SYSMA HOLDINGS LIMITED

ANNUAL REPORT
2021

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This Annual Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

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 35 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 160 bungalows in Singapore.

Over the years, Sysma Holdings has diversified its revenue streams and invested in real-estate related businesses: it acquired a 30% stake in Lascelles Park Limited, a property development company in the United Kingdom; and in businesses that specialise in soil investigation and treatment, sustainable waste management solutions, and ground improvement works.

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

CORPORATE MILESTONES

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

In FY2019, Sysma Holdings diversified into the United Kingdom when it acquired a 30% stake in Lascelles Park Limited, a property development company in the United Kingdom.

In FY2020, Sysma Holdings acquired KH Engineering Limited and its subsidiaries, as well as KH Instrumentation Pte Ltd. The KH Group engages in the business of providing services in relation to foundation works and construction and soil investigation, treatment, and stabilisation in Singapore.

Sysma Holdings invested approximately S$10 million in Elite Logistics Fund, a Singapore domicile Unit Trust Fund that invests, owns, and manages assets in the logistics sector in the United Kingdom and European Union, particularly in Poland.

Sysma Holdings also invested US$10 million (about S$13.5 million) in startup Blue Planet Environmental Solutions Pte Ltd, which focuses on integrated, inclusive, and sustainable waste management solutions in Asia.

In FY2021, Sysma Holdings successfully completed the acquisition of Dae Sung Construction Pte. Ltd, a specialist in ground improvement works in Singapore.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present to you the Group's annual report for the financial year ended 31 July 2021 ("FY2021").

REVIEW OF FY2021 PERFORMANCE

The Group's building and construction business continued to be resilient in FY2021. Group revenue for FY2021 increased by 65.5% to S$55.9 million from S$33.8 million in FY2020. This was due to the contribution from the building and construction segment, which gradually opened during the year after being severely impacted by the COVID-19 pandemic in FY2020. A more detailed review of the financial performance is presented in the Financial and Operations Review section of this Annual Report.

The Group's building construction business secured contracts worth approximately S$10.9 million in FY2021 and continued to focus on timely execution and delivery of its order book, which stood at S$36.4 million as at 31 July 2021.

On 31 March 2021, the Group successfully completed the acquisition of Dae Sung Construction Pte. Ltd ("DSC"). DSC, a specialist in ground improvement works in Singapore, which contributed S$0.7 million of revenue for FY2021.

The Group continues to maintain its 30% stake in Lascelles Park Limited, a property development company in the United Kingdom, and will continue to market the three remaining commercial suites in 28 RC Suites.

We continue to maintain our investment in Elite Logistics Fund.

In October 2020, when we invested US$10 million (approximately S$13.5 million) in Blue Planet Environmental Solutions Pte Ltd ("BP"), a Singapore based start-up that specialises in integrated, inclusive and sustainable waste management solutions in Asia, we asked that our funds be used only for initiatives that aim to enhance their growth in Singapore, including the development of their technology solutions here for Singaporeans. Three months later, the Singapore government launched the Singapore Green

Plan 2030, a comprehensive national plan spearheaded by 5 ministries and supported by the whole government. As the world accelerates towards climate change, to avoid the danger of doing too little too late, we need public and private enterprises to come together to make a positive impact for a better Singapore. BP will be amongst the local private enterprises which will actively participate in the Singapore Green Plan 2030 effort.

For FY2021, the Group reported a net profit of S$2.6 million, an increase of S$1.4 million from the net profit of S$1.2 million recorded in FY2020.

REWARDING OUR SHAREHOLDERS

A first and final one-tier tax exempt dividend of 0.5 Singapore cents per share in respect of the financial year ended 31 July 2021 has been recommended. No dividends were declared or paid for the financial year ended 31 July 2020.

LOOKING AHEAD

As we continue to manoeuvre through the evolving COVID-19 pandemic, FY2022 will no doubt be a challenging one. Escalating costs and unforeseeable disruptions would negatively impact on the Group's bottom line. Extended border closures with neighbour countries deny the industry its required workforce. Community spreads and other challenges may arise to further complicate international logistics and relations.

Moving forward, the Group will remain vigilant, even as the impact of the COVID-19 pandemic continues to unfold. We will actively monitor and take the necessary steps to mitigate any continuing impact this may have on the Group's businesses.

We will leverage on our strong market reputation as a trusted builder of Good Class Bungalows ("GCBs") and high-end landed properties, and actively bid for new projects.

With a healthy balance sheet, we will rebuild our cash reserves and continue to look out for diverse opportunities and suitable investments to grow the business strategically.

Similarly, the Group will continue to work hard on integrating new business verticals to harness unique strengths and competencies. This will diversify our revenue streams and enhance our existing capabilities and better position Sysma Holdings for challenging periods such as this.

ACKNOWLEDGEMENTS

I would like to thank Mr Timothy Chen for his contributions to the Company.

I would like to welcome on board Mr Lim Kheng Hock, who joined Sysma Holdings on 6 January 2021 as an independent non-executive director and the Chairman of the Nominating Committee, and as a member of the Audit and Remuneration Committees.

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

We would also like to express our thanks to the various government agencies and medical support teams for their tireless efforts in protecting the community.

Thank you and stay safe.

SIN SOON TENG
Executive Chairman & Group CEO

BOARD OF DIRECTORS

MR. SIN SOON TENG, 76 is the Executive Chairman, Group CEO and founder of Sysma Holdings. He was first appointed to the Board on 28 March 2012. He is also a member of the Nominating Committee. With more than five decades of 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 in 1976 and was its Executive Director 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, 43 is our Executive Director and Deputy CEO. He joined our Group in May 2014 as a Corporate Development Manager where he was responsible for monitoring, researching and developing sales and marketing intelligence in the property sector. As property development director in October 2015, he oversaw the sales of our developments. Promoted to Deputy Chief Executive Officer in October 2017, he is responsible for investments, strategic planning, implementation of the Group's Property Development Business and assists the Group CEO. Mr Sin served as a Pilot for the Republic of Singapore Air Force from 2000 to 2014. He obtained a Diploma in Computer Information Systems from Singapore Polytechnic in 1999.

MR. RICHARD TAN KHENG SWEE, 45 is our Lead Independent Director and was appointed to the Board on 2 May 2018. He is also the Chairman of Remuneration Committee and a member of Audit Committee and Nominating Committee. He has more than two decades of experience in legal and commercial practice and is currently the Director of Lide Legal LLC, a Singapore law corporation. His practice includes advising and representing companies in a wide range of commercial transactions from startups to listed entities and multinational companies. Some of the typical matters he handles include 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 appointment, he previously managed and practised in a small-mid Singapore law practice as well as a mid-sized Australian law practice in New South Wales. 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 graduated with a Bachelor of Laws (Honours) from the National University of Singapore and a Bachelor of Science (Honours) from the University of Melbourne, Australia. He is an Advocate & Solicitor of the Supreme Court of Singapore, a Barrister & Solicitor of the Supreme Court of Victoria, Australia and a Solicitor of the High Court of Australia.

BOARD OF DIRECTORS

MR. TEO BOON TIENG, 58 is our Independent Director and was appointed to the Board on 6 July 2020. He is also the Chairman of Audit Committee and a member of Remuneration Committee and Nominating Committee. He is currently practising under his firm, Teo Boon Tieng & Company, Chartered Accountants of Singapore, which he set up in early 1997. Prior to that, he worked for Ernst & Young from early 1990 to late 1995. His experience with Ernst & Young included the audit of companies from a spectrum of industries, multinational corporations and public listed companies. He has previously served as an independent director and Chairman of the Audit Committee of Multi-Con Systems Limited from 2005 to March 2009 and of Swee Hong Limited from December 2015 to September 2020. He graduated from National University of Singapore with a Bachelor of Science (Honours) in Estate Management Degree in 1989. He is a fellow member of both the Institute of Singapore Chartered Accountants (ISCA) and the Association of Chartered Certified Accountants (ACCA, UK).

MR. LIM KHENG HOCK, 71 is our Independent Director and was appointed to the Board on 6 January 2021. He is also the Chairman of Nominating Committee and a member of Remuneration Committee and Audit Committee. Mr Lim is a veteran in the construction engineering landscape having more than 4 decades of industry experience. He is currently the Chief Engineer and Director at MSE Consultants Pte Ltd and Director at MSE Technologies Pte Ltd and Sibex Pte Ltd. He graduated from Singapore Polytechnic with a Diploma in Civil Engineering in 1973.

EXECUTIVE OFFICERS

MR. MOHAMED AMANULLAH, 45, 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 includes working as Chief Financial Officer of Swee Hong Limited, listed on the Main Board 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. ANG SENG HENG, 63, joined our Group in 1987 and is our Head of Operations. He served on the Board as Executive Director from March 2012 to November 2019. 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 in relation to projects which our Group is involved in. Mr Ang has over four decades of experience in the construction industry. Mr. Ang serves as a director in six of the Group's subsidiaries. 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.

MR. CHONG KIM GUAN, 64, 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. Mr Chong also serves as a director in five other subsidiaries of the 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, 64, 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 serves as a director in seven of the Group's subsidiaries. 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.

MR. YAP CHIN LEONG, 43, joined our Group in February 2020 following the successful acquisition of KH Engineering Limited and its subsidiaries and KH Instrumentation Pte Ltd (Collectively, the "KH Group"). Mr. Yap is the Managing Director of KH Group and is responsible for the KH Group's business development, operations including project planning, procurement management, and Earth Retaining Stabilizing Structures Works designing and coordination. Mr. Yap obtained a Bachelor Degree (Honors) in Civil Engineering from the Nanyang Technological University, Singapore in June 2002, a Graduate Diploma in Construction Management from the Nanyang Technological University, Singapore in July 2004 and a Master of Science degree in International Construction Management from the Nanyang Technological University, Singapore in June 2005.

MS. LEE MAY LING, 54, 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.

FINANCIAL AND OPERATIONS REVIEW

INCOME STATEMENT

The Group's increase in revenue for FY2021 was due to contribution from the building and construction segment, amounting to S$55.9 million of revenue from customers compared to S$33.8 million in FY2020. The increase was mainly due to the gradual reopening of the construction industry in FY2021 which had been severely affected in FY2020 due to the COVID-19 pandemic. The contribution from KH Engineering Limited and its subsidiaries (collectively, the "KH Group") increased from S$4.4 million in FY2020 to S$22.5 million in FY2021. This was mainly due to full year revenue recognition (with no major construction site closures) in FY2021 for the entities acquired in FY2020, as well as S$0.7 million of revenue contributed by the newly acquired Dae Sung Construction Pte. Ltd ("DSC").

The increase in cost of sales was mainly in line with the increase in revenue. The higher cost of sales margin for FY2021 is attributable to additional resources expended to accelerate progress of projects post lockdown.

The gross profit margin decreased to 13.0% in FY2021 as compared to 16.0% in FY2020.

The other income increased marginally from S$4.7 million in FY2020 to S$4.9 million in FY2021. This was mainly due to an increase in government grants of S$1.3 million mainly from the Job Support Scheme and the Building and Construction Authority COVID-Safe project-based support, increase in gain on disposal of fixed assets of S$0.1 million, increase in rental income by S$0.1 million as equipment was rented to customers during the year, and increase in miscellaneous income by S$0.4 million which arose mainly from the disposal of scrap iron in the year due to higher market prices. This was offset by a decrease in foreign exchange gains of S$1.0 million and interest income from fixed deposit of S$0.6 million.

The other operating expenses increased marginally from S$2.9 million in FY2020 to S$3.2 million in FY2021. This was mainly due to an increase in staff related expenses of S$0.1 million, an increase in professional fees of $S0.1 million, and an increase in provision of loss allowance of S$0.1 million.

The increase in administrative expenses is mainly due to the full year staff remuneration expenses from KH Group.

Depreciation expense had increased by approximately S$3.5 million from S$2.3 million in FY2020 to S$5.8 million in FY2021 mainly due to the full year recognition of the results and performance of the KH Group entities acquired in the second-half of FY2020, the newly acquired DSC, as well as purchases of fixed assets in the current year. Amortization expense increased to approximately S$0.1 million in FY2021 due to recognition of intangible assets on the acquisition of DSC in the current reporting period.

The income tax expense saw a decrease of S$1.1 million due to a decrease in deferred tax expense of S$1.4 million (reversal of S$0.2 million in FY2021 as compared to S$1.3 million in FY2020) and increase in overprovision of prior year tax of S$0.4 million. This was offset by increase in current tax expense of S$0.7 million.

As a result of the above, our net profit saw an increase of S$1.4 million. For the financial year ended 31 July 2021, the Group reported a net profit of S$2.6 million, compared to the net profit of S$1.2 million recorded in the financial year ended 31 July 2020.

STATEMENT OF FINANCIAL POSITION

As at 31 July 2021, current assets amounted to S$45.2 million or approximately 42.8% of total assets. Current assets decreased by approximately S$7.1 million mainly due to decrease in cash and cash equivalents of S$9.7 million, offset by increase in trade and other receivables of S$2.6 million.

Decrease in cash and cash equivalents was mainly due to net cash outflow from investing activities of S$17.3 million offset by the net cash inflow from operating activities of S$4.6 million and net cash inflow from financing activities of S$3.0 million.

Increase in trade and other receivables of S$2.6 million is in line with increased billings in the Group's building construction business during the year.

Non-current assets amounted to S$60.4 million or approximately 57.2% of total assets. The S$16.7 million increase in non-current assets was mainly due to the investment in an additional financial asset measured at fair value through profit and loss of S$13.5 million. This is further increased by increase in property, plant and equipment of

S$0.7 million (including from the acquisition of DSC), increase in goodwill of S$0.5 million (from the acquisition of DSC), recognition of intangible assets of S$0.5 million (from the acquisition of DSC), and the increase in non-current contract assets of S$1.5 million.

Current liabilities amounted to S$32.4 million or approximately 70.0% of our total liabilities. Current liabilities increased by approximately S$4.8 million mainly due to increase in trade and other payables of S$2.5 million, which is in line with the increase in cost of sales due to acceleration of projects and includes the $0.5 million accrual for the final payment in the acquisition of DSC. This is further increased by the increase in contract liabilities of S$1.2 million, bank loans of S$0.8 million, lease liabilities of S$0.6 million, and income tax payable of S$0.3 million, offset by decrease in provisions of S$0.7 million.

Provisions had decreased by S$0.7 million after the year-end review of projects.

Bank loans increased by S$0.8 million (current) and S$3.6 million (non-current) mainly due to the drawdown of the Government-Assisted Temporary Bridging Loan amounting to S$5.0 million. This was offset by loan repayments during the year.

Lease liabilities had increased by S$0.6 million (current) and S$0.8 million (non-current) due to new leases, as well as extension of existing ones.

Income tax payable increased by S$0.3 million, in line with the increase in current tax expense and offset by repayment of tax in the current year.

Non-current liabilities amounted of S$14.0 million or approximately 30.0% of our total liabilities. The increase of S$2.2 million is mainly attributable to increases in bank loans of S$3.6 million, lease liabilities of S$0.8 million, offset by decreases in non-current trade and other payables of S$1.4 million, and deferred tax liabilities of S$0.8 million.

Non-current tax liabilities decreased mainly due to settlement of revised tax of previous Years of Assessment (“YA”), offset by additional tax liabilities recognised due to the acquisition of DSC.

Accumulated profits increased by S$2.6 million due to the net profit of S$2.6 million earned in the financial year.

STATEMENT OF CASHFLOWS

In FY2021, net cash inflows from operating activities of approximately S$4.6 million was a result of operating cash inflows before working capital changes of approximately of S$5.2 million, adjusted for net working capital outflows of approximately S$2.6 million, and income tax paid of S$1.3 million, offset by grant income receipts of S$3.3 million and a result of the following material movements in FY2021:

Depreciation of property plant and equipment had increased by S$3.5 million as explained in the “Income Statement” above.

Decrease in interest income of S$0.6 million was due to the Group utilising the funds previously in fixed deposits on identified investment opportunities in the financial year (investment in unquoted equities), hence resulting in a reduction in interest income received from fixed deposits.

Proceeds from disposal of property, plant and equipment of S$143,000 in FY2021 due to the Group managing to get a return on disposal of fully/almost fully depreciated assets in the financial year.

