We have performed procedures by obtaining the supporting documents used by management to assess the provisions made, where available. We reviewed the basis of provisions for completed projects, including understanding and challenging management's assumptions and concurred with management. We have also evaluated the adequacy of the disclosure of provisions made in Note 14.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the 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 or 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 on the other information that we obtained prior to the date of this auditor's report, 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 the 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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the 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.

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

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 year 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 Mr Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 19, 2018

STATEMENTS OF FINANCIAL POSITION

July 31, 2018

	Note	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	7	71,576,233	54,387,670	42,109,983	23,132,889
Pledged bank deposits	7	996,590	994,726	-	-
Trade and other receivables	8	4,230,213	24,729,193	2,258,753	28,616,899
Properties held for sale	10	4,598,355	44,113,845	-	-
Total current assets		81,401,391	124,225,434	44,368,736	51,749,788
Non-current assets					
Property, plant and equipment	11	773,955	1,154,056	-	-
Investments in subsidiaries	12	-	-	9,850,059	12,988,617
Total non-current assets		773,955	1,154,056	9,850,059	12,988,617
Total assets		82,175,346	125,379,490	54,218,795	64,738,405
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	21,188,132	39,849,602	10,834,104	15,144,362
Provisions	14	4,564,591	905,582	-	-
Finance leases	15	544,751	497,616	-	-
Bank borrowings	16	-	27,000,000	-	-
Income tax payable		1,566,280	2,059,068	-	25,869
Total current liabilities		27,863,754	70,311,868	10,834,104	15,170,231
Non-current liabilities					
Deferred tax liabilities	17	48,881	48,881	-	-
Finance leases	15	495,822	744,754	-	-
Total non-current liabilities		544,703	793,635	-	-
Capital, reserves and non-controlling interest					
Share capital	18	45,538,251	45,538,251	45,538,251	45,538,251
Treasury shares	19	(1,120,185)	-	(1,120,185)	-
Merger reserve		(3,517,117)	(3,517,117)	-	-
Equity reserve		(844,016)	(844,016)	-	-
Accumulated profits (losses)		12,574,403	9,825,858	(1,033,375)	4,029,923
Equity attributable to owners of the Company		52,631,336	51,002,976	43,384,691	49,568,174
Non-controlling interest		1,135,553	3,271,011	-	-
Total equity		53,766,889	54,273,987	43,384,691	49,568,174
Total liabilities and equity		82,175,346	125,379,490	54,218,795	64,738,405

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended July 31, 2018

	Note	GROUP 2018	GROUP 2017
Revenue	20	75,152,065	97,172,120
Cost of sales		(63,798,204)	(79,309,036)
Gross profit		11,353,861	17,863,084
Other income	21	1,900,655	1,481,036
Other operating expenses		(4,948,677)	(4,467,213)
Administrative expenses		(3,315,569)	(4,178,885)
Finance costs	22	(178,435)	(1,017,050)
Profit before income tax	23	4,811,835	9,680,972
Income tax expense	24	(537,006)	(1,788,253)
Profit for the year, representing total comprehensive income for the year		4,274,829	7,892,719
Profit (Loss) attributable to:			
Equity holders of the Company		4,010,287	8,336,601
Non-controlling interest		264,542	(443,882)
		4,274,829	7,892,719
Basic and diluted earnings per share (cents)	25	1.59	3.19

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2018

GROUP	Share capital	Treasury shares	Merger reserve	Equity reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interest	Total
	$	$	$	$	$	$	$	$
Balance at August 1, 2016	45,538,251	-	(3,517,117)	(844,016)	1,489,257	42,666,375	3,714,893	46,381,268
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	-	-	-	-	8,336,601	8,336,601	(443,882)	7,892,719
Balance at July 31, 2017	45,538,251	-	(3,517,117)	(844,016)	9,825,858	51,002,976	3,271,011	54,273,987
Profit for the year, representing total comprehensive income for the year	-	-	-	-	4,010,287	4,010,287	264,542	4,274,829
Purchase of treasury shares (Note 19)	-	(1,120,185)	-	-	-	(1,120,185)	-	(1,120,185)
Dividend paid (Note 28)	-	-	-	-	(1,261,742)	(1,261,742)	-	(1,261,742)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	(2,400,000)	(2,400,000)
Balance at July 31, 2018	45,538,251	(1,120,185)	(3,517,117)	(844,016)	12,574,403	52,631,336	1,135,553	53,766,889

COMPANY	Share capital	Treasury shares	Accumulated profit (losses)	Total
	$	$	$	$
Balance at August 1, 2016	45,538,251	-	2,084,573	47,622,824
Profit for the year, representing total comprehensive income for the year	-	-	1,945,350	1,945,350
Balance at July 31, 2017	45,538,251	-	4,029,923	49,568,174
Purchase of treasury shares (Note 19)	-	(1,120,185)	-	(1,120,185)
Dividend paid (Note 28)	-	-	(1,261,742)	(1,261,742)
Loss for the year, representing total comprehensive loss for the year	-	-	(3,801,556)	(3,801,556)
Balance at July 31, 2018	45,538,251	(1,120,185)	(1,033,375)	43,384,691

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2018

	GROUP	
	2018	2017
	$	$
Operating activities		
Profit before tax	4,811,835	9,680,972
Adjustments for:		
Depreciation of property, plant and equipment	790,775	917,341
Provisions	3,659,009	-
Provision for foreseeable loss	2,463,200	-
Finance costs	178,435	1,017,050
Interest income	(686,927)	(370,537)
Allowance for doubtful debts	321,821	358,099
Write back of allowance for doubtful debts	(463,410)	(51,276)
Reversal of write-downs of properties held for sale to net realisable value	-	(4,267,780)
Property,plant and equipment written off	6,862	-
(Gain) Loss on disposal of property, plant and equipment	(87,006)	38
Operating cash flow before movements in working capital changes	10,994,594	7,283,907
Trade and other receivables	18,467,292	(11,114,606)
Properties held for sale	39,705,785	50,992,337
Trade and other payables	(18,771,694)	7,450,953
Cash generated from operating activities	50,395,977	54,612,591
Income tax paid	(1,029,794)	(953,407)
Net cash from operating activities	49,366,183	53,659,184
Investing activities		
Interest received	507,228	276,572
Proceeds from disposal of property, plant and equipment	93,290	-
Purchase of property, plant and equipment (Note A)	(112,714)	(105,236)
Net cash from investing activities	487,804	171,336