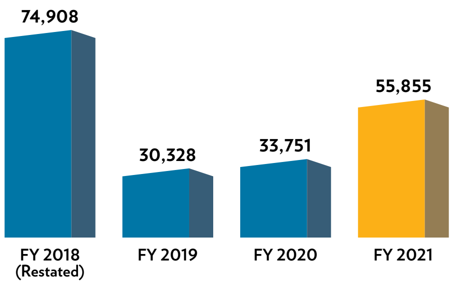
The net working capital outflows of approximately S$2.6 million were mainly due to increases in trade and other receivables of S$2.0 million, contract assets of S$1.1 million, decrease in trade and other payables of S$0.4 million, offset by increase in contract liabilities by S$0.9 million.

Net cash outflow from investing activities amounted to S$17.3 million and was mainly due to the investment in financial asset measured at fair value through profit and loss of S$13.5 million, purchase of PPE of S$2.6 million, acquisition of subsidiary of S$1.4 million, offset by disposal of PPE of S$0.1 million and receipt of interest of S$0.1 million.

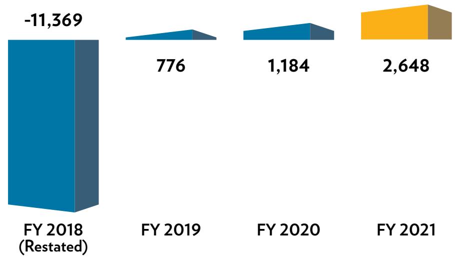
Net cash inflow from financing activities amounted to approximately S$3.0 million and was mainly due to drawdown of bank borrowings of S$5.0 million, offset by repayment of bank borrowings of S$0.6 million, repayment of interest of S$0.2 million, and repayment of lease liabilities of S$1.2 million. The increase in drawdown of bank borrowings was due to the Group utilising the Government-Assisted Temporary Bridging Loan.

GROUP FINANCIAL HIGHLIGHTS

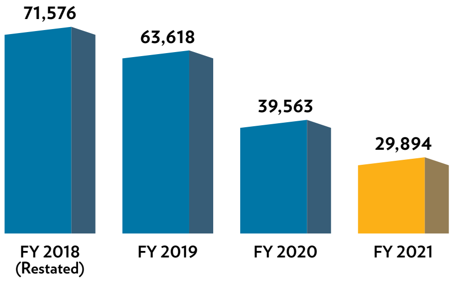
REVENUE (S$'000)



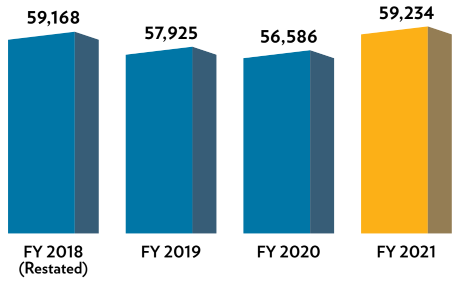
PROFIT/(LOSS) AFTER TAX (S$'000)



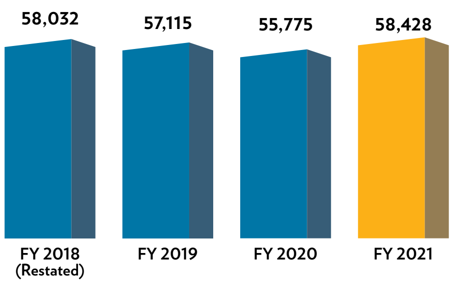
CASH & CASH EQUIVALENTS (S$'000)



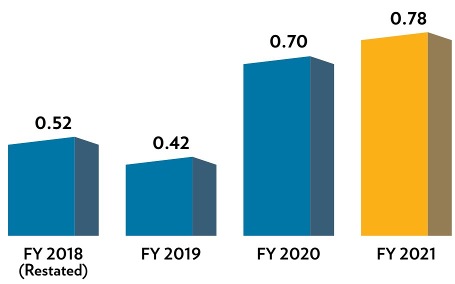
NET ASSETS (S$'000)



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$'000)



TOTAL DEBT/TOTAL EQUITY RATIO

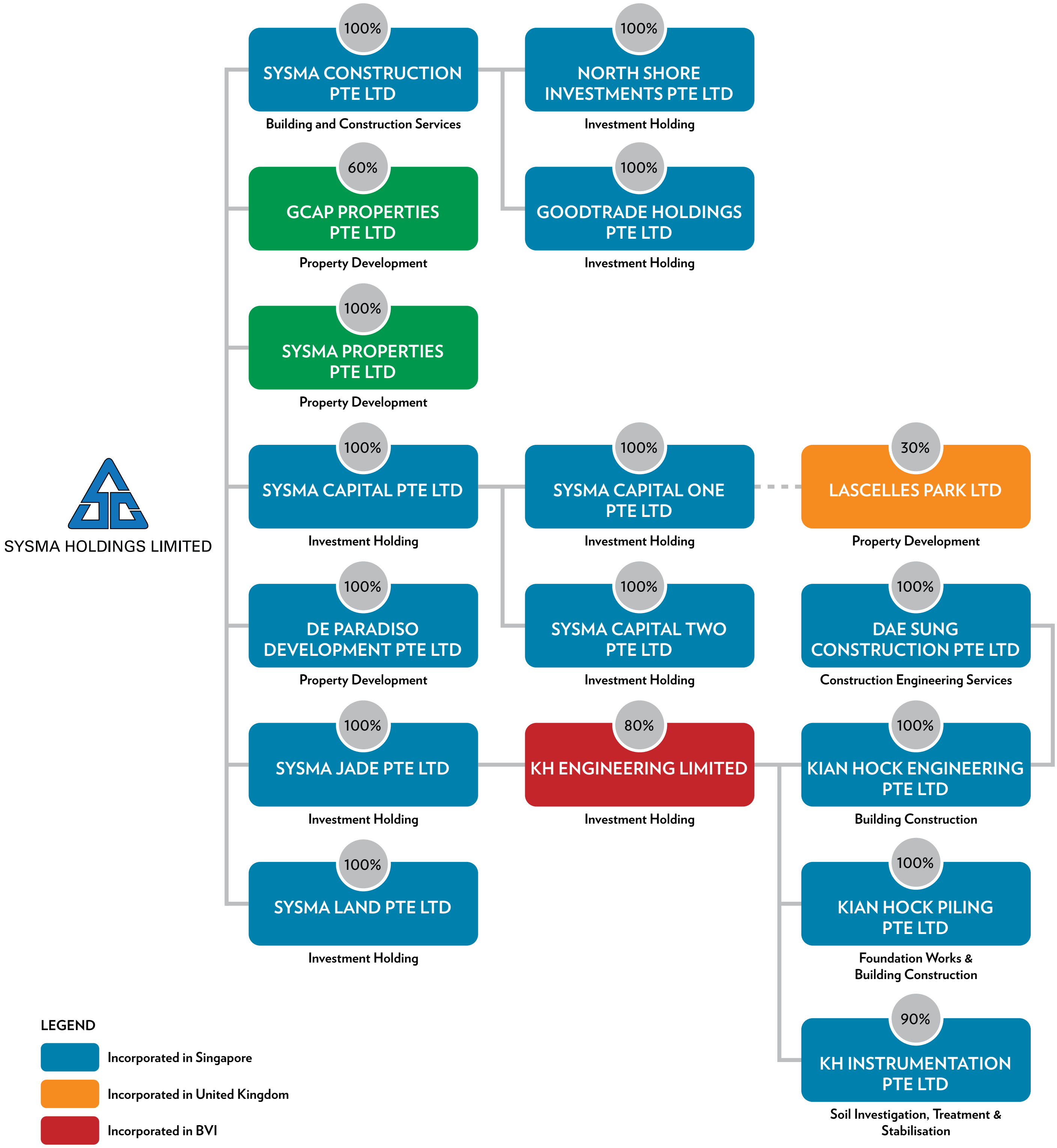


		2018 (Restated*)	2019	2020	**2021**
Revenue	(S$'000)	74,908	30,328	33,751	**55,855**
Profit/(Loss) After Tax	(S$'000)	(11,369)	776	1,184	**2,648**
Cash & Cash Equivalents	(S$'000)	71,576	63,618	39,563	**29,894**
Net Assets	(S$'000)	59,168	57,925	56,586	**59,234**
Equity Attributable to Owners of the Company	(S$'000)	58,032	57,115	55,775	**58,428**
Total Debt/Total Equity Ratio		0.52	0.42	0.70	**0.78**

*Restated due to the adoption of the new financial reporting framework - Singapore Financial Reporting Standard (International) ("SFRS(I)") and SFRS(I) 15 Revenue from Contracts with Customers with the date of initial application on 1 August 2017.

GROUP STRUCTURE

as at August 2021



LEGEND

- Incorporated in Singapore
- Incorporated in United Kingdom
- Incorporated in BVI
- Under members voluntary liquidation

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sin Soon Teng (Executive Chairman and Group CEO)

Sin Ee Wuen (Executive Director and Deputy CEO)

Richard Tan Kheng Swee (Lead Independent Director)

Teo Boon Tieng (Independent Director)

Lim Kheng Hock (Independent Director)
(Appointed 6 January 2021)

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:
Aw Xin-Pei
(Appointed with effect from the financial year ended 31 July 2019)

BANKERS

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

RHB Bank Berhad
90 Cecil Street
#13-00 RHB Bank Building
Singapore 069531

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

Credit Suisse AG, Singapore Branch
One Raffles Link, #05-02
Singapore 039393

SUSTAINABILITY REPORT

About this Report

Sysma Holdings Limited ("Sysma", together with its subsidiaries, collectively known as the "Group", or "We") is pleased to present the fourth Sustainability Report whereby our sustainability continues to focus on strategies, initiatives and performance which address the environmental, social and governance ("ESG") factors. This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option and its reporting principles, and Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"). GRI Sustainability Standards continues to be our choice for sustainability reporting framework as it is a globally recognised framework which allows a broad and comparable disclosure of the ESG performance.

1. Scope of this Report

This report captures the highlights and sustainability performance of our operations in Singapore for the full financial year from 1 August 2020 to 31 July 2021 ("FY2021"). This sustainability report summarises our Group's sustainable business operations whilst providing information on ESG and economic practices that are material to Sysma's business and key stakeholders. Where applicable, data from previous financial years have been included for comparison and to show our performance over time. We have not sought external assurance for this report and we may consider doing so in future sustainability reporting. We relied on internal data monitoring and verification to ensure accuracy of disclosure.

2. Report Contact and Feedback

We welcome and value your suggestions or feedback on the content of this report, you can contact us through the following channels:

Email	:	sysma@sysma.com.sg
Mailing Address	:	Block 2 Balestier Road #03-669 Balestier Hill Shopping Centre Singapore 320002

3. Sustainability Approach

3.1. Corporate Governance

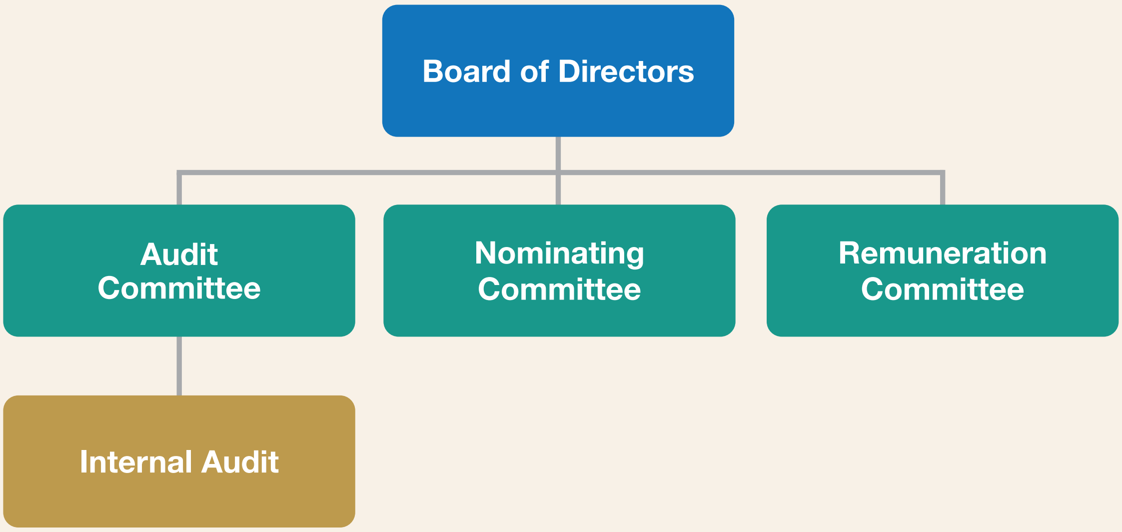
We believe that ethical and transparent corporate governance is crucial in maintaining our quality business and operations as well as safeguarding the interests and maximising value for our stakeholders through effective and robust compliance and governance regimes in place. We are pleased to confirm that for FY2021, our Group has substantially complied with the principles and/or provisions as set out in the Code of Corporate Governance 2018 (the "Code") issued on 6 August 2018, as well as guidelines from Code of Corporate Governance 2012 ("Code 2012") which are still in effect as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("Catalist Rules").

3.2. Board Statement

The Board of Directors ("Board") is primarily responsible for our Group's long-term success, from formulation to the seamless execution of business strategies, including taking into consideration of sustainability issues. The key material ESG factors for the Group have been identified and reviewed by the management of the Group and the Board oversees the management and monitoring of these factors.

3. Sustainability Approach (Cont'd)

3.3. Governance Framework 2021



3.4. Conflict of Interest

In Sysma, all employees including the Board and key executives are required to promptly declare any conflict of interests ("COI"), whether direct or indirect, in relation to a transaction or proposed transaction with our Group companies. It is also stated in our COI policy and procedures that all employees are to voluntarily disclose any COI during the employment period.

On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions. Directors with conflicting interest will abstain from voting and deliberating in the subject matter. Our Group has established a COI Policy to help inform our Directors about the general principles relating to COI, as well as to guide our Directors in identifying, disclosing and managing conflict situations. The COI policy further serves to emphasise our commitment to ethics and good corporate governance, for the protection of stakeholders' interest. In FY2021, the Board has performed the COI declaration.

3.5. Whistle-blowing Policy

Sysma has also put in place a whistle-blowing policy which was last enhanced on 7 March 2019 and updated on 28 September 2020 to encourage reporting in good faith of suspected reportable conduct by establishing clearly defined processes with confidence that employees and other persons making whistle-blowing reports will be treated fairly and, to the extent possible, protected from reprisal. The whistle-blowing policy has been reviewed and approved by the Audit Committee and thereafter disseminated to all employees. All whistle-blowing reports will be addressed to the Chairman of the Audit Committee. The Audit Committee is responsible for ensuring an independent investigation of any such matters and the appropriate follow-up actions to be taken.

SUSTAINABILITY REPORT

3. Sustainability Approach (Cont'd)

3.6. Risk Management and Internal Controls

Our Board, supported by the Audit Committee, oversees our Group's system of internal control and risk management. The Audit Committee's primary role is to assist the Board in ensuring the integrity of financial reporting and adequacy and effectiveness of our internal controls. Our Group's risk management and internal control system focuses on our financial, operational, compliance and information technology controls. Assessments including risk assessment and control self-assessment were also conducted by the Management to identify key risk areas and to mitigate them accordingly. We have formalised comprehensive standard operating procedures ("SOP") for key business processes which have been implemented throughout the strategic and operational level to achieve sustainable business practices. The Board has reviewed our risk register detailing the risk ratings and impacts of changes in business environment to ensure our risk management and internal control systems are adequate, effective and up to date.

3.7. Supply Chain Management

Sysma contracts local and foreign suppliers, sub-contractors, vendors and other industry professionals for our business and we continue working closely with them to make a positive impact on their sustainability performance through new collaboration methods.

Amidst the COVID-19 pandemic which has brought an unprecedented impact on the global supply chain, we strive to work closely and maintaining collaborative relationship with our local and foreign suppliers, sub-contractors, vendors and other industry professionals for our business.

We exercise prudence in selecting our key suppliers, sub-contractors and vendors as such, there are qualified in accordance with our purchasing policies and screened based on ESG criteria. We review potential suppliers' industry reputation, track record, financial performance, security practices and certifications such as ISO 9001, ISO 14001, and OHSAS 18001. We continuously evaluate our sub-contractors and suppliers with the criteria set out in the selection policy and procedure. Active engagement with our key suppliers is done on a regular basis to align our requirements and expectations with them, thereby ensuring sufficient resources being obtained and seamless execution of our operations.