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2018

	GROUP	
	2018	2017
	$	$
Financing activities		
Repayment of bank borrowings	(27,000,000)	(34,530,000)
Purchase of treasury shares	(1,120,185)	-
Repayment of finance leases	(512,903)	(495,239)
Dividends paid	(1,261,742)	-
Dividends paid to non-controlling interest of a subsidiary	(2,400,000)	-
Interest paid	(368,730)	(1,207,345)
(Increase)/Decrease in pledged deposits	(1,864)	2,013,183
Net cash used in financing activities	(32,665,424)	(34,219,401)
Net increase in cash and cash equivalents	17,188,563	19,611,119
Cash and cash equivalents at beginning of year	54,387,670	34,776,551
Cash and cash equivalents at end of year	71,576,233	54,387,670

Note A:

During the year, the Group acquired property, plant and equipment with an aggregate cost of $423,820 (2017: $105,236) of which $311,106 (2017: $Nil) were acquired by means of finance leases.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

July 31, 2018

1 GENERAL

The Company (Registration Number 201207614H) is incorporated in Singapore with its principal place of business and registered office at Block 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002. The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on August 3, 2012. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended July 31, 2018 were authorised for issue by the Board of Directors on October 19, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On August 1, 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interest that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Trade and other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 45 days (2017: 45 days), as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivable where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownerships of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

CONSTRUCTION CONTRACTS - Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of certified contract value of work performed to date relative to the estimated total contract value. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

PROPERTIES HELD FOR SALE - Properties held for sale are completed property projects held for sale in the ordinary course of business. They are stated at lower of cost or net realisable value. Cost is determined by the total land cost, directly identifiable development costs and capitalised borrowing costs. Net realisable value is determined by reference to estimated selling process of properties sold in the ordinary course of business less all estimated selling expenses; or it is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

<u>The Group as lessee</u>

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the period in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over the estimated useful lives of the assets using the straight-line method, on the following bases:

Furniture and fittings	5 years
Office equipment	5 years
Works vehicles	4 years
Machinery	3 years
Leasehold properties and building improvements	2 to 27 years (over the remaining lease terms)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets are retained in the book of accounts until they are no longer in use.

IMPAIRMENT OF TANGIBLE ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MERGER RESERVE - Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

EQUITY RESERVE - Equity reserve arises from acquiring non-controlling interests from subsidiary without involving a change in control. The negative balance in the equity reserve represents the net excess of purchase consideration over the carrying amount of non-controlling interests acquired in the subsidiary at the date of acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

TREASURY SHARES - If an entity reacquires its own equity instruments, those instruments ('treasury shares') shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated Group. Consideration paid or received shall be recognised directly in equity.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Construction contracts

Revenue and profits from construction contracts are recognised in accordance with the Group's accounting policy on construction contracts (see above).

Sale of properties held for sale

Revenue from completed properties is recognised when the risks and rewards of ownership have been transferred to the purchaser through the transfer of legal title.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively) or where they arise from the initial accounting for a business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at bank and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of properties held for sale

The properties held for sale are held at the lower of the cost and net realisable value. The net realisable value is determined based on recent transacted sales of existing units as well as similar properties in the surrounding locations. Management reviews the property projects for write-downs whenever there is an indication that the estimated net realisable value is lower than the carrying amount.

The carrying amounts of the properties held for sale are disclosed in Note 10 to the financial statements.

Accounting for construction contracts

The Group is involved in construction projects and applies the percentage of completion method for the recognition of costs. The stage of completion is determined by reference to certification of the value of work performed to date by professional independent architects. Management estimates the costs of each project by (i) applying the percentage of completion on the total budgeted cost estimated for each project; and (ii) includes any foreseeable losses where the estimated contract revenue is lower than the estimated total contract cost. Any changes to the total budgeted cost may have a significant impact on the results of the Group.

The estimated total contract cost is based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred and adjusted for any price fluctuations during the year, where applicable. Significant assumptions are required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for variation works that are recoverable from customers. In making these estimates, the Group relies on past experience and the work of specialists. In addition, the valuation of construction contracts can be subject to uncertainty in respect of variation works and estimation of future costs.

The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Note 9 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Provisions for completed projects

As at July 31, 2018, the Group recorded provisions for completed projects. We understand from management that these provisions are determined based on management's best estimates. The estimates are based on terms as set out in the letter of award or contracts or management's experience. Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Significant assumptions are required in estimating the provisions. In making these estimates, the Group relies on past experience. The carrying amount of provisions for completed projects is disclosed in Note 14 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

a) *Categories of financial instruments*

	GROUP		COMPANY	
	2018	2017	2018	2017
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	76,650,629	79,951,380	44,368,736	51,749,788
Financial liabilities				
Payables, at amortised cost	19,105,649	53,730,946	10,834,104	15,144,362

b) *Financial instruments subject to offsetting, enforceable matter netting arrangements and similar agreements*

COMPANY

As at July 31, 2018

Financial assets

	(a)	(b)	(c) = (a) – (b)
Type of financial asset	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	$	$	$
Trade and other receivables	5,284,576	(3,025,823)	2,258,753

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

b) Financial instruments subject to offsetting, enforceable matter netting arrangements and similar agreements (cont'd)

COMPANY

As at July 31, 2018

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position
	$	$	$
Trade and other payables	13,859,927	(3,025,823)	10,834,104

As at July 31, 2017

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position
	$	$	$
Trade and other receivables	33,275,500	(4,658,601)	28,616,899

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position
	$	$	$
Trade and other payables	19,802,963	(4,658,601)	15,144,362

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) *Financial risk management policies and objectives*

The Group is exposed to a variety of financial risk comprising market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group operates principally in Singapore dollars. Foreign currency exchange rate risk derived mainly from fixed deposits denominated in United States ("US") dollars.

At the reporting date, the carrying amounts of monetary asset denominated in US dollars, the principal non-functional currency are as follows:

	Group		Company	
	Asset		Asset	
	2018	2017	2018	2017
	$	$	$	$
US dollar	10,800,000	10,800,000	5,700,000	5,700,000

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible that will affect outstanding foreign currency denominated monetary items at year end.

If the US dollars were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $540,000 (2017: $540,000) and the Company's loss before tax will increase/decrease by $285,000 (2017: profit before tax will decrease/increase by $285,000).

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (iv) of this Note. The Group's policy is to maintain fixed rate borrowings to reduce volatility. However, it sometimes borrows at variable rates when considered economical to do so.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the financial year ended July 31, 2018 would decrease/increase by $Nil (2017: decrease/increase by $135,000).

It is the Group's accounting policy to capitalise borrowing costs relevant to development properties. Hence, the above mentioned interest rate fluctuation may not fully impact the profit in the year where interest expense is incurred and capitalised but may affect profit in future financial years.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk management

The Group has concentration of credit risk relating to cash and cash equivalents that constitutes approximately 95% (2017: 69%) of the financial assets of the Group that is held with 3 (2017: 2) financial institutions. The Group's principal financial assets are cash and cash equivalents, pledged bank deposits and trade and other receivables.

Bank balances and fixed deposits are held with reputable financial institutions.

The Group carries out construction work for private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Note 8 to the financial statements.

(iv) Liquidity risk management

Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due. The Group finances its liquidity through internally generated cash flows and bank loans. All bank borrowings are repayable within the next 12 months from the end of the reporting period. The Group has performance guarantees to third parties (Note 6). Management is of the view that the Group has sufficient funds to meet all its potential liabilities as they fall due.

Liquidity risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
GROUP						
2018						
Non-interest bearing	-	18,065,076	-	-	-	18,065,076
Fixed interest rate Instruments	3.18	569,261	514,292	-	(42,980)	1,040,573
		18,634,337	514,292	-	(42,980)	19,105,649

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

c) Financial risk management policies and objectives (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
GROUP						
2017						
Non-interest bearing	-	25,488,576	-	-	-	25,488,576
Fixed interest rate Instruments	3.17	529,487	764,157	-	(51,274)	1,242,370
Variable interest rate instruments	2.71	27,306,713	-	-	(306,713)	27,000,000
		53,324,776	764,157	-	(357,987)	53,730,946

All financial assets of the Group as at July 31, 2018 and 2017 are repayable on demand or current. All financial assets and liabilities of the Company as at July 31, 2018 and 2017 are interest-free and repayable on demand or current.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, pledged bank deposits, trade and other receivables and payables approximate their respective fair values, either due to their relatively short term maturity or that they are floating rate instruments that are re-priced to market interest rates on or near the end of reporting period.

The fair values of the other financial assets and liabilities are disclosed in the respective notes to the financial statements.

d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of equity balance. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital and retained earnings.

The Group reviews the capital structure on an annual basis. The Group is not subject to any externally imposed capital requirements.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Xiang Investment Ltd, incorporated in British Virgin Islands, which is also the Company's ultimate holding company. The ultimate controlling party is Mr Sin Soon Teng whose interest in the Company is held through his shareholdings in Xiang Investment Ltd.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Group's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free, repayable on demand and are to be settled in cash.

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

As at July 31, 2018, the directors provided performance guarantees of $2,273,250 (2017: $2,525,869) to third parties in relation to the Group's performance obligations.

During the year, the Group entered into the following significant transactions with related parties:

	2018	2017
	$	$
Revenue earned relating to a construction contract from a director of a subsidiary	2,253,974	-

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	2018	2017
	$	$
Short-term benefits	2,864,809	3,557,274
Post-employment benefits	96,269	67,800

7 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018	2017	2018	2017
	$	$	$	$
Cash on hand	3,273	14,904	-	-
Cash at bank	10,605,253	11,666,393	1,749,034	2,898,331
Fixed deposits	61,964,297	43,701,099	40,360,949	20,234,558
	72,572,823	55,382,396	42,109,983	23,132,889
Less: Pledged bank deposits	(996,590)	(994,726)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	71,576,233	54,387,670	42,109,983	23,132,889

Cash and cash equivalents comprise cash held by the Group and short-term unpledged bank deposits with an original maturity of twelve months or less and an average interest rate of 1.98% (2017: 1.21%) per annum.

Pledged bank deposits have an original maturity of twelve months or less, an average interest rate of 1.06% (2017: 0.90%) per annum and are pledged against banking facilities.

Included in the cash and cash equivalents of the Group is an amount of $NIL (2017: $1,959,575) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the property projects (Note 10).

8 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables from third parties	2,643,570	18,814,990	-	-
Less: Allowance for doubtful debts	(321,821)	(463,410)	-	-
	2,321,749	18,351,580	-	-
Amounts due from contract customers (Note 9)	1,250,535	2,905,690	-	-
Other receivables from third parties	302,683	3,115,220	111,790	38,454
Other receivables from subsidiaries (Note 5)	-	-	2,146,963	28,578,445
Tender deposits	193,378	111,413	-	-
Deposits	65,973	85,081	-	-
Prepayments	95,895	160,209	-	-
	4,230,213	24,729,193	2,258,753	28,616,899

The carrying values of trade and other receivables approximate their fair values. The average credit period is approximately 45 days (2017: 45 days). No interest is charged on the outstanding trade receivables. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from rendering of services, determined by reference to individual customer's credit quality. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The management believes that there are no further credit allowances required in excess of the allowances for doubtful debts.

8 TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at the end of each reporting period:

	GROUP 2018	GROUP 2017
	$	$
Not past due and not impaired [i]	1,678,788	16,612,211
Past due but not impaired [ii]	642,961	1,739,369
	2,321,749	18,351,580
Impaired receivables - individually assessed [iii]	321,821	463,410
Less: Allowance for doubtful debts	(321,821)	(463,410)
	2,321,749	18,351,580

[i] There has not been a significant change in credit quality of these trade receivables that are not past due and not impaired.

[ii] Aging of receivables that are past due but not impaired:

	GROUP 2018	GROUP 2017
	$	$
2 months to 6 months	234,283	1,283,467
6 months to 12 months	393,682	-
> 12 months	14,996	455,902
	642,961	1,739,369

[iii] These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful debts:

	GROUP 2018	GROUP 2017
	$	$
At the beginning of the year	463,410	203,316
Amount written-off during the year	-	(46,729)
Allowance made during the year	321,821	358,099
Amount recovered during the year	(463,410)	(51,276)
At end of year	321,821	463,410

9 CONSTRUCTION CONTRACTS

	GROUP	
	2018	2017
	$	$
Contracts-in-progress at end of the reporting period:		
Amounts due from contract customers included in trade and other receivables (Note 8)	1,250,535	2,905,690
Amounts due to contract customers included in trade and other payables (Note 13)	(3,046,984)	(12,183,374)
	(1,796,449)	(9,277,684)
Cumulative work-in-progress at cost and cumulative attributable profit recognised to date	427,981,538	240,054,704
Less: Cumulative progress billings	(427,314,787)	(249,332,388)
Provision for foreseeable loss	(2,463,200)	-
	(1,796,449)	(9,277,684)
Retention monies held by customers for contract work	6,068,145	8,242,024

	2018	2017
	$	$
Movement in provision for foreseeable losses:		
Balance at beginning of the year	-	-
Increase in provision recognised in profit or loss	2,463,200	-
Balance at end of the year	2,463,200	-

Provision for foreseeable losses is estimated after taking into account estimated contract revenue and estimated total contract cost. The estimated contract revenue is based on amounts contracted with customers. The estimated total contract cost is based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred and adjusted for any price fluctuations during the year, where applicable.