3. Sustainability Approach (Cont'd)

3.8. Stakeholder Engagement

In Sysma, we focus on creating sustainable value for our key stakeholders, which include our customers, employees, regulators, suppliers, and shareholders. We have made conscious efforts to engage our stakeholders through formal and informal engagements to communicate our Group's sustainability efforts.

The table below sets out the key stakeholders and our methods of engagement:

Key stakeholders	Engagement activities	Key concerns
Customers	• Ongoing progress meetings • Feedback channels including contractor's performance assessment form, ongoing communications via email or phone • After-sales service	• Top notch customer service quality and timely project deliverables • Competitive pricing • Safe management measures at project sites
Sub-contractors/ Suppliers	• Supplier evaluation • Regular engagement with sub-contractors/ suppliers through face-to-face meetings, emails and phones calls	• Compliance with terms and conditions of purchasing policies and procedures • Maintain ethical standards • Project enquiries
Employees	• Annual performance appraisal • Regular employee feedback sessions • Training courses • Regular employee engagement	• Staff rights and welfare • Personal development • Conducive working environment • Work-from-home arrangements • Staggered working hours
Shareholders	• Annual general meeting • Extraordinary general meeting • Investor relation materials and announcements published on corporate website • Announcements published on SGXNet whenever required by the Catalist Rules	• Business strategy and direction • Economic performance
Regulators	• Participate in regular consultation discussions with key regulatory bodies • Occasional official visits • Industry forums	• Opportunities for business collaboration and investment • Setting industry benchmarks • Compliance with safe management measures, relevant laws and regulations, including but not limited to the Catalist Rules and the Code of Corporate Governance.

SUSTAINABILITY REPORT

3. Sustainability Approach (Cont'd)

3.9. Material Sustainability Topics

In developing our sustainability report, we engaged actively with our internal and external stakeholders through various communication channels and identify issues that are material to both our Group and stakeholders. Materialist assessments were also conducted in accordance with the GRI principles for defining report content which include stakeholder inclusiveness, sustainability context, materiality and completeness. We adopted a four-step materiality assessment process as summarised below:

Identify
A list of ESG topics were identified through stakeholder consultations, conduct assessment on long-term global trends and internal review of our businesses.

Prioritisation
From the list of material topics identified, we prioritised based on the significance, economic impacts and degree of influence on our internal and external stakeholders.

Integration
Material topics are managed as part of our business processes, and targets are set to drive behaviours and measure performance.

Review & Validate
The material topics are reviewed and validated by the Board annually to ensure that the topics remain relevant and material.

With the four-step materiality assessment process, we have identified the material ESG factors for our Sustainability Reporting and the following material topics identified in FY2020 continue to remain relevant in FY2021. Details of the ESG topics are summarised in table below:

Material Topic	Mapped GRI Standards	Description	Key Stakeholders in Concern	Reference
1. Economic Performance (economic aspect)	GRI 201 – Economic Performance	Our economic performance, the value generated and distributed to communities where our business operates.	All stakeholders	• Page 17
2. Anti-corruption (governance aspect)	GRI 205 – Anti-Corruption	Our practices to comply with anti-corruption law and regulations and to demonstrate our adherence to integrity, governance, and responsible business practices.	All stakeholders	• Page 18
3. Employee (social aspect)	GRI 401 – Employment	Our approach to employment or job creation, that is, our approach to hiring, recruitment, retention and related practices, and the working conditions our Group provides.	Employees, Government and Regulators	• Pages 18 to 21
4. Training and Education (social aspect)	GRI 404 – Training and Education	Our approach ensuring all employees are trained and enhance their skillsets. Performance and career development reviews to facilitate continued employability are issues of interest to our stakeholders.	Employees, Government and Regulators	• Page 22

4. Economic performance

Revenue (S$'000)	
FY2021	55,855
FY2020	33,751

Gross Profit (S$'000)	
FY2021	7,235
FY2020	5,399

Net Profit (S$'000)	
FY2021	2,648
FY2020	1,184

Cost of Sales (S$'000)	
FY2021	48,620
FY2020	28,352

Other Income (S$'000)	
FY2021	4,901
FY2020	4,690

Net Profit Attributable to Equity Holders (S$'000)	
FY2021	2,652
FY2020	1,183

Net Asset Value (S$'000)	
FY2021	59,234
FY2020	56,586

Total Debt / Equity Ratio	
FY2021	0.78
FY2020	0.70

Earnings per Share (S$)	
FY2021	1.05
FY2020	0.47

The world has been fighting against the headwinds caused by the COVID-19 pandemic since February 2020. Despite the challenges, Sysma took this opportunity to focus on our sustainability goals by timely implementation of strategies to secure the Group's long-term success.

Whilst the COVID-19 pandemic created massive disruption to people and businesses around the world, it also raised awareness of the importance of ESG and created a strong urgency to tackle environmental and public health issues. In FY2021, the Group had invested US$10 million in Blue Planet Environmental Solutions Pte Ltd, a Singapore based investment company providing end to end solutions for waste management, to tap into the growing opportunity in the circular economy and contribute to the sustainability sector.

Our subsidiary, KH Engineering Ltd and its subsidiaries, (collectively, the "KH Group"), continues to help the Group in expanding its clientele network and contributing positively towards the financials of the Group. The Group acquired Dae Sung Construction Pte Ltd, a specialist in ground improvement works in Singapore, in March 2021 to expand the scope of services offered by KH Group in ground improvement works in Singapore. In addition, the Group continues to maintain its 30% stake in Lascelles Park Limited, a property development company in the United Kingdom.

Despite the disruptions brought about by the COVID-19 pandemic, we continue to maintain our competitive edge and deliver sustainable growth through strategic business decisions. In FY2021, our Group registered a 65.5% increase in revenue which was mainly due to the contribution by the KH Group acquired in FY2020.

With the introduction of the vaccine programmes and the various policies and measures by Singapore Government, safe resumption of construction activities amidst the COVID-19 pandemic was made possible, and the Group remains confident in fulfilling the existing projects on time. Moving forward, our Group will continue to actively bid for new projects that will add value to our order book and leverage its strong market reputation as a trusted builder of Good Class Bungalows ("GCBs") and high-end landed properties, while keeping a close eye on its margins and costs. In addition, we will be cautious and seek out viable local and overseas development projects with suitable partners and strategic investors. We are confident of overcoming our present challenges and remain focused in our mission to deliver sustainable growth and enhance shareholder value for the long term.

5. Anti-corruption

Guided by our core values and code of conduct, we are fully committed to ensure that compliance is a central pillar of our management and an integral part of our corporate culture and business processes. Our tone for regulatory compliance is set clearly and consistently reiterated from the Board throughout all levels of our Group. We are committed to conduct business in compliance with applicable laws and regulations and have zero tolerance for fraud, bribery, corruption and violation of laws and regulations. Our Board oversees our Group's regulatory compliance and is responsible for driving our Group's implementation of effective compliance and governance systems. We adopt a risk-based due diligence process for all suppliers and potential joint venture partners, to assess their compliance risks and ensure compliance with our code of conduct.

Code of Conduct	Whistle-blowing	Interested Persons Transactions
• The code of conduct covers areas from workplace to business conduct including policies and procedures on anti-bribery, conflict of interest, donations and sponsorships. It is effectively communicated to the Board and all employees through the internal shared drive.	• As mentioned on page 13, all whistle-blowing reports can be addressed to the Chairman of the Audit Committee. • Our Group is pleased to announce that there are no incidents of corruption and wrongdoings being reported on our employees or business (including employee misconduct and conflict of interest) in FY2021. • We aim to maintain this record in FY2022 and continue adhering to the existing policies and procedures.	• All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Group and its minority shareholders.

6. Our Employees

Our employees are recognised as our greatest asset as they ensure the Group achieves its business strategies and sustainable growth. It is vital to retain and attract employees who are professionally equipped in the property development and construction sector.

Employment Practices

Our management has put in place integrated human capital strategies and policies to enhance our Group's ability to attract top talent. The management also complies with the Singapore's labour laws and Employment Act, and support the nation's WorkRight initiative in accordance with the Employment Act and Central Provident Fund Act. The established employment policy is communicated to all employees in our Employee Handbook, which is regularly reviewed by our management. In line with our commitment towards creating a conducive work environment, our management constantly gathers feedback from our employees and takes into consideration of their expectations.

Diversity and Equal Opportunities

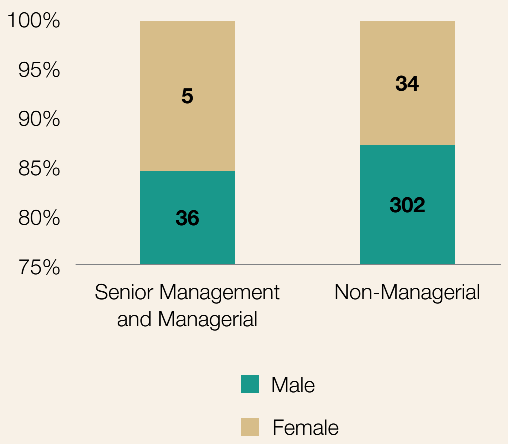
We embrace diversity by hiring talents from various backgrounds and cultures based on meritocracy and provide unbiased opportunities to all of our employees. By implementing the aforementioned practices, we managed to maintain a diverse workforce in terms of age, gender and skill set. Our workforce has substantially increased, from 357 employees in FY2020 to 377 employees in FY2021 upon the completion of the acquisition of DSC. During the financial year, the female and male employees constituted 10.3% and 89.7% respectively (FY2020: 10.1% and 89.9% respectively). In addition, 15.6% of our employees (FY2020: 18.2%) are below 30 years old, 60.2% (FY2020: 59.1%) are between age 30 and 50 years old and 24.1% (FY2020: 22.7%) are above 50 years old.

6. Our Employees (Cont'd)

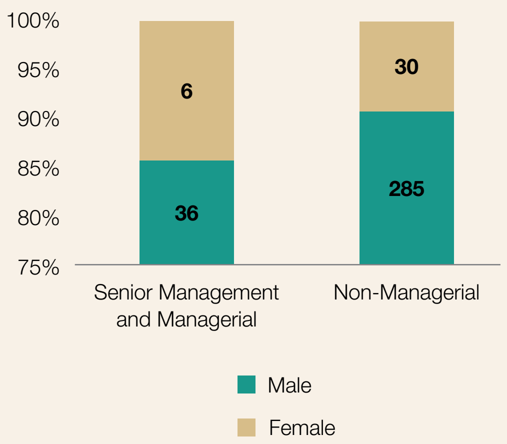
Diversity and Equal Opportunities (Cont'd)

Details of our workforce by gender and age in FY2020 and FY2021 are as follows:

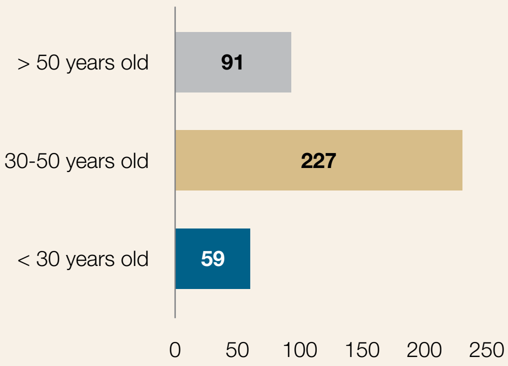
FY2021 Workforce by Gender



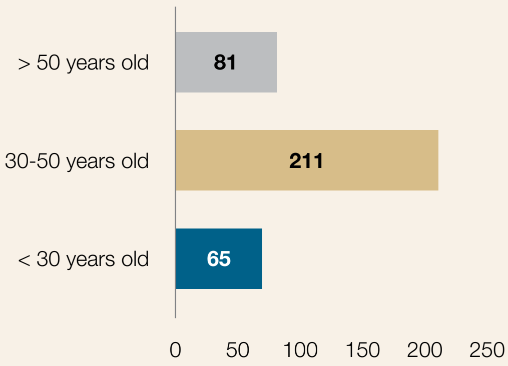
FY2020 Workforce by Gender



FY2021 Workforce by Age Group

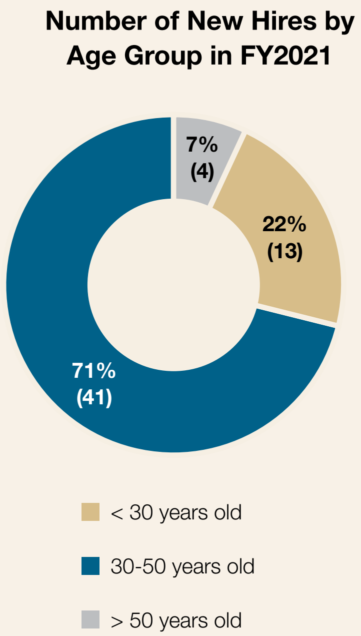


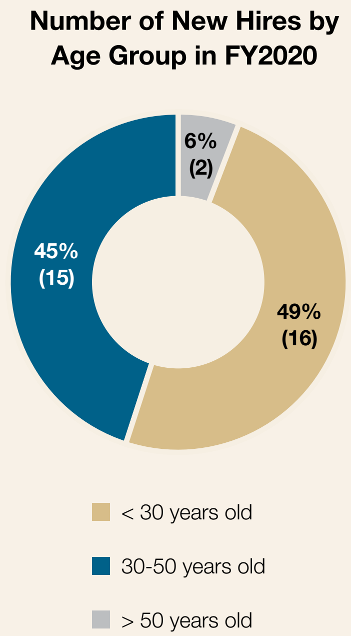
FY2020 Workforce by Age Group

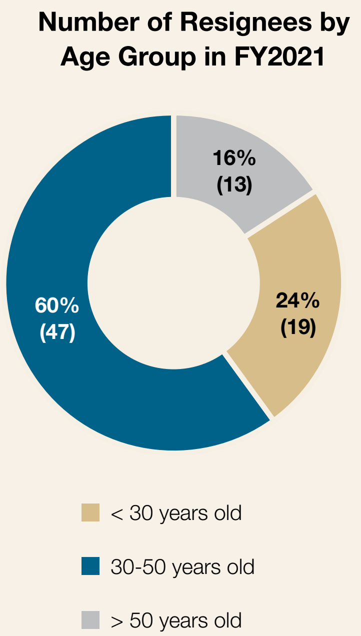


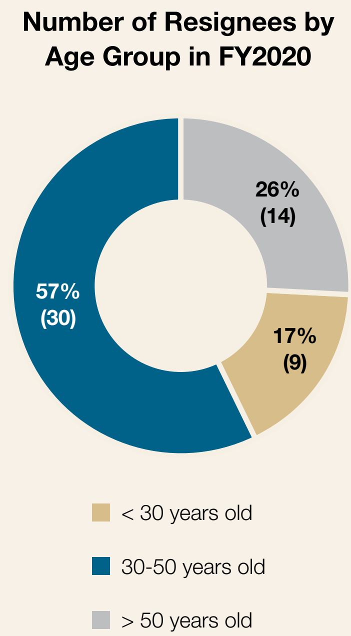
6. Our Employees (Cont'd)

Diversity and Equal Opportunities (Cont'd)









6. Our Employees (Cont'd)

Employees' Benefits and Welfare

At Sysma, we value and promote our employee's mental and physical wellbeing centric work-life balance at work. Employee benefits such as medical and hospitalisation leave, company medical insurance, and parental leave are provided to all employees. The Group also organises free medical check-ups for its employees.

Government-paid maternity, paternity, child-care leave are extended to all eligible employees in Singapore. In addition to leave benefits mandated by governmental regulations, the Group goes above and beyond by offering employees additional welfare benefits such as compassionate and marriage leave.

	FY2021			FY2020		
Parental Leave Disclosure	Male	Female	Total	Male	Female	Total
Number of team members entitled to parental leave	9	6	15	8	6	14
Number of team members who took parental leave	9	6	15	8	6	14
Number of team members who returned to work after parental leave ended	9	6	15	8	6	14
Number of team members who returned to work after parental leave ended and were still employed after 12 months	9	5	14	8	6	14
Return to work rate (%)	100%	100%	100%	100%	100%	100%
Retention rate (%)	100%	83%	93%	100%	100%	100%

Sysma conducts annual staff appraisal in December to evaluate the performance of employees on which, the determination of salary increment and year-end bonuses are based, as well as to motivate employees to work towards achieving their self-development goals. A total of 9 managerial employees and 92 non-managerial staff received letters of increment while 38 managerial employees and 161 non-managerial staff received bonus in FY2021.

The Group has always been motivating the employees through organising regular department or company-wide events such as birthday and festive celebration. However, in the midst of the COVID-19 pandemic, involvement in physical social gathering had been put on hold in adherence with the government's Workplace safe management measures.

Health and safety of our employees is our priority. In response to COVID-19 crisis since FY2020, the Group's top management followed the guidelines issued by the Authorities closely to curb the COVID-19 pandemic. Daily temperature monitoring of the Group's employees and workers were carried out. Work-from-home arrangements were executed for all office staff prior to the circuit breaker imposed by the Authority. Workers who live in the dormitory were briefed on health, hygiene and safety measures. The workers were provided with reusable masks, sim cards, hand sanitisers and precooked meals.

The Group managed to maintain zero non-compliance with relevant laws and regulations in FY2021 and we aim to maintain the same for FY2022.

Moving forward, we continue to commit to fair employment practices and provide equal opportunities to all employees.

6. Our Employees (Cont'd)

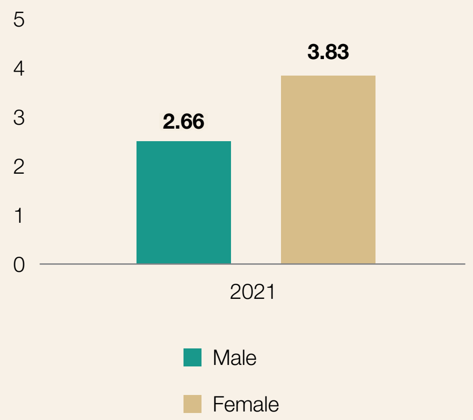
Training and Education

Sysma is committed to developing our employees through training and continuous development programs to build a competitive and sustainable workforce. The Human Resource ("HR") Department works closely with the management to identify learning needs of employees based on the employment category and thereafter, design suitable training programs. Orientation briefings and internal guidance are conducted for new joiners and other in-house trainings are conducted on an as-needed basis by the Senior Operation Executives for existing employees. Employees are also sent for various external trainings, workshops and seminars in areas of construction works, safety, finance and accounting, taxation, to aid in their career development and to update the existing skill sets. Courses attended by employees include Safe Management Measures Workshop, Occupational First Aid Course, Coretrade Supervisor course, Construction Plant Operation, Confined Space Management, etc.

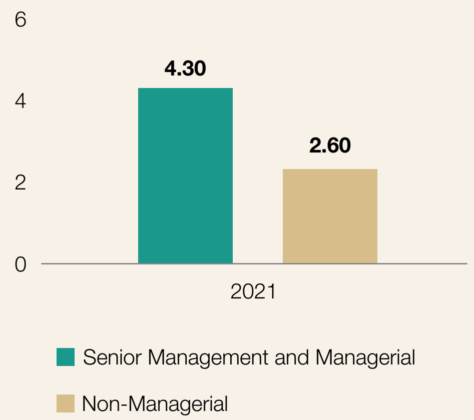
On-the-job trainings are provided by the employees' immediate supervisors, who will share their experiences and knowledge. Experienced workers are assigned to new workers to assist with the on-the-job trainings.

In FY2021, there was a slight decrease in the training hours provided to the employees from 1,994 hours in FY2020 to a total of 1,050 hours in FY2021 due to reductions in physical training sessions, workshops and seminar related to the COVID-19 pandemic restrictions. During the financial year, the trainings were provided to 31.03% of the total workforce including employees and foreign workers of the Group, which amounted to an average of 2.79 hours per employee/ foreign worker. A breakdown of average training hours by gender and employee category are detailed as follows:

Average training hours of employees by gender in FY2021



Average training hours of employees by employee category in FY2021



Moving forward, we aim to maintain diverse and relevant career development programs such as leadership and supervisory, customer service trainings and safety courses so that our employees are provided with necessary competence and skills to perform their work in a safe and efficient manner. In addition, our Group will consistently review the training needs and courses of our employees to upgrade their capabilities and skillsets.

GRI Content Index

Note: AR refers to Annual Report 2021, SR refers to Sustainability Report 2021

GRI Standard/ Disclosure		Page Reference and Reasons for Omission, if applicable
Organisational Profile		
102-1	Name of the organisation	1
102-2	Activities, brands, products and services	1
102-3	Location of headquarters	10
102-4	Location of operations	10
102-5	Ownership and legal form	10
102-6	Markets served	10
102-7	Scale of the organisation	10
102-8	Information on employees and other workers	18 to 22
102-9	Supply chain	14
102-10	Significant changes to the organisation and its supply chain	N.A.
102-11	Precautionary Principle or approach	13
102-12	External initiatives	N.A.
102-13	Membership of associations	N.A.
Strategy		
102-14	Statement from senior decision maker	2 to 3
Ethics and Integrity		
102-16	102-16 Values, principles, standards, and norms of behaviour	12 to 13
Governance		
102-18	102-18 Governance structure	13
Stakeholder Engagement		
102-40	List of stakeholder groups	15
102-41	Collective bargaining agreements	N.A.
102-42	Identifying and selecting stakeholders	15
102-43	Approach to stakeholder engagement	15
102-44	Key topics and concerns raised	15
Reporting Practice		
102-45	Entities included in the consolidated financial statements	10
102-46	Defining report content and topic boundaries	12
102-47	List of material topics	16
102-48	Restatements of information	N.A.
102-49	Changes in reporting	N.A.
102-50	Reporting period	12
102-51	Date of most recent report	31 July 2020
102-52	Reporting cycle	12
102-53	Contact point for questions regarding the report	12
102-54	Claims of reporting in accordance with the GRI Standards	12
102-55	GRI content index	23 to 24
102-56	External assurance	12

GRI Content Index (Cont'd)

GRI Standard/ Disclosure		Page Reference and Reasons for Omission, if applicable
GRI 103 Management Approach		
103-1	Explanation of the material topic and its boundaries	16
103-2	The management approach and its components	16
103-3	Evaluation of the management approach	16
GRI 201 Economic Performance		
201-1	Direct economic value generated and distributed	17
GRI 205 Anti-corruption		
205-1	Operations assessed for risks related to corruption	18
205-3	Confirmed incidents of corruptions and actions taken	18
GRI 401: Employment		
401-1	New employee hires and employee turnover	18 to 20
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	20 to 21
401-3	Parental leave	21
GRI 404: Training and Education		
404-1	Average hours of training per year per employ	22
404-2	Programs for upgrading employee skills and transition assistance programs	22
404-3	Percentage of employees receiving regular performance and career development reviews	22

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 principles and/or provisions as set out in the Code of Corporate Governance 2018 (the "Code 2018") issued on 6 August 2018, as well as guidelines from Code of Corporate Governance 2012 ("Code 2012") which are still in effect as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("Catalist Rules"). Sound corporate governance process and system ensure stability and long-term sustainability of the businesses and performance of the Group, greater transparency, accountability and integrity of the Group, protecting and enhancing the interests of its shareholders, maximization of long-term shareholders' value as well as strengthening investors' confidence in its management and financial reporting.

The main corporate governance practices, process and activities with specific reference to the underlying principles and provisions of the Code 2018 and Code 2012 adopted by the Group for the financial year ended 31 July 2021 ("FY2021") are outlined below. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code 2018 and Code 2012 and which sets out best practice standards for companies. Where there are deviations from the Code 2018 and Code 2012, appropriate explanations are provided in the relevant sections below.

1. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Board Composition

The Board has five members comprising two (2) Executive Directors and three (3) Independent Directors (the "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 ("Deputy CEO")
Richard Tan Kheng Swee[1]	-	Lead Independent Director
Teo Boon Tieng	-	Independent Director
Lim Kheng Hock	-	Independent Director

(1) Mr Richard Tan Kheng Swee had been re-designated from "Independent Non-Executive Director" to "Lead Independent Non-Executive Director" of the Company with effect from 6 January 2021.

The Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board. The details of the number of meetings of the Board and Board Committees in respect of FY2021 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") allows 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	2	2	1	2
Number of meetings attended by respective directors				
Sin Soon Teng	2	2*	1*	2
Sin Ee Wuen	2	2*	1*	1*
Richard Tan Kheng Swee	2	2	1	2
Teo Boon Tieng	2	2	1	2
Lim Kheng Hock(1)	-	-	-	1*
Chen Timothy Teck-Leng @ Chen Teck Leng(2)	1	1	1	1

*By Invitation

Change of composition of the Board and its' Board Committees:-

(1) Mr Lim Kheng Hock ("Mr Lim") had been appointed as an Independent Non-Executive Director with effect from 6 January 2021. He had also been appointed as Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committees with effect from the same date.

(2) Mr Chen Timothy Teck-Leng @ Cheng Teck Leng retired by rotation from the Board of Directors with effect from 27 November 2020. He had relinquished his position as Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration 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 this 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 the management of the Group (the "Management") and monitors the standards of performance and issues of policies directly. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. 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 respective 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), setting appropriate tone-from-the-top and desired organizational culture, ensuring proper accountability within the Group 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.

The Board members are expected to act in good faith and exercise independent judgment in the best interests of the Group. Director(s) facing conflicts of interest has recused himself from discussions and decisions involving the issues of conflict. The Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

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 the 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/her to ensure that he/she 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. In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("Catalist Rules"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year from the date of their appointment.

Mr Lim, having joined the Group as its Independent Non-Executive Director effective 6 January 2021 has been given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. Mr Lim has attended Listed Entity Director ("LED") courses conducted by Singapore Institute of Directors ("SID") prior to joining the Group. Mr Lim had completed the relevant LED courses organised by SID in October 2020.

The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his duties as a director of the company.

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 of the Board (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 FY2021 included the briefing by the external auditors ("EA") to the AC on changes or amendments to accounting standards.

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.

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 into 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 Executive Chairman, the Company Secretary shall be responsible for ensuring good information flows within the Board and its Board Committees as well as 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 is required to attend all Board meetings.

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

Principle 2: Board Composition and Guidance

As at the date of this Annual Report, the Board comprises two (2) Executive Directors and three (3) Independent Directors. The Company endeavours to maintain a strong and independent element on the Board. Three (3) of the Directors are independent, thereby fulfilling the Code's requirements for FY2021 that the Independent Directors should make up at least majority of the Board, where, *inter alia*, the Executive Chairman of the Board and the Group CEO is the same person.

Accordingly, the Company is in compliance with the relevant provisions requiring majority of the Board to be made up of Independent Directors and Non-Executive Directors as set out below:-

Provisions 2.1 of Code 2012 and 2.2 of Code 2018 where Independent Directors make up at least one-third and majority of the Board respectively where the Chairman is not independent; and

Provision 2.3: Non-Executive Directors make up a majority of the Board.

The Board believes that the Executive Chairman has always acted and will continue to act at all times in the best interest of shareholders as a whole and will strive to protect and enhance the long-term shareholder values and the financial performance of the Group.

Review of Directors' Independence

The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders 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 Catalist Rules 406(3)(d)(i), (ii) and the Code 2018's definition of what constitutes an Independent Director in its review and also considers any other relevant 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 Independent 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 2018 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, 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 the current Board comprises members who as a group possesses core competencies necessary to lead and manage the Group effectively.

As the Group's activities continue to grow, the NC will continuously review the composition of the Board to ensure that it has the necessary competency to be effective. The NC will further consider other aspects of diversity such as gender or certain personal attributes and would strive to ensure the diversity would enhance the long-term success of the Group. The Board currently does not have a female Director. While the NC is aware of the merits of gender diversity to the Board composition, the NC notes that it is only one of the many aspects of diversity. While due consideration would be given to female representation on the Board, the NC will continue to make its selection of candidates based on objective criteria which it believes is in the best interest of the Company.

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	40%
Business management	5	100%
Legal, corporate advisory and governance	2	40%
Relevant industry knowledge or experience	3	60%
Strategic planning experience	3	60%
Customer based experience or knowledge	3	60%
Gender:		
Male	5	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 and invests, 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 other listed company board representations and 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, if required.

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

The listed company directorships and principal commitments of each Director as at the date of this Report are set out on pages 4 and 5 of this Annual Report.

The NC and Board are satisfied that sufficient time and attention were given by the Directors to the affairs of the Company during FY2021, notwithstanding that they hold Directorships in other listed companies and have other principal commitments, and will continue to do so in the financial year ending 31 July 2022. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

Non-Executive Director Meetings in Absence of Management

For FY2021, the Non-Executive Directors have had informal communications such as telephone calls, emails with each other without Key Management Personnel. The Non-Executive Directors did not have formal meetings in the absence of Management except during Audit committee meetings when they meet the internal auditor and external auditor without management presence. The chairman of such meetings provides feedback to the Board and/or Executive Chairman as appropriate.

Principle 3: Chairman and Group Chief Executive Officer

Mr Sin Soon Teng ("Mr Sin") 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 the Executive Directors. The NC periodically reviews the Chairman's performance and his contribution 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, as the Board and its Committees consist of a majority of independent directors, 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 with strong and independent element 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 and that there is a balance of power and authority within the Group with the various Board Committees chaired by the Independent Directors.

The Executive 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 Richard Tan Kheng Swee is designated as the Lead Independent Director to provide leadership in situations where the Executive Chairman is conflicted. He is available to the shareholders at richardtan@lidelegal.com should they have concerns and contact through the usual channels to the Executive Chairman, Group CEO or CFO has failed to resolve or when such contact is inappropriate or inadequate. The Lead Independent Director is also a member of the NC.

Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other directors and/or Management as and when circumstances warrant. In FY2021, the Independent Directors have had informal communications such as telephone calls, emails with one another in the absence of the other directors and Management.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee

The NC, the majority of whom, including the NC Chairman, are independent, comprises the following Directors:

Lim Kheng Hock	-	Chairman
Sin Soon Teng	-	Member
Richard Tan Kheng Swee	-	Member
Teo Boon Tieng	-	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, in particular, the positions of Executive Chairman and for the Group CEO;

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

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

(h) assessing the effectiveness of the Board as a whole and Board Committees as well as the contribution of each individual Director to the effectiveness of 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 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 re-electing 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, bring 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 be nominated for re-election. The retiring Directors have offered themselves for re-elections and the Board has accepted the recommendations of the NC:

Sin Soon Teng	-	retiring pursuant to Regulation 107 of the Company's Constitution;
Richard Tan Kheng Swee	-	retiring pursuant to Regulation 107 of the Company's Constitution; and
Lim Kheng Hock	-	retiring pursuant to Regulation 117 of the Company's Constitution.

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

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

Mr Lim Kheng Hock, upon re-election as Director of the Company, will remain as the Independent Non-Executive Director of the Company, Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee.

The detailed information of these directors, including information as required under Appendix 7F of the Catalist Rules can be found on pages 140 to 148 of this Annual Report.

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	16 November 2018
Sin Ee Wuen	Executive Director and Deputy CEO	19 September 2018	27 November 2020
Richard Tan Kheng Swee	Lead Independent Non-Executive Director	2 May 2018	16 November 2018
Teo Boon Tieng	Independent Non-Executive Director	6 July 2020	27 November 2020
Lim Kheng Hock	Independent Non-Executive Director	6 January 2021	-

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 communicate or meet without the presence of Management and/or the Executive Directors; and thereafter, the Lead Independent Director provides feedback to the Executive 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 the 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 for FY2021 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 FY2021. There was no external facilitator appointed for evaluation of the performances of the Board and Board Committees for FY2021.

Informal evaluation of the performance of the Board will be undertaken on a periodic basis by the NC with input from the Executive Director and the Executive 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.

2. REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level and Mix of Remuneration
Principle 8: Disclosure on Remuneration

Remuneration Committee

The RC comprises the following Independent Directors:

Richard Tan Kheng Swee	-	Chairman
Teo Boon Tieng	-	Member
Lim Kheng Hock	-	Member

The RC's written terms of reference describe 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 an 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 Director's fees, salaries, allowances, bonuses, options, share- based incentives and awards, termination terms and benefits in kind, to ensure such aspects and terms are fair.

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. When 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 FY2021. 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 Executive 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 RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate directors and key executives required for the long term success of the Group.