Retention monies held by customers are included with the Group's trade and other receivables (Note 8) and are classified as current as they are expected to be received within the Group's normal operating cycle.

10 PROPERTIES HELD FOR SALE

	GROUP	
	2018	2017
	$	$
Properties held for sale	4,598,355	44,113,845

In 2017, there was a reversal of write-downs of properties held for sale to net realisable value amounting to $4,267,780 as a result of an increase in value.

In 2017, two of the Group's property projects obtained the Temporary Occupation Permit ("TOP"). Hence, these property units are classified as properties held for sale as of year end. They are classified as current because it is expected to be realised in the normal operating cycle.

The properties held for sale were mortgaged to bank as security for bank borrowings obtained by the Group (Note 16) in 2017.

Particulars of the properties held for sales at July 31, 2018 are as follows:

Description	Location	Tenure	Site area (square meter)	Gross floor area (square meter)	TOP date
Residential-cum-Commercial Development (28 RC Suites)	Race Course Lane, Singapore	Freehold	710	2,690	November 17, 2016

11 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Office equipment	Works vehicles	Machinery	Leasehold properties and building improvements	Total
	$	$	$	$	$	$
GROUP						
Cost:						
At August 1, 2016	167,687	338,925	2,443,049	2,334,911	1,192,300	6,476,872
Additions	46,879	25,938	-	32,419	-	105,236
Disposals	(105)	(3,278)	-	(22,800)	-	(26,183)
At July 31, 2017	214,461	361,585	2,443,049	2,344,530	1,192,300	6,555,925
Additions	855	3,700	419,265	-		423,820
Disposals	(8,285)	(6,800)	(501,837)	-	-	(516,922)
At July 31, 2018	207,031	358,485	2,360,477	2,344,530	1,192,300	6,462,823
Accumulated depreciation:						
At August 1, 2016	60,626	182,905	1,278,670	1,796,172	1,192,300	4,510,673
Depreciation	38,271	53,398	497,870	327,802	-	917,341
Eliminated on disposals	(105)	(3,240)	-	(22,800)	-	(26,145)
At July 31, 2017	98,792	233,063	1,776,540	2,101,174	1,192,300	5,401,869
Depreciation	33,235	51,413	496,237	209,890	-	790,775
Eliminated on disposals	(1,423)	(6,800)	(495,553)	-	-	(503,776)
At July 31, 2018	130,604	277,676	1,777,224	2,311,064	1,192,300	5,688,868
Carrying amount:						
At July 31, 2018	76,427	80,809	583,253	33,466	-	773,955
At July 31, 2017	115,669	128,522	666,509	243,356	-	1,154,056

The carrying amount of the Group's property, plant and equipment includes an amount of $602,987 (2017: $873,024) secured in respect of assets held under finance leases (Note 15).

12 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2018	2017
	$	$
Unquoted equity shares, at cost	16,977,119	16,977,119
Deemed capital investment	1,800,000	1,800,000
Impairment loss	(8,927,060)	(5,788,502)
	9,850,059	12,988,617

Management is of the view that the amount due from a subsidiary of $1,800,000 represents deemed capital investment in a subsidiary as there is no contractual obligation for repayment by the subsidiary.

Movement in the impairment loss:

	COMPANY	
	2018	2017
	$	$
At beginning of year	5,788,502	5,379,008
Allowance made during the year	3,138,558	409,494
At end of year	8,927,060	5,788,502

Management assess annually whether the investment in subsidiaries show any indication of impairment in accordance with the accounting policy. If such indication exists, the management estimates the recoverable amount based on the higher of fair value less costs to sell and value in use.

Details of the Company's subsidiaries as at July 31, 2018 are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activity
		2018	2017	
		%	%	
Held by the Company				
Sysma Construction Pte. Ltd. [(1)]	Singapore	100	100	Building and construction services
Sysma Land Pte. Ltd. [(1)]	Singapore	100	100	Investment holding
Sysma Properties Pte. Ltd. [(1)]	Singapore	100	100	Property development
De Paradiso Development Pte. Ltd. [(1)]	Singapore	100	100	Property development
Gcap Properties Pte. Ltd. [(1)]	Singapore	60	60	Property development
Sysma Capital Pte. Ltd. [(1)]	Singapore	100	100	Investment holding

12 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activity
		2018	2017	
		%	%	
Held by Sysma Construction Pte. Ltd.				
Goodtrade Holdings Pte. Ltd. (1)	Singapore	100	100	Investment holding
North Shore Investments Pte. Ltd. (1)	Singapore	100	100	Investment holding
Held by Sysma Capital Pte. Ltd.				
East Development Pte. Ltd. (1)	Singapore	100	100	Investment holding
Coastline Pte. Ltd. (1)	Singapore	100	100	Investment holding

Note

(1) Audited by Deloitte & Touche LLP, Singapore.