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 Executive Chairman and Group CEO includes a variable performance bonus.

This is designed to align the Directors' and Key Management Personnel's remuneration with the interests of the shareholders' and link rewards to corporate and individual performance so as to promote long term success of the Group. To remain competitive and relevant, the Company aims to benchmark its annual fixed salary at market average with variables being strictly performance driven based on financial results of the Group.

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 and Board Committees. 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 Board (the "Initial Term"). Thereafter, his employment is renewed every three (3) years, subject to the termination clause in the service agreement. After having been reviewed by the Board (in consultation with the RC), on 24 September 2021, 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.

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

Any such service agreements entered into by the Company 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 will review the Company's obligations arising in the event of termination of any Executive Directors' and Key Management Personnel's contracts of service to ensure 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 as well as employees who are immediate family members of the Directors, Group CEO, Deputy CEO or Substantial Shareholders, whose remunerations exceed S$100,000 for FY2021.

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 8 of the Code 2018 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$500,000 to S$750,000					
Sin Soon Teng	-	91	8	1	100
S$250,001 to S$500,000					
Sin Ee Wuen(1)	-	84	11	5	100
Below S$250,000					
Richard Tan Kheng Swee	100	-	-	-	100
Teo Boon Tieng	100	-	-	-	100
Lim Kheng Hock(2)	100	-	-	-	100
Chen Timothy Teck-Leng @ Chen Teck Leng(3)	100	-	-	-	100
Key Management Personnel					
S$250,001 to S$500,000					
Brian Yap Chin Leong	-	86	11	3	100
Chong Kim Guan	-	86	11	3	100
Below S$250,000					
Ng Lay Khim	-	85	11	4	100
Ang Seng Heng	-	88	8	4	100
Mohamed Saleem Mohamed Amanullah	-	81	11	8	100
Immediate family member of Executive Chairman, Group CEO and Substantial Shareholder whose remunerations exceeded S$100,000					
Sin Wei Ming(4)	-	82	6	12	100

(1) Mr Sin Ee Wuen, the Deputy CEO is the son of Mr Sin Soon Teng, the Executive Chairman, Group CEO and Substantial Shareholder.

(2) Mr Lim Kheng Hock had been appointed as Independent Non-Executive Director with effect from 6 January 2021.

(3) Mr Chen Timothy Teck-Leng @ Chen Teck Leng retired at the previous AGM as Independent Non-Executive Director with effect from 27 November 2020.

(4) Mr Sin Wei Ming is nephew of Executive Chairman and Group CEO, Mr Sin Soon Teng and cousin of Executive Director and Deputy CEO, Mr Sin Ee Wuen.

The Board confirms there are only six (6) Key Management Personnel for FY2021 and the aggregate amount of the total remuneration paid to the top five (5) Key Management Personnel (who are not Directors or CEO) was approximately S$1,414,400 in FY2021.

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 by the name the Sysma Performance Share Plan (the "Share Plan") which was approved by shareholders on 5 July 2012 and will lapse on 4 July 2022, the maximum duration of 10 years. In this regard, the Company will be seeking shareholders' approval to adopt a new Share Plan at an Extraordinary General Meeting to be held on 26 November 2021, immediately upon the conclusion of the AGM.

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 37 of this Annual Report.

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. The number of shares held as Treasury Shares cannot any time exceed 10% of the total number of issued shares of the Company.

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

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 employees. Accordingly, the provisions of Catalist Rule 851(1)(b) to (d) are not applicable.

3. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls
Principle 10: Audit Committee

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 Catalist Rules, 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.

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, with focus 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 FY2021.

Adequacy and Effectiveness of Internal Controls

The Management 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 FY2021.

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 Group's operations and finances; and (b) that the Group's risk management and internal control systems are adequate and effective in FY2021.

Audit Committee

The AC comprises the following Independent Directors:

Teo Boon Tieng	-	Chairman
Richard Tan Kheng Swee	-	Member
Lim Kheng Hock	-	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 Teo Boon Tieng 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. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibilities in the AC.

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: (a) within a period of 2 years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for so long as he has any financial interest in the auditing firm or auditing corporation.

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 adequacy, effectiveness, 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;

(l) review the adequacy and effectiveness, scope and results of the internal audit function, and the independence and objectivity of the internal auditors; and

(m) 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.

In addition, the AC will annually review the assurance from the CEO and the CFO on the financial records and financial statements.

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 FY2021 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. There were no non-audit services provided by the external auditors to the Company for FY2021. The aggregate amount of fees paid to the external auditors of the Company and subsidiaries for audit services was S$327,000 (100%) for the financial year ended 31 July 2021.

The AC has recommended to the Board the nomination of Messrs Deloitte & Touche LLP for reappointment as the external 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 or any other detrimental or unfair treatment, 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, i.e. Receiving Officer. Details of the whistle blowing policy have been made available to all employees through the staff intranet. The Company is also taking steps to publish the whistle blowing policy on the Company's website so it is available to the public.

The Company's Whistle Blowing Policy allows not just employees but also external parties to raise concerns. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations.

The Receiving Officer will report to the AC which is responsible for oversight and monitoring of whistleblowing and will address the issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board any issues/concerns received by it at the ensuing Board meeting. Should the AC receive reports relating to serious offences, and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary.

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. No whistle-blowing concerns were reported for FY2021.

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 2021 as well as the Auditors' Reports thereon. Interested person transactions of the Group in FY2021 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 2021 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
Impairment of goodwill	The AC considered the key judgement and reasonableness of assumptions made in management and valuation specialist's assessment of the Impairment test of goodwill which included discount rate and long-term growth rates used in Discounted cash flow ("DCF") particularly those affecting the business of KH Engineering Limited, KH Instrumentation Pte Ltd, and Dae Sung Construction Pte Ltd. The key assumptions to the impairment test are disclosed in Note 13 to the financial statements. The AC also reviewed the reasonableness of management and valuation specialist's assessment that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at 31 July 2021. The auditors have included Impairment of goodwill as a key audit matter in the auditor's report for the financial year ended 31 July 2021. This is on page 58 of the annual report.
Significant matters considered	**How the issues were addressed by the AC**
Provisions	The AC considered the key judgement and assumptions made in management's approach to estimating the provisions for all construction projects taking into consideration management's past experiences in determining the adequacy of 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 accounting for construction contracts as a key audit matter in the auditor's report for the financial year ended 31 July 2021. This is on page 58 of the annual report.

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 is to the AC Chairman although the internal auditor would also report administratively to the Group CEO and CFO.

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 and has appropriate standing within the Group. 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 confirms that the internal audit function is independent, effective and adequately resourced for FY2021.

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.

4. SHAREHOLDERS RIGHTS AND ENGAGEMENT WITH SHAREHOLDERS

Principle 11: Shareholder Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders

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 Catalist Rules. The Company does not have a formal investor relations policy and is of the view that the communication channels provided via SGXNet and the Company's corporate website (www.sysma.com.sg) are sufficient to provide timely communication of material events to shareholders.

The Company does not make price-sensitive disclosures to a selected group. All announcements are released via the SGXNet and are also available on the Company's corporate website (www.sysma.com.sg). The Company's Annual Report, notice of AGM, proxy form and questions form will be accessible through the SGXNet and publication on our corporate website.

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 Chairman of the Board and Board Committees as well as the External Auditors are present and available to address questions from shareholders at general meetings.

The Company believes in encouraging shareholder participation at its general meetings. The Company's Constitution allow 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.

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 made available to shareholders within one month following the conclusion of the respective general meetings.

In view of the COVID-19 situation, the immediate past adjourned AGM held on 27 November 2020 ("2020 AGM") was convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements relating to attendance at the 2020 AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only steam), submission of questions to the chairman of the meeting in advance of the 2020 AGM, addressing of substantial and relevant questions at, or prior to, the 2020 AGM and voting by appointing the chairman of the meeting as proxy at the 2020 AGM, were put in place for the 2020 AGM. All Directors of the Company attended the 2020 AGM.

The Minutes of 2020 AGM had been released on the SGXNet and the Company's website within one month from AGM in accordance with Order dated 17 December 2020.

As the COVID-19 situation continues to remain uncertain, the forthcoming AGM to be held on 26 November 2021 will also be convened and held in substantially the same manner as the 2020 AGM.

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

Absentia voting

The Company's Constitution allows all shareholders to appoint proxies to attend general meeting and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

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 is recommending 0.5 Singapore cent per ordinary share for FY2021 as the tax exempt (one-tier) final dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. The Company is committed to achieving sustainable income and growth to enhance total shareholder return although it does not have a fixed dividend policy.

5. Principle 13: Managing Stakeholders Relationships

Engagement with Stakeholders

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations as provided in the Group's 2021 Sustainability Report, the Company has regularly engaged its stakeholders through various channels to ensure that the business interests of the Group are aligned with those stakeholders, to understand and address the concerns so as to improve services and products standards, as well as to sustain business operations for long-term growth. The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information and news are regularly conveyed to the stakeholders through SGXNet.

Additionally, the Company maintains a corporate website at www.sysma.com.sg. to communicate and engage with stakeholders through the contact information of the Company which can be found on the website.

6. 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. To facilitate compliance, reminders via electronic mail are issued to all directors and staff prior to the applicable trading black-outs period.

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.

7. MATERIAL CONTRACTS

Save for the service agreement between the Company and the Executive Chairman and Group CEO 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 2021 or if not then subsisting, entered during the period under review.

8. 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 and there were no interested person transactions of S$100,000 or more entered into during FY2021.

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

The total amount of non-sponsor fees paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2021 was S$5,000.

10. STATEMENT OF COMPLIANCE

The Board confirms that for FY2021 and save as expressly disclosed herein, the Company has adhered to the principles and provisions as set out in the Code 2018.

Due to the COVID-19 restriction orders in Singapore, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM for FY2021 in accordance with the Order. Minutes of the AGM to be held on 26 November 2021 will be published on the SGXNet and also on the Company's corporate website within one (1) month after the AGM date.

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, 2021.

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 62 to 130 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, 2021, 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
Sin Ee Wuen
Richard Tan Kheng Swee
Teo Boon Tieng
Lim Kheng Hock (Appointed January 6, 2021)

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:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	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
Sin Ee Wuen	8,703,500	8,703,500	-	-
Xiang Investment Ltd (Ultimate holding company until March 8, 2021) (Ordinary shares)				
Sin Soon Teng	8	8	-	-
Xiang Investment Pte. Ltd. (Ultimate holding company from March 8, 2021) (Ordinary shares)				
Sin Soon Teng	-	8,000	-	-

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, 2021 were the same as at July 31, 2021.

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.

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, was chaired by Mr Teo Boon Tieng, an independent director. The Audit Committee also includes Mr Richard Tan Kheng Swee, Mr Chen Timothy Teck-Leng @ Chen Teck Leng until his retirement on November 27, 2020 and Mr Lim Kheng Hock (Appointed January 6, 2021), all 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.

DIRECTORS' STATEMENT

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

....

Sin Soon Teng

....

Sin Ee Wuen

October 28, 2021

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, 2021, and the consolidated statement of 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 62 to 130.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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, 2021 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 *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.

Key Audit Matters	How the matter was addressed in the audit
Impairment of goodwill The aggregated goodwill of $4,908,318 constituted 4.6% of the Group's total assets as at July 31, 2021. The Group is required to annually test goodwill for impairment. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates, particularly those affecting the business of KH Engineering Limited, Kian Hock Engineering Pte. Ltd. and Kian Hock Piling Pte. Ltd., KH Instrumentation Pte. Ltd. and Dae Sung Construction Pte. Ltd. The key assumptions to the impairment test are disclosed in Note 13 to the financial statements. Management has assessed that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at July 31, 2021.	These procedures included: • engaged internal valuation specialists to evaluate the appropriateness of the discount rate, contributory asset charge, attrition rate, remaining useful lives and long-term growth rates used in the Discounted cash flow ("DCF") by comparing the expectations to those prepared by management; • challenging the cash flow forecasts prepared by management, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews to prior year's forecasts against actual results; and • stress testing key assumptions, assessing the impact on the recoverable amounts based on sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered. We have also assessed and reviewed the adequacy and appropriateness of the disclosures made in the financial statements.
Provisions The Group is involved in construction projects and records provisions for such 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 is disclosed in Note 20 to the financial statements.	We have performed procedures by obtaining the supporting documents used by management to assess the provisions made. We reviewed the basis of provisions for projects, including understanding and challenging management's assumptions. We have also evaluated the adequacy of the disclosure of provisions made in Note 20.

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 SFRS(I)s, 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.

Auditor's Responsibilities for the Audit of the 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.

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 Aw Xin-Pei.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 28, 2021

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2021

	Note	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
ASSETS					
Current assets					
Cash and cash equivalents	7	29,893,799	39,562,896	5,858,019	2,158,730
Trade and other receivables	8	7,431,747	4,823,927	5,711,835	4,393,073
Contract assets	9	4,377,807	4,428,545	-	-
Properties held for sale	10	3,468,728	3,468,728	-	-
Total current assets		45,172,081	52,284,096	11,569,854	6,551,803
Non-current assets					
Property, plant and equipment	11	22,799,532	22,113,479	-	-
Investment property	12	514,286	530,000	-	-
Goodwill	13	4,908,318	4,427,235	-	-
Intangible assets	14	549,000	-	-	-
Investments in subsidiaries	15	-	-	37,380,771	38,198,929
Investment in associate	16	1	1	-	-
Financial assets at fair value through profit or loss	17	23,742,108	10,290,429	23,742,108	10,290,429
Other receivables	8	1,855,125	1,798,062	975,538	967,412
Contract assets	9	6,065,269	4,581,406	-	-
Total non-current assets		60,433,639	43,740,612	62,098,417	49,456,770
Total assets		105,605,720	96,024,708	73,668,271	56,008,573
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	18,009,012	15,466,551	10,401,326	7,879,616
Contract liabilities	19	4,706,793	3,509,033	-	-
Provisions	20	5,674,288	6,383,935	-	-
Lease liabilities	21	1,406,365	833,056	-	-
Bank loans	22	1,362,044	526,115	-	-
Income tax payable		1,289,911	959,754	74,903	26,701
Total current liabilities		32,448,413	27,678,444	10,476,229	7,906,317
Non-current liabilities					
Trade and other payables	18	2,642,899	4,034,428	-	2,816,324
Lease liabilities	21	1,446,824	669,356	-	-
Bank loans	22	8,141,832	4,533,164	-	-
Deferred tax liabilities	23	1,691,843	2,523,037	-	-
Total non-current liabilities		13,923,398	11,759,985	-	2,816,324

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2021

	Note	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Capital, reserves and non-controlling interest					
Share capital	24	45,538,251	45,538,251	45,538,251	45,538,251
Treasury shares	25	(1,120,185)	(1,120,185)	(1,120,185)	(1,120,185)
Merger reserve		(3,517,117)	(3,517,117)	-	-
Equity reserve		(844,016)	(844,016)	-	-
Accumulated profits		18,370,636	15,718,226	18,773,976	867,866
Equity attributable to owners of the Company		58,427,569	55,775,159	63,192,042	45,285,932
Non-controlling interest		806,340	811,120	-	-
Total equity		59,233,909	56,586,279	63,192,042	45,285,932
Total liabilities and equity		105,605,720	96,024,708	73,668,271	56,008,573

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED JULY 31, 2021

	Note	Group 2021	Group 2020
		$	$
Revenue	26	55,854,981	33,750,881
Cost of sales		(48,620,245)	(28,352,165)
Gross profit		7,234,736	5,398,716
Other income	27	4,901,303	4,689,770
Other operating expenses		(3,216,385)	(2,927,131)
Administrative expenses		(5,644,807)	(4,279,379)
Finance costs	28	(321,293)	(294,054)
Profit before tax	29	2,953,554	2,587,922
Income tax expense	30	(305,924)	(1,404,097)
Profit for the year, representing total comprehensive income for the year		2,647,630	1,183,825
Profit attributable to:			
Equity holders of the Company		2,652,410	1,183,300
Non-controlling interest		(4,780)	525
		2,647,630	1,183,825
Basic and diluted earnings per share (cents)	31	1.05	0.47

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2021

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, 2019	45,538,251	(1,120,185)	(3,517,117)	(844,016)	17,058,412	57,115,345	810,595	57,925,940
Profit for the year, representing total comprehensive income for the year	-	-	-	-	1,183,300	1,183,300	525	1,183,825
Dividend paid (Note 35), representing transaction with owners, recognised directly in equity	-	-	-	-	(2,523,486)	(2,523,486)	-	(2,523,486)
Balance at July 31, 2020	45,538,251	(1,120,185)	(3,517,117)	(844,016)	15,718,226	55,775,159	811,120	56,586,279
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	-	-	-	-	2,652,410	2,652,410	(4,780)	2,647,630
Balance at July 31, 2021	45,538,251	(1,120,185)	(3,517,117)	(844,016)	18,370,636	58,427,569	806,340	59,233,909

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED JULY 31, 2021

Company	Share capital $	Treasury shares $	Accumulated profits $	Total $
Balance at August 1, 2019	45,538,251	(1,120,185)	2,826,519	47,244,585
Dividend paid (Note 35), representing transaction with owners, recognised directly in equity	-	-	(2,523,486)	(2,523,486)
Profit for the year, representing total comprehensive income for the year	-	-	564,833	564,833
Balance at July 31, 2020	45,538,251	(1,120,185)	867,866	45,285,932
Profit for the year, representing total comprehensive income for the year	-	-	17,906,110	17,906,110
Balance at July 31, 2021	45,538,251	(1,120,185)	18,773,976	63,192,042

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

YEAR ENDED JULY 31, 2021

	Group	
	2021	2020
	$	$
Operating activities		
Profit before tax	2,953,554	2,587,922
Adjustments for:		
Depreciation of property, plant and equipment	5,739,902	2,290,784
Depreciation of investment property	15,714	-
Amortisation of intangibles	61,000	-
(Reversal) /Addition of provisions	(435,509)	312,105
Provision for liquidated damages	-	469,000
Unrealised net foreign exchange gains	(110,645)	-
Finance costs	321,293	294,054
Interest income	(257,796)	(859,239)
Write-back of properties held for sale to net realisable value	-	(118,728)
Write-back of loss allowance	(22,820)	(39,926)
Recovery of written off receivables	-	(26,026)
Loss allowance - other receivables	263,268	344,483
Government grant income	(3,202,650)	(1,883,868)
Government grant expense	5,607	8,410
Net gain on disposal of property, plant and equipment	(135,822)	(93)
Operating cash flow before movements in working capital changes	5,195,096	3,378,878
Trade and other receivables	(1,963,576)	2,602,743
Contract assets	(1,116,520)	1,482,386
Trade and other payables	(375,282)	(7,429,324)
Contract liabilities	881,155	(1,225,122)
Cash generated from /(used in) operations	2,620,873	(1,190,439)
Net grant income received	3,316,526	1,938,861
Income tax paid	(1,317,253)	(1,292,995)
Net cash generated from /(used in) operating activities	4,620,146	(544,573)
Investing activities		
Interest received	58,327	550,949
Proceeds from disposal of property, plant and equipment	143,342	93
Purchase of property, plant and equipment (Note A)	(2,590,540)	(1,054,976)
Acquisition of subsidiaries (Note 34)	(1,441,861)	(9,840,041)
Investment in financial asset measured at fair value through profit or loss	(13,462,000)	(10,290,429)
Net cash used in investing activities	(17,292,732)	(20,634,404)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended July 31, 2021

	Group 2021	Group 2020
	$	$
Financing activities		
Repayment of bank borrowings	(555,403)	(257,622)
Drawdown of loan	5,000,000	-
Repayment of lease liabilities	(1,244,192)	(936,535)
Dividends paid	-	(2,523,486)
Interest paid	(196,916)	(151,290)
Increase in pledged deposits	(1,561)	(1,282)
Net cash generated from /(used in) financing activities	3,001,928	(3,870,215)
Net decrease in cash and cash equivalents	(9,670,658)	(25,049,192)
Cash and cash equivalents at beginning of year	38,568,972	63,618,164
Cash and cash equivalents at end of year	28,898,314	38,568,972

Note A:

During the year, the Group acquired property, plant and equipment with an aggregate cost of $2,590,540 (2020: $1,431,616) of which $1,920,081 (2020: $Nil) were acquired by means of hire purchases.

Reconciliation of liabilities arising from financing activities

The table below details changes in the company'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 company's statement of cash flows as cash flows from financing activities.

Group	Lease liabilities (Note 21)	Bank borrowings (Note 22)
	$	$
At August 1, 2019	934,021	-
Non-cash changes		
- Acquisition of subsidiaries (Note 34)	1,239,070	5,316,901
- New lease liabilities	265,856	-
- Accrued interest	80,689	70,601
Financing cash flow	(936,535)	(257,622)
Interest paid	(80,689)	(70,601)
At August 1, 2020	1,502,412	5,059,279
Non-cash changes		
- Acquisition of subsidiaries (Note 34)	255,868	-
- New lease liabilities	2,362,581	-
- Accrued interest	75,229	98,207
Financing cash flow	(1,244,192)	4,444,597
Interest paid	(98,709)	(98,207)
At July 31, 2021	2,853,189	9,503,876

See accompanying notes to financial statements.

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 15 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, 2021 were authorised for issue by the Board of Directors on October 28, 2021.

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 International ("SFRS(I)s").

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS - On August 1, 2020, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/ revised SFRS(I) pronouncements 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.

New and revised SFRS(I) standards in issue but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective:

Effective for annual periods beginning on or after January 1, 2021

- Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37 *Onerous Contracts-Cost of Fulfilling a Contract*
- Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Annual improvements to SFRS(I) Standards 2018 – 2020 Cycle *Amendments to SFRS(I) 1-First-time Adoption of International Standards, SFRS(I) 9 Financial instruments, SFRS(I) 16 Leases and SFRS(I) 1-41 Agriculture.*

Management anticipates that the adoption of the above amendments to SFRS(I) in the future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

Impact of the initial application of *COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to SFRS(I) 16*

In the prior year, the Group early adopted *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, the Board issued *Covid-19-Related Rent Concessions beyond June 30, 2021* (Amendment to SFRS(I) 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 (as issued by the Board in May 2021) in advance of its effective date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying SFRS(I) 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond June 30, 2022).
- There is no substantive change to other terms and conditions of the lease.

Impact of accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in SFRS(I) 16:46B, and has not restated prior period figures.

The Group has benefited from a 1-month waiver of lease payments on buildings. The waiver of lease payments of $3,000 has been accounted for as a negative variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of SFRS(I) 9:3.3.1.

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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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.

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 as specified/permitted by applicable SFRS(I)s). 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 SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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.

At the acquisition date, the identifiable assets, liabilities and contingent liabilities 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value 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.

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.

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.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss and is included in the "Other income" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, as well as other publicly available financial information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business regulatory, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 45 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition; financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full without recourse by the Group to actions such as realising retention held (if any).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 360 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. For financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 *Leases.*

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Depreciation is recognised so as to write off the cost of assets over the shorter period of lease term and useful life of the assets using the straight-line method, on the following bases:

Office equipment	5 years
Works vehicles	4 to 10 years
Machinery	3 to 10 years
Leasehold properties and building improvements	1 to 45 years (over the remaining lease terms)
Land use rights	22 years (over the remaining lease terms)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The right-of-use assets are presented within property, plant and equipment in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property, property held for sale and sublease of warehouse/dormitory space.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for expected credit losses on the lease receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance.

When a contract includes lease and non-lease components, the group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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

Depreciation is recognised 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 to 10 years
Machinery	3 to 10 years
Steel items	5 years
Leasehold properties and building improvements	1 to 45 years (over the remaining lease terms)

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.

Right-of-use assets 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.

An item of property, plant and equipment is derecognised upon disposal or when they are no longer in use. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation is measured initially at its cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over its estimated useful life of 37 years. The residual value, useful life and depreciation method of the investment property is reviewed and adjusted as appropriate at the end of each financial year. The effects of any revision are included in the profit or loss when the changes arise.

Costs of major renovations and improvements to the investment property are capitalized as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repair and minor improvement are charged to profit or loss when incurred.

Upon its disposal or retirement, the difference between the net disposal proceeds and the carrying amount of the investment property is recognized in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

GOODWILL - Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in the associates accounting policy.

INTANGIBLE ASSETS - Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised 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:

Customer contracts	3-4 years (over remaining contractual terms)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

ASSOCIATE - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. Any goodwill representing the excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the investee at date of acquisition is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. The carrying amount of the investment is reduced by the amount of impairment loss. Impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the sum of fair value of any retained interest and any proceeds from disposing of a part interest in the associate, is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income, relating to that reduction in ownership interest, if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

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.

ONEROUS CONTRACTS - Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

GOVERNMENT GRANT - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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. The Group recognises revenue when it transfers control of a product or service to a customer.

<u>Construction contracts</u>

Revenue is 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 contract value of work performed to date certified by independent architects/customers 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.

<u>Sale of properties held for sale</u>

Revenue from sale of completed properties is recognised when control of the property has been transferred to the purchaser, at a point in time, through the transfer of legal title.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 accounted for 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 laws and rates 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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the 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 (foreign currencies) are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 - Cash and cash equivalents 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.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $4,908,318 (2020: $4,427,235).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Valuation of financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are held at fair value. The valuation process involves key assumptions made related to underlying net asset values.

More information on the valuation assessment and the carrying amounts of the financial assets measured at fair value through profit and loss are disclosed in Note 17 to the financial statements.

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 assessment by an independent professional valuer. The valuation process involves significant judgements to determine the appropriate valuation methodologies and adjustments to comparable property prices when using the direct comparison method.

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

Provisions

The Group is involved in construction projects and records provisions for 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 is disclosed in Note 20 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of trade and other receivables is disclosed in Note 8 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

a) *Categories of financial instruments*

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Financial assets				
Financial assets at amortised cost	38,356,174	45,919,811	12,523,839	7,498,716
Financial assets at fair value through profit or loss	23,742,108	10,290,429	23,742,108	10,290,429
	62,098,282	56,210,240	36,265,947	17,789,145
Financial liabilities				
Lease liabilities	2,853,189	1,502,412	-	-
Financial liabilities at amortised cost	29,232,166	24,560,258	10,320,839	10,695,940
	32,085,355	26,062,670	10,320,839	10,695,940

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

Company

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			
- as at July 31, 2021	26,579,317	(19,913,497)	6,665,820
- as at July 31, 2020	9,513,281	(4,197,462)	5,315,819

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities	(b) Gross amounts of recognised financial assets set off in the statement of financial position	(c) = (a) - (b) Net amounts of financial liabilities presented in the statement of financial position
	$	$	$
Trade and other payables			
- as at July 31, 2021	29,469,470	(19,913,497)	9,555,973
- as at July 31, 2020	14,119,075	(4,197,462)	9,921,613

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 unquoted equities denominated in United States dollars and Euro, and a bond receivable denominated in Pound sterling.

At the reporting date, the carrying amounts of monetary assets denominated in US dollars, Euro and Pound sterling, the principal non-functional currencies are as follows:

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
United States dollar	13,537,405	2,614	13,534,800	-
Euro	10,207,308	10,290,429	10,207,308	10,290,429
Pound sterling	1,855,125	1,798,062	-	-

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 dollar were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $676,870 (2020: $131) and the Company's profit before tax will decrease/increase by $676,870 (2020: $Nil).

If the Euro were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $510,365 (2020: $514,521) and the Company's profit before tax will decrease/increase by $510,365 (2020: $514,521).

If the Pound sterling were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $92,756 (2020: $89,903) and the Company's profit before tax will decrease/increase by $Nil (2020: $Nil).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) 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 primary source of the Group's interest rate risk relates to its bank borrowings (Note 22).

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, 2021 would decrease/increase by $32,459 (2020: $16,300). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

As at July 31, 2021 and July 31, 2020, the carrying amounts of financial assets and contract assets as stated in the statements of financial position and the exposure to calls on corporate guarantees below, represents the Group's and Company's maximum exposure to credit risk without taking into account the value of any collateral which can reduce the exposure.

To measure the exposures to credit risk, trade receivables and contract assets have been grouped based on characteristics and the days past due derived from the Group's own trading records. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group uses its trading records to rate its major customers and other debtors.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(iii) Overview of the Group's exposure to credit risk (cont'd)

The tables below detail the credit quality of the Group's and Company's financial assets as well as maximum exposure to credit risk:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and contract assets: lifetime ECL - not credit impaired. Other receivables: 12-month ECL.
Doubtful	Amount is >45 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired.
In default	Amount is >360 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired.
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off.

Further details on the credit quality and maximum exposure to credit risk of the Group's and Company's financial assets are detailed in Notes 8 and 9.

Cash and cash equivalents held with reputable financial institutions are subject to immaterial credit loss.

(iv) Credit risk management

The Group has concentration of credit risk relating to cash and cash equivalents that constitutes approximately 46% (2020: 69%) of the financial assets of the Group that is held with 9 (2020: 8) financial institutions.

The Group's principal financial assets are cash and cash equivalents, pledged bank deposits, investment in unquoted equities 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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) 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. 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.

Singapore's construction industry has been one of the hardest-hit sectors of the economy as a result of the COVID-19 pandemic.

The Group was able to manage the COVID-19 pandemic's impact of increased cost of construction materials, and rising cost of manpower due to labour shortage arising from border restrictions. However, these impacts put downward pressure on the project's profitability. Government assistance aided to buffer part of the rising costs.

Management is actively monitoring and taking the necessary steps to mitigate the impact of the COVID-19 pandemic on the businesses of the Group. Notwithstanding this, management has assessed that the Group is still able to maintain sufficient liquidity to continue as a going concern for at least the next 12 months from the end of the reporting period.

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.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management (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						
July 31, 2021						
Non-interest bearing	-	17,085,391	2,642,899	-	-	19,728,290
Fixed interest rate instruments	2.25	1,058,241	4,232,963	-	(291,204)	5,000,000
Variable interest rate instruments	1.49	668,811	3,051,744	2,001,902	(1,218,581)	4,503,876
Lease liabilities (fixed rate)	3.53	1,495,374	1,507,667	-	(149,852)	2,853,189
		20,307,817	11,435,273	2,001,902	(1,659,637)	32,085,355
July 31, 2020						
Non-interest bearing	-	15,466,551	4,034,428	-	-	19,500,979
Variable interest rate instruments	2.66	664,262	3,050,643	2,669,121	(1,324,747)	5,059,279
Lease liabilities (fixed rate)	3.55	862,468	686,193	7,136	(53,385)	1,502,412
		16,993,281	7,771,264	2,676,257	(1,378,132)	26,062,670
Company						
July 31, 2020						
Non-interest bearing	-	7,879,616	2,816,324	-	-	10,695,940
		7,879,616	2,816,324	-	-	10,695,940

Financial liabilities of the Company as at July 31, 2021 are repayable on demand and classified as current.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset 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						
July 31, 2021						
Non-interest bearing	-	35,505,564	-	-	-	35,505,564
Fixed interest rate instruments	5.98	996,126	2,223,838	-	(369,354)	2,850,610
		36,501,690	2,223,838	-	(369,354)	38,356,174
July 31, 2020						
Non-interest bearing	-	28,869,094	-	-	-	28,869,094
Fixed interest rate instruments	2.12	15,265,305	2,343,892	-	(558,480)	17,050,717
		44,134,399	2,343,892	-	(558,480)	45,919,811

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
Company						
July 31, 2021						
Non-interest bearing	-	11,548,301	975,538	-	-	12,523,839
July 31, 2020						
Non-interest bearing	-	5,803,111	967,412	-	-	6,770,523
Fixed interest rate instruments	0.29	728,216	-	-	(23)	728,193
		6,531,327	967,412	-	(23)	7,498,716

(vi) 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.

Financial assets at fair value through profit or loss are measured at fair value as at each reporting date. These securities are classified within Level 3 of the fair value hierarchy. The Group had taken reference to recent sales of unquoted equities as a proxy of fair value. Other significant unobservable inputs utilised by management includes the net tangible assets of the underlying fund. The higher the net tangible assets and recent sales of unquoted equities, the higher the fair value would be.

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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 the previous financial year.