Information about the composition of the Group at the end of the financial year as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned Subsidiaries	
		2018	2017
Investment holding	Singapore	6	6
Building and construction services	Singapore	1	1
Property development	Singapore	2	2
		9	9

Details of non wholly-owned subsidiary that has material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interest		Profit (Loss) attributable to non-controlling interest		Accumulated non-controlling interest	
		2018	2017	2018	2017	2018	2017
		%	%	$	$	$	$
GCAP Properties Pte. Ltd.	Singapore	40	40	264,542	(443,882)	1,135,553	3,271,011

12 INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information in respect of subsidiary that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	GCAP Properties Pte. Ltd.	
	2018	2017
	$	$
Current assets	2,208,061	9,246,120
Current liabilities	(38,148)	(1,737,562)
Total equity	2,169,913	7,508,558
Equity attributable to:		
Owner of the company	1,301,948	4,505,135
Non-controlling interest	867,965	3,003,423
Revenue	-	20,205,064
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	661,355	(1,109,706)
Total comprehensive income (loss) attributable to:		
Owner of the company	396,813	(665,824)
Non-controlling interest	264,542	(443,882)
Dividend paid to non-controlling interest of a subsidiary	(2,400,000)	-
Net cash inflow (outflow) from:		
Operating activities	6,516,008	21,983,004
Financing activities	(6,000,000)	(10,053,243)
Net cash inflow	516,008	11,929,761

13 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	$	$	$	$
Trade payables to third parties	15,064,008	19,300,094	-	-
Amounts due to contract customers (Note 9)	3,046,984	12,183,374	-	-
Other payables to subsidiaries (Note 5)	-	-	10,055,876	13,081,700
Other payables to third parties	260,505	422,120	204,148	325,033
Deposits received from tenants	124,367	134,494		
Deferred revenue	-	2,117,283	-	-
Advance payments received from customers	76,072	60,369	-	-
Accruals for operating expenditure	2,616,196	5,631,868	574,080	1,737,629
	21,188,132	39,849,602	10,834,104	15,144,362

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and sub-contractor costs. Deferred revenue relates to payments received from customers who signed the option to purchase.

The average credit period on purchases of goods is 60 days (2017: 60 days). No interest is charged on the outstanding balance.

14 PROVISIONS

The provision for defective works and warranty represents management's best estimate of the cost of work to be carried out for construction contracts after obtaining completion certificates based on the past experience and assessment for each project.

Movement for provision for defective works and warranty of the Group during the year are as follows:

	GROUP	
	2018	2017
	$	$
At beginning of year	408,582	487,062
Allowance made during the year	3,319,200	-
Reversal during the year	(81,191)	(78,480)
At end of year	3,646,591	408,582

Provision includes liquidated damages that represents management's best estimate of the potential exposures on construction contracts.

Movement for provision during the year are as follows:

	GROUP	
	2018	2017
	$	$
At beginning of year	497,000	162,000
Allowance made during the year	421,000	385,000
Utilised during the year	-	(50,000)
At end of year	918,000	497,000
Total at end of year	4,564,591	905,582

15 FINANCE LEASES

	GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	$	$	$	$
Amounts payable under finance leases:				
Current	569,261	529,487	544,751	497,616
Non-current	514,292	764,157	495,822	744,754
	1,083,553	1,293,644	1,040,573	1,242,370
Less: Future finance charges	(42,980)	(51,274)		
Present value of lease obligations	1,040,573	1,242,370		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(544,751)	(497,616)
Amount due for settlement after 12 months			495,822	744,754

The average lease term is 5 years. The average effective interest rate is 3.18% (2017: 3.17%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts. The Group's obligations under finance lease are secured by the lessor's title to the leased assets (Note 11).

16 BANK BORROWINGS

	GROUP	
	2018	2017
	$	$
Bank loans	-	27,000,000

The bank loans as at July 31, 2017, which were denominated in Singapore dollars, were arranged at floating interest rates of 1.90% per annum above the bank's swap rate and are reset on a quarterly basis. The weighted average effective interest rate charged during the financial year ranges from 2.90% to 2.98% (2017: 2.52% to 2.71%).

16 BANK BORROWINGS (cont'd)

The bank loans were secured by:

- First legal mortgage of the properties held for sale (Note 10);
- Legal assignment of the Group's rights, title, benefits and interests in connection with any construction contracts, performance bonds, insurance policies, tenancy agreements and/or sale and purchase agreements with respect to the development properties;
- Legal assignment of the project accounts to be opened with the bank where all sales proceeds relating to the development properties shall be credited and first legal charges over all monies standing to the credit of the project accounts;
- Financial guarantee bond for $5,250,000 favouring the bank as beneficiary to be taken up with an insurance company approved by the bank;
- Corporate guarantee provided by the Company; and
- Deed of subordination of all present and future shareholder's existing and future loans and advances.

The carrying amount of the bank loan approximated its fair value as the interest rate approximated the prevailing market rate.

The bank loans were fully repaid in 2018.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes		
	August 1, 2017	Financing cash flow	Interest paid	New finance leases	Accrued interest	July 31, 2018
	$	$	$	$	$	$
Bank and other borrowings (Note 16)	27,000,000	(27,000,000)	(334,225)	-	334,225	-
Finance leases (Note 15)	1,242,370	(512,903)	(34,505)	311,106	34,505	1,040,573
	28,242,370	(27,512,903)	(368,730)	311,106	368,730	1,040,573

17 DEFERRED TAX LIABILITIES

The following is the movements of deferred tax liabilities recognised by the Group during the current and prior reporting periods:

	GROUP		
	Accelerated tax depreciation	Deferred development costs	Total
	$	$	$
At August 1, 2016	48,881	289,172	338,053
Charge to profit or loss for the year (Note 24)	-	(289,172)	(289,172)
At July 31, 2017 and 2018	48,881	-	48,881

The deferred tax liabilities recognised by the Group were derived from accelerated tax depreciation and recognition of profits on uncompleted development projects.

18 SHARE CAPITAL

	GROUP AND COMPANY			
	2018	2017	2018	2017
	Number of ordinary shares		$	$
Issued and paid up:				
At the beginning and end of the year	261,000,000	261,000,000	45,538,251	45,538,251

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

19 TREASURY SHARES

	GROUP AND COMPANY			
	2018	2017	2018	2017
	Number of ordinary shares		$	$
At the beginning of the year	-	-	-	-
Repurchased during the year	8,651,400	-	1,120,185	-
At the end of the year	8,651,400	-	1,120,185	-

The Company acquired 8,651,400 of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $1,120,185 and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

20 REVENUE

	GROUP 2018	GROUP 2017
	$	$
Revenue from construction contracts	32,569,913	65,233,886
Revenue from property development	42,582,152	31,938,234
	75,152,065	97,172,120

21 OTHER INCOME

	GROUP 2018	GROUP 2017
	$	$
Interest income from fixed deposits	686,927	370,537
Gain on disposal of property, plant and equipment	87,006	-
Rental income	835,086	769,377
Miscellaneous income	291,636	341,122
	1,900,655	1,481,036

22 FINANCE COSTS

	GROUP 2018	GROUP 2017
	$	$
Interest on bank borrowings	143,930	1,106,280
Interest on obligations under finance leases	34,505	48,383
Total	178,435	1,154,663
Less: Interest capitalised in properties held for sale (Note 10)	-	(137,613)
Net	178,435	1,017,050