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

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 Pte. Ltd., incorporated in Singapore, 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 Pte. 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, 2021, the directors provided performance guarantees of $2,099,750 (2020: $2,099,750) 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:

	2021	2020
	$	$
Revenue earned relating to a construction contract from a director	-	290,746

6 RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

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

	Group	
	2021	2020
	$	$
Short-term benefits	2,640,038	2,571,868
Post-employment benefits	98,158	95,115
	2,738,196	2,666,983

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Cash on hand	7,148	5,004	-	-
Cash at bank	28,891,166	24,305,237	5,858,019	1,430,537
Fixed deposits	995,485	15,252,655	-	728,193
	29,893,799	39,562,896	5,858,019	2,158,730
Less: Pledged bank deposits	(995,485)	(993,924)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	28,898,314	38,568,972	5,858,019	2,158,730

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 Nil% (2020: 1.12%) per annum.

Pledged bank deposits have an original maturity of twelve months or less, an average interest rate of 0.10% (2020: 1.70%) per annum and are pledged against banking facilities.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Trade receivables from third parties	7,063,517	3,794,513	-	-
Less: Loss allowance	(987,080)	(1,049,697)	-	-
	6,076,437	2,744,816	-	-
Other receivables from third parties	90,535	413,905	-	17
Other receivables from subsidiaries (Note 5)	-	-	6,665,820	5,315,819
Bond receivable from associate	2,178,145	2,067,981	-	-
Accrued interest from bond receivable	284,731	74,564	-	-
Government grant receivables	159,137	532,227	-	24,150
Tender deposits	129,993	81,329	-	-
Deposits	310,285	238,468	-	-
Prepayments	178,658	182,664	21,553	20,499
Advance to suppliers	486,702	630,518	-	-
	3,818,186	4,221,656	6,687,373	5,360,485
Less: Loss allowance for bond receivable	(607,751)	(344,483)	-	-
	3,210,435	3,877,173	6,687,373	5,360,485
Total trade and other receivables	9,286,872	6,621,989	6,687,373	5,360,485
Analysed as:				
Current	7,431,747	4,823,927	5,711,835	4,393,073
Non-current	1,855,125	1,798,062	975,538	967,412
	9,286,872	6,621,989	6,687,373	5,360,485

Movement of loss allowance:

	Group	
	2021	2020
	$	$
Balance at beginning of year	1,394,180	321,821
Acquisitions through business combinations	71,356	809,141
Net write-back of loss allowance during the year	(22,820)	(39,926)
Amount written off	(111,153)	(41,339)
Loss allowance – bond receivable during the year	263,268	344,483
Balance at end of year	1,594,831	1,394,180

The average credit period is 45 days (2020: 45 days). No interest is charged on the outstanding balance. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL).

8 TRADE AND OTHER RECEIVABLES (CONT'D)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

Bond receivable from associate has maturity date of thirty six months (2020: thirty six months) with a fixed interest rate of 9.14% (2020: 9.14%).

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns from individual and collective assessment, the provision for loss allowance based on past due status is not further distinguished individually and collectively.

July 31, 2021	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL	Total
	%	$	$	$
Current (not past due)	*	3,033,959	-	3,033,959
1 to 90 days past due	*	2,162,974	(11,523)	2,151,451
91 to 180 days past due	*	876,672	(11,492)	865,180
181 to 360 days past due	76	109,290	(83,443)	25,847
More than 360 days past due	100	880,622	(880,622)	-
		7,063,517	(987,080)	6,076,437

July 31, 2020	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL	Total
	%	$	$	$
Current (not past due)	*	707,808	(61,643)	646,165
1 to 90 days past due	*	165,287	(9,360)	155,927
91 to 180 days past due	*	911,959	(4,672)	907,287
181 to 360 days past due	*	163,942	-	163,942
More than 360 days past due	53	1,845,517	(974,022)	871,495
		3,794,513	(1,049,697)	2,744,816

* The weighted credit loss rate is assessed as negligible.

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

8 TRADE AND OTHER RECEIVABLES (CONT'D)

In determining the ECL, the Group has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

For the purpose of impairment assessment, other receivables including bond receivable from associate are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

There has been no significant change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Based on the Group's historical credit loss experience with the relevant counterparties, as well as available forward-looking information, the Group has assessed the expected credit loss rate on other receivables to be insignificant.

9 CONTRACT ASSETS

	Group	
	2021	2020
	$	$
Retention monies on contract work	8,546,461	6,790,478
Unbilled receivables	1,896,615	2,219,473
	10,443,076	9,009,951
Analysed as:		
Current	4,377,807	4,428,545
Non-current	6,065,269	4,581,406
	10,443,076	9,009,951

Unbilled receivables are balances owed by customers under construction contracts that arise for work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Retention sums classified as current are expected to be received within the Group's normal operating cycle.

Management always estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the contract assets at the end of the reporting period is past due and no loss allowance is recognised as the credit loss rate is assessed as negligible.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

10 PROPERTIES HELD FOR SALE

	Group	
	2021	2020
	$	$
Properties held for sale	3,468,728	3,468,728

In 2020, there was a write-back of properties held for sale to cost amounting to $118,728 as a result of increase in value.

Particulars of the properties held for sales wholly owned by the Group as at July 31, 2021 and July 31, 2020 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

The Group's property, plant and equipment (excluding right-of-use assets):

Group	Furniture and fittings	Office equipment	Works vehicles	Machinery	Leasehold properties and building improvements	Steel items	Total
	$	$	$	$	$	$	$
Cost:							
At August 1, 2019	207,681	610,572	2,360,477	2,325,630	1,192,300	-	6,696,660
Adoption of SFRS(I) 16	-	(16,304)	(2,360,477)	(856,812)	(547,287)	-	(3,780,880)
Acquired on acquisition of subsidiaries (Note 34)	62,686	159,379	1,418,565	8,202,002	4,141,142	12,347,439	26,331,213
Additions	9,826	187,246	164,800	561,153	94,830	413,761	1,431,616
Disposals	(5,213)	(35,460)	-	-	-	(396,010)	(436,683)
Write-off	-	-	-	-	(645,013)	-	(645,013)
At July 31, 2020	274,980	905,433	1,583,365	10,231,973	4,235,972	12,365,190	29,596,913
Acquired on acquisition of subsidiaries (Note 34)	1,363	965	-	1,180,923	-	-	1,183,251
Additions	829	105,072	-	292,973	-	2,191,666	2,590,540
Disposals	(188)	(22,310)	(202,898)	(1,630,461)	-	(690,568)	(2,546,425)
Reclassification	-	-	1,941,213	1,095,212	-	-	3,036,425
At July 31, 2021	276,984	989,160	3,321,680	11,170,620	4,235,972	13,866,288	33,860,704
Accumulated depreciation:							
At August 1, 2019	156,794	319,679	2,073,285	2,307,641	1,192,300	-	6,049,699
Adoption of SFRS(I) 16	-	(11,141)	(2,073,285)	(856,812)	(547,287)	-	(3,488,525)
Acquired on acquisition of subsidiaries (Note 34)	62,656	156,070	1,077,749	7,153,942	941,142	3,053,320	12,444,879
Depreciation	26,276	97,270	153,933	335,324	160,530	645,239	1,418,572
Eliminated on disposals	(5,213)	(35,460)	-	-	-	(396,010)	(436,683)
Eliminated on write-off	-	-	-	-	(645,013)	-	(645,013)
At July 31, 2020	240,513	526,418	1,231,682	8,940,095	1,101,672	3,302,549	15,342,929
Depreciation	23,316	112,348	139,818	595,047	167,376	2,815,617	3,853,522
Eliminated on disposals	(160)	(22,262)	(195,454)	(857,920)	-	(690,568)	(1,766,364)
Reclassification	-	-	1,941,213	1,090,432	-	-	3,031,645
At July 31, 2021	263,669	616,504	3,117,259	9,767,654	1,269,048	5,427,598	20,461,732
Carrying amount:							
At July 31, 2021	13,315	372,656	204,421	1,402,966	2,966,924	8,438,690	13,398,972
At July 31, 2020	34,467	379,015	351,683	1,291,878	3,134,300	9,062,641	14,253,984

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's right-of-use assets:

Group	Office equipment	Works vehicles	Machinery	Leasehold properties and building improvements	Land use rights	Total
	$	$	$	$	$	$
Cost:						
August 1, 2019	16,304	2,360,477	856,812	985,486	-	4,219,079
Acquired on acquisition of subsidiaries (Note 34)	-	21,202	-	233,004	-	254,206
Additions	-	-	-	267,646	-	267,646
At July 31, 2020	16,304	2,849,468	2,641,486	2,619,400	6,261,977	14,388,635
Acquired on acquisition of subsidiaries (Note 34)	-	21,202	-	233,004	-	254,206
Additions	32,986	374,049	2,285,587	485,397	-	3,178,019
Disposals	(16,304)	(34,097)	-	-		(50,401)
Reclassification	-	(1,941,213)	(1,095,212)	-	-	(3,036,425)
At July 31, 2021	32,986	1,269,409	3,831,861	3,337,801	6,261,977	14,734,034
Accumulated depreciation:						
August 1, 2019	11,141	2,073,285	856,812	547,287	-	3,488,525
Acquired on acquisition of subsidiaries (Note 34)	-	119,966	640,193	146,268	1,261,976	2,168,403
Depreciation	3,261	189,783	161,753	415,092	102,323	872,212
At July 31, 2020	14,402	2,383,034	1,658,758	1,108,647	1,364,299	6,529,140
Depreciation	5,183	326,245	691,897	478,729	384,326	1,886,380
Eliminated on disposals	(16,304)	(34,097)	-	-	-	(50,401)
Reclassification	-	(1,941,213)	(1,090,432)	-	-	(3,031,645)
At July 31, 2021	3,281	733,969	1,260,223	1,587,376	1,748,625	5,333,474
Carrying amount:						
At July 31, 2021	29,705	535,440	2,571,638	1,750,425	4,513,352	9,400,560
At July 31, 2020	1,902	466,434	982,728	1,510,753	4,897,678	7,859,495

The Group's total plant and equipment:

Group	Furniture and fittings	Office equipment	Works Vehicles	Machinery	Leasehold properties and building improvements	Land use Rights	Steel items	Total
	$	$	$	$	$	$	$	$
Carrying amount:								
At July 31, 2021	13,315	402,361	739,861	3,974,604	4,717,349	4,513,352	8,438,690	22,799,532
At July 31, 2020	34,467	380,917	818,117	2,274,606	4,645,053	4,897,678	9,062,641	22,113,479

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group has certain office equipment, works vehicles and machinery under hire purchase agreements. The Group's obligations are secured by the lessors' title to the leased asset for such leases.

The Group has pledged land use rights and buildings with a carrying amount of $8,651,037 (2020: of $9,237,438) to secure bank loan as disclosed in Note 22.

12 INVESTMENT PROPERTY

	Group	
	2021	2020
Cost and carrying amount:	$	$
Balance at beginning of year	530,000	-
Acquisitions through business combinations	-	530,000
Balance at end of year	530,000	530,000
Accumulated depreciation:		
Balance at beginning of year	-	-
Depreciation	15,714	-
Balance at end of year	15,714	-
Carrying amount:		
Balance at beginning of year	530,000	-
Balance at end of year	514,286	530,000

Details of the factory held by the Group as at July 31, 2021 are set out below:

Address of property	Tenure	Remaining tenure	Fair Value
1 Bukit Batok Crescent #09-18, Wcega Plaza, Singapore 658064	60 years	36 years	$540,000

The investment property listed above is used for commercial purposes.

The fair value is regarded as Level 3 in the fair value hierarchy. The fair values of the investment property were arrived at by reference to valuations performed by independent valuer having appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation was arrived at principally by using the basis of direct comparison approach that reflects recent transaction prices for similar properties adjusted for location and size.

The property rental income from the Group's investment property are leased out under operating leases, amounted to $3,550 (2020: 13,543) during the year. Direct operating expenses arising on the investment property amounted to $1,763 (2020: $881).

13 GOODWILL

	Group
Cost and carrying amount:	$
At July 31, 2020	4,427,235
Arising on acquisition of subsidiaries (Note 34)	481,083
At July 31, 2021	4,908,318

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Group	
	2021	2020
	$	$
Construction services		
KH Engineering Limited, Kian Hock Engineering Pte. Ltd. and Kian Hock Piling Pte. Ltd. ("KHE") (single CGU)	2,268,223	2,268,223
Dae Sung Construction Pte. Ltd. ("DSC") (single CGU)	481,083	-
Instrumentation service		
KH Instrumentation Pte. Ltd. ("KHI") (single CGU)	2,159,012	2,159,012
	4,908,318	4,427,235

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

In accordance with the requirements of SFRS(I) 1-36, the value in use calculations applied a discounted cash flow model using management approved cash flow projections.

The key assumptions used in determining the recoverable amount of the CGUs are those regarding discount rates, revenue growth rates, profitability margins, capital expenditures, working capital cycles and non-operating cash balances, as at the assessment date.

The discount rates applied to the cash flows projections are derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts.

The growth rates used to extrapolate the cash flows of KHE and KHI are -13.5% and -24.8% respectively for FY2022 and, 5% and 5% respectively for subsequent years (2020: growh rates for subsequent years were 10% and 15% respectively). This does not exceed the long-term growth rate for the relevant markets.

The growth rates used to extrapolate the cash flows of DSC is 23.5% for FY2022 and, 5% for subsequent years. This does not exceed the long-term growth rate for the relevant markets.

13 GOODWILL (CONT'D)

The implied pre-tax rates used to discount the cash flow projections of the respective CGUs are as follows:

(a) The rate used to discount the cash flows from KHE is 8.0% (2020: 8%).

(b) The rate used to discount the cash flows from KHI is 8.0% (2020: 8%).

(c) The rate used to discount the cash flows from DSC is 8.0%.

The values assigned to other key assumptions are based on past performances and expected future market development.

As at the end of the respective reporting periods, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amount of the CGU.

14 INTANGIBLE ASSETS

	Group	
	2021	2020
	$	$
Cost:		
Balance at beginning of year	-	-
Acquired on acquisition of a subsidiary	610,000	-
Balance at end of year	610,000	-
Armotisation:		
Balance at beginning of year	-	-
Armotisation for the year	61,000	-
Balance at end of year	61,000	-
Carrying amount:		
Balance at end of year	549,000	-

Intangible assets relate to the customer contracts secured by DSC prior to its acquisition date. These contracts legally bind DSC to the main contractors, to fulfil the agreed scopes of works and earn the sub-contract sums.

The amortisation expense has been included in the line item "Cost of sales" in consolidated statement of comprehensive income.

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	$	$
Unquoted equity shares, at cost	16,977,120	16,977,120
Deemed capital investment	31,833,559	31,833,559
Impairment loss	(11,429,908)	(10,611,750)
	37,380,771	38,198,929

Management is of the view that the amount due from subsidiaries of $31,833,559 (2020: $31,833,559) represents deemed capital investment in a subsidiary as there is no contractual obligation for repayment by the subsidiary.

Movement in the impairment loss:

	Company	
	2021	2020
	$	$
At beginning of year	10,611,750	10,590,908
Allowance made during the year	988,000	169,842
Write-back of allowance during the year	(169,842)	(149,000)
At end of year	11,429,908	10,611,750

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 are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activity
		2021	2020	
		%	%	
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)(2)	Singapore	100	100	Property development
De Paradiso Development Pte. Ltd. (1)	Singapore	100	100	Property development
Gcap Properties Pte. Ltd. (1)(2)	Singapore	60	60	Property development

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activity
		2021	2020	
		%	%	
Held by the Company (cont'd)				
Sysma Capital Pte. Ltd. [1]	Singapore	100	100	Investment holding
Sysma Jade Pte. Ltd. [1]	Singapore	100	100	Investment holding
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.				
Sysma Capital Two Pte. Ltd.	Singapore	100	100	Investment holding
Sysma Capital One Pte. Ltd.	Singapore	100	100	Investment holding
Held by Sysma Jade Pte. Ltd.				
KH Engineering Limited [3]	British Virgin Islands	100	100	Investment holding
Held by KH Engineering Limited				
Kian Hock Engineering Pte. Ltd. [1]	Singapore	100	100	Building and construction services
Kian Hock Piling Pte. Ltd. [1]	Singapore	100	100	Building and construction services
KH Instrumentation Pte. Ltd. [1] [3]	Singapore	100	100	Building and construction services
Held by Kian Hock Engineering Pte Ltd				
Dae Sung Construction Pte. Ltd. [1]	Singapore	100	-	Building and construction services

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

(2) As at July 22, 2021, these subsidiaries have commenced voluntary liquidation.