23 PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	GROUP	
	2018	2017
	$	$
Depreciation of property, plant and equipment	790,775	917,341
Directors' fees	146,711	160,000
Directors' remuneration	1,176,000	1,176,000
Costs of defined contribution plans included in staff costs	558,121	618,939
Staff costs (including directors' remuneration)(1)	11,000,236	13,304,434
Statutory audit fees paid to auditors of the Company	176,000	176,000
Non-audit fee paid to auditors of the Company	-	11,000
Reversal of write-downs of properties held for sale to net realisable value (2)	-	(4,267,780)
Provisions	3,659,009	-
Provision for foreseeable losses	2,463,200	-
(Gain) Loss on disposal of property, plant and equipment	(87,006)	38
Write back of allowance for doubtful debts	(463,410)	(51,276)
Allowance for doubtful debts	321,821	358,099

(1) These represent total staff costs incurred during the year. Included in total staff costs of$11,000,236 (2017: $12,252,072) is an amount of $7,800,438 (2017: $8,991,856) relating to project staff which was capitalised in the carrying amount of construction contracts and a portion of which has been recognised in profit or loss for the period in accordance with the percentage of completion method.

(2) Presented under cost of sales in the consolidated statement of profit or loss and other comprehensive income.

24 INCOME TAX EXPENSE

	GROUP	
	2018	2017
	$	$
Current:		
Income tax	1,561,115	1,474,162
Deferred tax (Note 17)	-	(289,172)
	1,561,115	1,184,990
(Over) Under provision of current tax in prior years	(1,024,109)	603,263
	537,006	1,788,253

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable income for the financial year.

24 INCOME TAX EXPENSE (cont'd)

The total charge for the year can be reconciled to the accounting profits as follows:

	GROUP	
	2018	2017
	$	$
Profit before tax	4,811,835	9,680,972
Income tax expense at statutory rate of 17%	818,012	1,645,765
Non-allowable items	1,274,086	885,458
Non-taxable items	(204,031)	(334,175)
(Over) Under provision of current tax in prior years	(1,024,109)	603,263
Exempt income	(68,609)	(111,093)
Tax rebate	(18,063)	(41,309)
Effect of unutilised tax losses not recognised as deferred tax assets	(259,600)	(858,428)
Others	19,320	(1,228)
	537,006	1,788,253

As at the end of the reporting period, the Group has tax losses of approximately $234,077 (2017: $493,677) that are available for offset against future taxable profits of the companies in the Group in which the losses arose for which no deferred tax asset is recognised due to uncertainty of recoverability. The use of these tax losses is subject to the agreement of the tax authorities.

25 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	GROUP	
	2018	2017
	$	$
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	4,010,287	8,336,601
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	252,504,404	261,000,000
	cents	cents
Basic and diluted earnings per share	1.59	3.19

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to members of Sysma Holdings Limited by the weighted average number of ordinary shares in issue, excluding treasury shares held, during the financial year.

26 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	GROUP	
	2018	2017
	$	$
Minimum lease payments under operating leases recognised as an expense in the financial year	603,959	469,965

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2018	2017
	$	$
Within one year	419,022	347,630
In the second to fifth year inclusive	153,769	25,740
	572,791	373,370

Operating lease payments represent rentals payable by the Group for office and warehouse premises and certain office equipment. The leases are negotiated for terms between 1 to 3 years and rentals are fixed during the term of the lease.

The Group as lessor

	GROUP	
	2018	2017
	$	$
Rental income	835,086	769,377

27 SEGMENT INFORMATION

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable segments under FRS 108 *Operating Segments* are set out below:

Building construction

General builders and construction contractors and general engineering.

Property development

Development of residential and commercial projects.

Investment holding

Investment in unquoted equity shares of subsidiaries.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment and is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

27 SEGMENT INFORMATION (cont'd)

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets and liabilities attributable to each segment.

All assets and liabilities are allocated to reportable segments. Assets and liabilities, if any, used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

2018	Building construction $	Property development $	Investment holding $	Elimination $	Group $
Revenue					
External customers	32,569,913	42,582,152	-	-	75,152,065
Inter-segment	-	-	6,600,000	(6,600,000)	-
Total revenue	32,569,913	42,582,152	6,600,000	(6,600,000)	75,152,065
Results					
Segment results					
Profit before tax	3,768,681	895,338	(3,741,930)	3,889,746	4,811,835
Income tax expense					(537,006)
Profit for the year					4,274,829

2018	Building construction $	Property development $	Investment holding $	Group $
Assets and liabilities				
Segment assets	31,005,895	7,476,481	43,692,970	82,175,346
Segment liabilities	27,130,336	435,047	843,074	28,408,457
Other information				
Depreciation of property, plant and equipment	(790,775)	-	-	(790,775)
Allowance for doubtful debts	(321,821)	-	-	(321,821)
Write back of allowance for doubtful debts	463,410	-	-	463,410
Provisions	(3,659,009)	-	-	(3,659,009)
Provision for foreseeable losses	(2,463,200)	-	-	(2,463,200)
Finance costs	(34,505)	(143,930)	-	(178,435)
Interest income	342,633	983	343,311	686,927
Additions to non-current assets	423,820	-	-	423,820

27 SEGMENT INFORMATION (cont'd)

2017	Building Construction $	Property development $	Investment holding $	Elimination $	Group $
Revenue					
External customers	65,233,886	31,938,234	-	-	97,172,120
Inter-segment	-	-	2,000,000	(2,000,000)	-
Total revenue	65,233,886	31,938,234	2,000,000	(2,000,000)	97,172,120
Results					
Segment results					
Profit before tax	6,546,762	2,416,544	2,020,514	(1,302,848)	9,680,972
Income tax expense					(1,788,253)
Profit for the year					7,892,719

2017	Building Construction $	Property development $	Investment holding $	Group $
Assets and liabilities				
Segment assets	35,357,772	62,524,393	27,497,325	125,379,490
Segment liabilities	37,312,811	33,707,988	84,704	71,105,503
Other information				
Depreciation of property, plant and equipment	(917,341)	-	-	(917,341)
Allowance for doubtful debts	(358,099)	-	-	(358,099)
Write back of allowance for doubtful debts	51,276	-	-	51,276
Reversal of write-downs of properties held for sale to net realisable value	-	4,267,780	-	4,267,780
Finance costs	(48,383)	(968,667)	-	(1,017,050)
Interest income	209,499	10	161,029	370,538
Additions to non-current assets	105,236	-	-	105,236

Geographical information

The Group operates only in Singapore.

Information about major customer

In 2018, the revenue from construction contracts to a property developer amounted to $11,017,500.

In 2017, the Group does not have revenue from transactions with a single customer amounting to 10% or more of the Group's total revenue, and accordingly, no information on major customer is presented.

28 DIVIDENDS

On December 7, 2017 a final one-tier tax exempt dividend of 0.5 (cents) per share amounting to $1,261,742 in respect of the financial year ended July 31, 2017 was paid to shareholders.

29 EVENT AFTER THE REPORTING PERIOD

The Company has proposed a final one-tier tax exempt dividend of 0.8 (cents) per share amounting to $2,018,788 in respect of the financial year ended July 31, 2018. The tax-exempt dividends are subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

30 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending July 31, 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (July 31, 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending July 31, 2019, an additional opening statement of financial position as at date of transition (August 1, 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (August 1, 2017) and as at end of the last financial period under FRS (July 31, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended July 31, 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed an analysis of the transition options and other requirements of SFRS(I) and has determined that there is no significant change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework.

New SFRS(I) that may have impact - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

<u>Effective for annual periods beginning on or after January 1, 2018</u>

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

Consequential amendments were also made to various standards as a result of these new/revised standards.

30 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- Amendments to SFRS(I) 9 *Financial Instruments: Prepayment Features with Negative Compensation*

The management anticipates that the adoption of the above SFRS (I) and amendments to SFRS (I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the Group will need to account for expected credit losses and expects to use historical experience, modified by any future change such as credit risk of the customers. Additional disclosures may be made with respect of loans and receivables, including any significant judgement and estimation made.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

Management has performed an analysis of the new accounting requirements, and determined that there will be adjustments arising from the initial application from August 1, 2018. Further evaluation will be undertaken should there be further updates on the application of SFRS(I) 15 or should the streams of revenue change in the year when SFRS(I) 15 becomes effective.

30 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management anticipates that the initial application of the new SFRS(I) 16 will result in changes to the accounting policies relating to operating leases, where the Company is a lessee.

STATISTICS OF SHAREHOLDINGS

AS AT 9 OCTOBER 2018

STATISTICS OF SHAREHOLDINGS AS AT 9 October 2018

Total Number of Issued Shares	: 261,000,000
Total Number of Issued Shares (excluding Treasury Shares)	: 252,348,600
Number of Treasury Shares	: 8,651,400
Class of Shares	: Ordinary Shares
Voting Rights	: One Vote Per Share

The Company does not have any subsidiary holdings

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 9 OCTOBER 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	19	5.07	262	0.00
100-1,000	32	8.53	27,533	0.01
1,001-10,000	73	19.47	487,300	0.19
10,001-1,000,000	237	63.20	28,719,705	11.38
1,000,001 and above	14	3.73	223,113,800	88.42
TOTAL	**375**	**100.00**	**252,348,600**	**100.00**

Note:
%: Based on 252,348,600 shares (excluding shares held as treasury shares and subsidiary holdings) as at 9 October 2018

TWENTY LARGEST SHAREHOLDERS AS AT 9 OCTOBER 2018

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CITIBANK NOMINEES SINGAPORE PTE LTD	172,906,600	68.52
2	ANG SENG HENG	15,400,000	6.10
3	DBS NOMINEES PTE LTD	6,290,100	2.49
4	LOI WIN YEN	5,643,200	2.24
5	HONG LEONG FINANCE NOMINEES PTE LTD	5,000,000	1.98
6	OCBC SECURITIES PRIVATE LTD	3,681,500	1.46
7	TEO CHENG TUAN DONALD	3,650,000	1.45
8	UOB KAY HIAN PTE LTD	2,538,700	1.01
9	KOH MAY LENG @ LOH MAY LENG	1,867,000	0.74
10	LIM HOCK TAI @ GAVIN	1,438,000	0.57
11	HONG PIAN TEE	1,317,000	0.52
12	SONG SIEW LING	1,180,000	0.47
13	TEO SEOK PING CINDY	1,151,700	0.46
14	CHAI ENG KWEE CLIFF (CAI RONGGUI)	1,050,000	0.42
15	TAN HAI PENG MICHEAL	1,000,000	0.40
16	WEN NANFEI	1,000,000	0.40
17	NG KOK KEONG	995,700	0.39
18	NG SIEW KEOW	880,000	0.35
19	RAFFLES NOMINEES (PTE) LTD	866,400	0.34
20	SOH ENG TAI	844,000	0.33
	Total:	**228,699,900**	**90.64**

Note:
%: Based on 252,348,600 shares (excluding shares held as treasury shares and subsidiary holdings) as at 9 October 2018

STATISTICS OF SHAREHOLDINGS

AS AT 9 OCTOBER 2018

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 9 October 2018.

	Direct Interest		Deemed Interest		Total	
Name	Number of Shares	%*	Number of Shares	%*	Number of Shares	%*
Xiang Investment Ltd.(1)	166,600,000	66.02	-	-	166,600,000	66.02
Sin Soon Teng(1)	-	-	166,600,000	66.02	166,600,000	66.02
Ang Seng Heng	15,400,000	6.10	-	-	15,400,000	6.10

Notes:

(1) Xiang Investment Ltd. is an investment holding company incorporated in the British Virgin Island on 2 March 2012. The shareholders of Xiang Investment Ltd. are Sin Soon Teng (89%) and Ng Lay Khim (11%). Sin Soon Teng is deemed to have a deemed interest in the Shares held by Xiang Investment Ltd. in the Company pursuant to Section 7 of the Companies Act.

* Percentages are calculated based on the issued number of shares of the Company of 252,348,600 shares (excluding treasury shares and subsidiary holdings) as at 9 October 2018.

TREASURY SHARES

Number of ordinary shares purchased and held in treasury shares as at 9 October 2018: 8,651,400

Percentage of such holding against the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings): 3.43%

PUBLIC FLOAT

As at 9 October 2018, approximately 27.68% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETNG

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Sysma Holdings Limited (the "**Company**") will be held at Casuarina Room, Level 1 Main Lobby, Serangoon Gardens Country Club, 22 Kensington Park Road, Singapore 557271 on Friday, 16 November 2018 at 10:00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2018 together with the Statement of Directors and the Independent Auditor's Report thereon.	**Resolution 1**
2.	To declare a first and final dividend tax exempt one-tier dividend of 0.8 Singapore cent per ordinary share for the financial year ended 31 July 2018.	**Resolution 2**
3.	To approve the payment of Directors' Fees of S$160,000 for the financial year ending 31 July 2019, to be paid quarterly in arrears. (FY2018: S$160,000)	**Resolution 3**
4.	To re-elect Mr Sin Soon Teng, a Director who is retiring pursuant to Article 107 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 4**
5.	To re-elect Mr Chen Timothy Teck-Leng @ Chen Teck Leng, a Director who is retiring pursuant to Article 107 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 5**
6.	To re-elect Mr Sin Ee Wuen, a Director who is retiring pursuant to Article 117 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 6**
7.	To re-elect Mr Richard Tan Kheng Swee, a Director who is retiring pursuant to Article 117 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 7**
8.	To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

9. <u>AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE SYSMA PERFORMANCE SHARE PLAN</u> **Resolution 9**

"THAT pursuant to Section 161 of the Companies Act and the provisions of the Sysma Performance Share Plan ("**PSP**"), approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be issued pursuant to the vesting of awards granted under the PSP, provided always that the aggregate number of additional ordinary Shares to be allotted and issued pursuant to the PSP shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time."

[See Explanatory Note (ii)]

10. **PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE** **Resolution 10**

"THAT:

(1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) on-market purchases transacted on the Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback ("**Market Purchases**"); and/or

(b) off-market purchases ("**Off-Market Purchase**") effected pursuant to an equal access scheme which the Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Constitution of the Company, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors 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 earlier of:

(a) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting;

(3) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

[See Explanatory Note (iii)]

AS SPECIAL RESOLUTION

11. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 11**

"THAT pursuant to Section 161 of the Companies Act and subject to Rule 806 of the Section B: Rules of Catalist of the SGX-ST Listing Manual (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to issue and allot new shares ("**Shares**") in the capital of the Company (whether by way of rights, bonus or otherwise) and/or make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below), whether on pro-rata or non pro-rata basis;

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from the exercise of share options which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST Section B: Rules of Catalist for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Pan Mi Keay
COMPANY SECRETARY
SINGAPORE

25 October 2018

Explanatory Notes:

(i) Mr Sin Soon Teng, upon re-election as Director of the Company, remains as an Executive Chairman and Group Chief Executive Officer of the Company.

Mr Chen Timothy Teck-Leng @ Chen Teck Leng, upon re-election as Director of the Company, remains as the Chairman of Nominating Committee as well as a member of the Audit Committee and Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Sin Ee Wuen, upon re-election as Director of the Company, remains as an Executive Director and Deputy Chief Executive Officer of the Company. He is the son of the Executive Chairman and Group Chief Executive Officer, Mr Sin Soon Teng.

Mr Richard Tan Kheng Swee, upon re-election as Director of the Company, remains as the Chairman of Remuneration Committee as well as a member of the Audit Committee and Nominating Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Detailed information of Mr Sin Soon Teng, Mr Chen Timothy Teck-Leng @ Chen Teck Leng, Mr Sin Ee Wuen and Mr Richard Tan Kheng Swee can be found under the "Board of Directors" section in the Company's Annual Report 2018.

(ii) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the Sysma Performance Share Plan of up to an amount not exceeding 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(iii) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting is held or is required by law to be held, to purchase or acquire up to 10% of the issued Shares of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of the Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company's financial position, are set out in the Appendix to this Notice of Annual General Meeting.

(iv) Special Resolution 11 proposed in item 11 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted) which the Directors may issue under this Resolution would not exceed 100% of the issued share capital of the Company whether on pro-rata or non pro-rata basis at the time of passing this Resolution. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Notes:-

(1) (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(2) A proxy need not be a member of the Company.

(3) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

(4) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

(5) 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 the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General 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) 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and 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 or service providers) 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 or service providers), 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 or service providers) 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.

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SYSMA HOLDINGS LIMITED

Company Registration No. 201207614H
(Incorporated in the Republic of Singapore)

PROXY FORM

Important

1) For investors who have used their SRS monies ("**SRS Investors**") to buy the Company's shares, this Annual Report 2018 is sent to them at the request of their SRS Approved Nominees solely FOR INFORMATION ONLY.
2) This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3) SRS Investors may attend and cast their votes at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

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 25 October 2018.

I/We ____ (Name)

____ *(NRIC No./Passport No./Company Registration No.)

of ____ (Address) being a *member/ members of **Sysma Holdings Limited** (the "Company"), hereby appoint:-

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete where appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Casuarina Room, Level 1 Main Lobby, Serangoon Gardens Country Club, 22 Kensington Park Road, Singapore 557271 on Friday, 16 November 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 Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

**delete where appropriate*

No.	Resolutions relating to:	For	Against
ORDINARY RESOLUTIONS			
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2018, together with the Statement of Directors and the Independent Auditor's Report thereon.		
2.	To declare a first and final tax exempt one-tier dividend of Singapore cent 0.8 per ordinary share for the financial year ended 31 July 2018.		
3.	To approve the payment of Directors' Fees of S$160,000 for the financial year ending 31 July 2019, to be paid quarterly in arrears. (FY2018: S$160,000)		
4.	To re-elect Mr Sin Soon Teng as a Director under Article 107 of the Company's Constitution.		
5.	To re-elect Mr Chen Timothy Teck-Leng @ Chen Teck Leng as a Director under Article 107 of the Company's Constitution.		
6.	To re-elect Mr Sin Ee Wuen as a Director under Article 117 of the Company's Constitution.		
7.	To re-elect Mr Richard Tan Kheng Swee as a Director under Article 117 of the Company's Constitution.		
8.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.		
Special Business			
9.	To authorise the allotment and issuance of shares under the Sysma Performance Share Plan.		
10.	To approve the proposed renewal of the Share Buyback Mandate.		
SPECIAL RESOLUTION			
11.	To authorise the allotment and issuance of shares.		

Dated this ____________ day of ______________________ 2018

Total no. of Shares in:	No. of Shares held
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

   Where a member appoints more than a proxy, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and any second named proxy shall he deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 at least 48 hours before the time appointed for the Annual General Meeting.

4. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

5. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit.

6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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.

7. 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 the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

SYSMA HOLDINGS LIMITED

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