(3) On August 1, 2021, the Proposed KHEL Share Issuance and Proposed KHIPL Share Issuance (each defined in the SPA Announcement dated April 22, 2021) have been successfully completed. Following the completion, the Company's shareholding percentage in KHEL was reduced from 100% to 80% and KHEL's shareholding percentage in KHIPL was reduced from 100% to 90%.

15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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	
		2021	2020
Investment holding	Singapore	8	8
Building and construction services	Singapore	5	4
Property development	Singapore	2	2
		15	14

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		(Loss) Profit attributable to non-controlling interest		Accumulated non-controlling interest	
		2021	2020	2021	2020	2021	2020
		%	%	$	$	$	$
Gcap Properties Pte. Ltd.	Singapore	40	40	(4,780)	525	806,340	811,120

15 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.	
	2021	2020
	$	$
Current assets	1,362,725	1,372,818
Current liabilities	(15,846)	(13,988)
Total equity	1,346,879	1,358,830
Equity attributable to:		
Owner of the company	808,217	815,298
Non-controlling interest	538,752	543,532
Revenue	-	-
(Loss) Profit for the year, representing total comprehensive (loss) income for the year	(11,950)	1,313
Total comprehensive (loss) income attributable to:		
Owner of the company	(7,170)	788
Non-controlling interest	(4,780)	525
Net cash (outflow) inflow from:		
Operating activities	(9,102)	2,311
Net cash (outflow) inflow	(9,102)	2,311

16 INVESTMENT IN ASSOCIATE

	Group	
	2021	2020
	$	$
Cost of investment in associate	50	50
Share of post-acquisition losses	(49)	(49)
	1	1

Details of the Group's associate at July 31, 2021 and July 31, 2020 are as follows:

Name of associate	Country of incorporation (or residence)	Proportion of ownership interest and voting power held	Principal activity
Lascelles Park Limited.	England	30%	Property development.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2021	2020
	$	$
Investment in unquoted equities (Level 3)		
- Issuer A	10,207,308	10,290,429
- Issuer B	13,534,800	-
	23,742,108	10,290,429

The investments in Issuer A and Issuer B are in a Singapore domiciled unit trust fund and unquoted equity investment respectively.

The fair value of the investment in Issuer A's unquoted equities has been assessed by reference to valuations performed by independent valuer having appropriate recognised professional qualification. The fair values have been estimated based on the Group's share of the net asset value of the investee, which approximates its fair value as at the end of the reporting period. The investee's main assets are investment properties comprising of logistics hubs which are leased to external parties. For the investment in Issuer B's unquoted equities acquired during the year, fair value is estimated using valuation that arose from the subsequent round of external financing as a proxy.

In 2021, the changes in the fair value of financial assets are due to movements in exchange rates and the acquisition of additional financial assets.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Trade payables to third parties	11,225,549	8,498,334	-	-
Other payables to subsidiaries (Note 5)	-	-	9,555,973	9,921,613
Other payables to third parties	3,783,012	6,137,817	90,456	77,278
Deposits received from tenants	38,590	38,660	-	-
Rental advances received from tenants	3,526	1,016	-	-
Deferred government grant income	342,022	593,380	4,140	47,438
Accruals for operating expenditure	5,259,212	4,231,772	750,757	649,611
	20,651,911	19,500,979	10,401,326	10,695,940
Analysed as:				
Current	18,009,012	15,466,551	10,401,326	7,879,616
Non-current	2,642,899	4,034,428	-	2,816,324
	20,651,911	19,500,979	10,401,326	10,695,940

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and sub-contractor costs.

The average credit period on purchases of goods is 60 days (2020: 60 days). No interest is charged on the outstanding balance.

19 CONTRACT LIABILITIES

	Group	
	2021	2020
	$	$
Amounts received in advance [i]	1,940,241	1,646,097
Deferred revenue [ii]	2,164,522	1,260,936
Provision for liquidated damages	602,000	602,000
	4,706,793	3,509,033

(i) Amount received in advance is recognised as contract liability until the contract value of work is certified by independent architects/customers.

(ii) Deferred revenue arises from the proportion of contract value of work performed and is recognised as contract liability until the contract value of work is certified by customers at the end of contracts.

The Group's revenue recognised that was included in the contract liability balance at the beginning of the period is $285,849 (2020: $16,565).

20 PROVISIONS

Movement for provision of the Group during the year are as follows:

	Group	
	2021	2020
	$	$
At beginning of year	6,383,935	6,139,745
(Reversal) Addition during the year	(435,509)	312,105
Utilisation during the year	(274,138)	(67,915)
At end of year	5,674,288	6,383,935

Provision includes:

(i) Provision for defective works and warranty amounting to $5,369,685 (2020: $5,739,542), which represents management's best estimate of the cost of work to be carried out for construction contracts based on the past experience and assessment for each project;

(ii) Provision for foreseeable losses of $84,603 (2020: $644,393), which includes management's best estimate of the future costs that the Group is presently obligated to make under a non-cancellable onerous contract, less revenue expected to be earned; and

(iii) Provision for back charge of $220,000 (2020: $ Nil).

21 LEASE LIABILITIES

The Group does not face a significant liquidity risk with regard to its lease liabilities.

	Group	
	2021	2020
	$	$
Maturity analysis:		
Year 1	1,495,374	862,468
Year 2	882,411	517,309
Year 3	344,496	140,204
Year 4	155,793	14,340
Year 5	124,967	14,340
Year 6 onwards	-	7,136
	3,003,041	1,555,797
Less: Unearned interest	(149,852)	(53,385)
	2,853,189	1,502,412
Analysed as:		
Current	1,406,365	833,056
Non-Current	1,446,824	669,356
	2,853,189	1,502,412

22 BANK BORROWINGS

	Group	
	2021	2020
	$	$
Bank loans	9,503,876	5,059,279
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,362,044)	(526,115)
Amount due for settlement after 12 months	8,141,832	4,533,164

The Group has four principal bank loans, all of which are denominated in Singapore dollars.

(a) Bank loan 1 – On March 23, 2012, the subsidiary drew a loan. The remaining balance as at year end was $384,655 (2020: $416,837). The interest rate for 2021 was 1.78% per annum (2020: the prevailing 3 months SIBOR plus 3.28% per annum, till June 1, 2020 where it was revised to 1.78% per annum for the next 2 years). From June 1, 2022 the interest rate would be the prevailing 3 months SIBOR plus 4.00% per annum. The loan is repayable on a monthly repayment and matures on March 23, 2032.

22 BANK BORROWINGS (CONT'D)

(b) Bank loan 2 - On July 25, 2018, the subsidiary drew a loan. The remaining balance as at year end was $3,803,882 (2020: $4,319,310). The interest rate for 2021 was revised to 1.78% per annum till July 24, 2022, and the prevailing 3-month SIBOR plus 4.00% per annum from thereon (2020: 3.82% below the bank's prevailing commercial property rate per annum for FY2020, and the bank's prevailing commercial property rate per annum from thereon). The loan is repayable on a monthly repayment and matures on July 25, 2028.

(c) Bank loan 3 – On August 30, 2019, the subsidiary drew a loan. The remaining balance as at year end was $315,339 (2020: $323,132). The interest rate for 2021 was 2.78% per annum (2020: 2.78% per annum for the first 2 years from date of drawdown, and the bank's prevailing commercial property rate per annum from thereon). From September 2021, the interest rate would be the bank's prevailing commercial property rate per annum. The Bank had agreed to defer repayment of principal from May-20 to Dec-20, by increasing repayments in subsequent months. The loan is repayable on a monthly repayment and matures on August 30, 2039.

(d) Bank loan 4 – On July 1, 2021, the Group drew a loan of $5,000,000, which bears an interest rate of 2.25% per annum. The loan is repayable on a monthly repayment and matures on July 31, 2026. The remaining balance as at year end was $5,000,000.

The bank loans 1, 2, and 3 are secured by:

- Legal mortgage of certain of the Group's property plant and equipment; and
- Corporate guarantee provided by the Company (2020: Joint and several personal guarantees from the directors (resigned and existing) of the subsidiary).

The bank loans 1 and 2 are also secured by:

- Corporate guarantee provided by Kian Hock Piling Pte. Ltd.

The bank loan 4 is secured by:

- Corporate guarantee provided by the Company.

23 DEFERRED TAX

	Group	
	2021	2020
	$	$
Deferred tax liabilities	1,691,843	2,523,037

23 DEFERRED TAX (CONT'D)

The following are the major deferred tax assets and liabilities by the Group and movement thereon during the year:

	Provisions	Accelerated tax depreciation	Deemed cost arising from PPA	Total
	$	$	$	$
Group				
At August 1, 2019	(202,442)	-	-	(202,442)
Charge to profit or loss (Note 30)	1,145,636	121,989	-	1,267,625
Acquisition of subsidiaries (Note 34)	-	481,238	976,616	1,457,854
At July 31, 2020	943,194	603,227	976,616	2,523,037
(Credit) Charge to profit or loss (Note 30)	(943,194)	172,158	(261,547)	(1,032,583)
Acquisition of subsidiaries (Note 34)	-	66,389	135,000	201,389
At July 31, 2021	-	841,774	850,069	1,691,843

24 SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	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.

25 TREASURY SHARES

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares		$	$
At the beginning and end of the year	8,651,400	8,651,400	1,120,185	1,120,185

26 REVENUE

	Group	
	2021	2020
	$	$
Revenue from construction contracts over time	55,854,981	33,750,881

26 REVENUE (CONT'D)

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	2021	2020
	$	$
Construction contracts	36,401,552	69,007,451

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

Management expects that the transaction price allocated to the unsatisfied contracts as of July 31, 2021 will be recognised as revenue over the next 2 years.

27 OTHER INCOME

	Group	
	2021	2020
	$	$
Interest income from banks	58,431	673,814
Interest income from bond receivable	199,365	185,425
Gain on disposal of property, plant and equipment	135,898	93
Rental income	441,935	382,140
Government grant income		
Foreign workers' levy rebates	471,100	621,375
Job Support Scheme ("JSS")	1,836,476	1,024,813
Building and Construction Authority's project-based support	728,002	77,600
Other grant income	167,072	160,080
Foreign exchange gain	120,966	1,065,261
Write-back of property held for sale to net realisable value	-	118,728
Miscellaneous income	742,058	380,441
	4,901,303	4,689,770

In 2021, the Group received wage support for local employees under the JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. JSS grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 20 months commencing from April 2020. JSS grant income of $1,836,476 (2020: $1,024,813) was recognised during the year.

28 FINANCE COSTS

	Group	
	2021	2020
	$	$
Interest on bank borrowings	98,207	70,601
Interest on lease liabilities	75,229	80,689
Unwinding of discount on non-current payables	147,857	142,764
	321,293	294,054

29 PROFIT BEFORE TAX

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

	Group	
	2021	2020
	$	$
Directors' fees	117,138	143,935
Directors' remuneration	924,989	1,018,617
Costs of defined contribution plans included in staff costs	851,792	666,042
Staff costs (including directors' remuneration)	15,625,026	12,407,436
Statutory audit fees paid to auditors of the Company	327,000	285,000
Government grant expense	5,607	8,410
(Write back)/Addition of provisions	(435,509)	312,105
Recovery of written off receivables	-	(26,026)
Net write back of loss allowance	(22,820)	(39,926)

30 INCOME TAX EXPENSE

	Group	
	2021	2020
	$	$
Current:		
- Income tax	967,020	273,417
- Deferred tax (Note 23)	(172,707)	1,267,625
	794,313	1,541,042
Overprovision in prior years	(488,389)	(136,945)
	305,924	1,404,097

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable income for the financial year.

30 INCOME TAX EXPENSE

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

	Group	
	2021	2020
	$	$
Profit before tax	2,953,554	2,587,922
Income tax expense at statutory rate of 17%	502,104	439,947
Non-allowable items	288,701	1,726,895
Non-taxable items	(658,064)	(838,661)
Over provision of current tax in prior years	(488,389)	(136,945)
Adjustment to deferred tax liabilities	(83,318)	-
Exempt income	(88,107)	(29,079)
Tax incentives	(68,423)	-
Deferred tax benefits not recognised	713,447	24,966
Others	187,973	216,974
	305,924	1,404,097

As at the end of the reporting period, the Group has tax losses of approximately $3,613,159 (2020: $43,486) and deductible temporary differences of $1,047,193 (2020: $420,117), that are available for offset against future taxable profits of the companies in the Group in which the losses and deductible temporary differences arose for which no deferred tax asset is recognised due to uncertainty of recoverability. The use of these tax losses and deductible temporary differences is subject to the agreement of the tax authorities.

31 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	
	2021	2020
	$	$
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	2,652,410	1,183,300
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	252,348,600	252,348,600
	Cents	Cents
Basic and diluted earnings per share	1.05	0.47

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.

32 OPERATING LEASE ARRANGEMENTS

The Group as lessee

As at July 31, 2021, the Group is committed to $67,422 (2020: $314,054) for short term leases and $Nil (2020: $15,045) for leases of low-value assets.

The Group as lessor

Operating leases, in which the group is the lessor, relate to the following:

- Investment property and property held for sale owned by the Group with original lease terms of between 1 to 3 years, with no extension option. The lessee does not have an option to purchase the property at the expiry of the lease period.
- Sublease of warehouse/dormitory space with no fixed lease term. The lease can be cancelled by either party with one month's notice.

	Group	
	2021	2020
Maturity analysis of operating lease payments:	$	$
Year 1	76,313	95,120
Year 2	42,000	55,600
Year 3	42,000	42,000
Year 4	-	42,000
	160,313	234,720

33 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 SFRS (I) 8 *Operating Segments*.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable segments under SFRS (I) 8 *Operating Segments* are set out below:

Construction

General builders and construction contractors and general engineering.

Property development

Development of residential and commercial projects.

33 SEGMENT INFORMATION (CONT'D)

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.

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.

	Building construction	Property development	Investment holding	Elimination	Group
2021	$	$	$	$	$
Revenue					
External customers	55,854,981	-	-	-	55,854,981
Inter-segment	6,335,586	-	45,010,000	(51,345,586)	-
Total revenue	62,190,567	-	45,010,000	(51,345,586)	55,854,981
Results					
Segment results:					
Profit (Loss) before tax	3,911,576	(1,016,720)	45,573,848	(45,515,150)	2,953,554
Income tax expense					(305,924)
Profit for the year					2,647,630

33 SEGMENT INFORMATION (CONT'D)

	Building construction	Property development	Investment holding	Group
	$	$	$	$
2021				
Assets and liabilities				
Segment assets	64,216,864	1,549,624	39,839,232	105,605,720
Segment liabilities	42,321,095	54,262	3,996,454	46,371,811
Other information				
Depreciation of property, plant and equipment	(5,739,902)	-	-	(5,739,902)
Net provisions	435,509	-	-	435,509
Net loss allowance	22,820	-	-	22,820
Loss allowance - other receivables	-	-	(263,268)	(263,268)
Net foreign exchange gains	(160)	-	110,645	110,485
Government grant	3,105,433	-	97,217	3,202,650
Finance costs	(171,210)	-	(150,083)	(321,293)
Interest income	50,447	-	207,349	257,796
Additions to non-current assets	4,996,017	-	-	4,996,017

	Construction	Property development	Investment holding	Elimination	Group
2020	$	$	$	$	$
Revenue					
External customers	33,750,881	-	-	-	33,750,881
Inter-segment	3,595,805	-	-	(3,595,805)	-
Total revenue	37,346,686	-	-	(3,595,805)	33,750,881
Results					
Segment results:					
Profit (Loss) before tax	1,909,215	(32,554)	341,038	370,223	2,587,922
Income tax expense					(1,404,097)
Profit for the year					1,183,825

33 SEGMENT INFORMATION (CONT'D)

	Building construction	Property development	Investment holding	Group
	$	$	$	$
2020				
Assets and liabilities				
Segment assets	70,763,837	2,539,102	22,721,769	96,024,708
Segment liabilities	32,845,162	51,194	6,542,073	39,438,429
Other information				
Depreciation of property, plant and equipment	(2,290,784)	-	-	(2,290,784)
Net provisions	(312,105)	-	-	(312,105)
Loss allowance - other receivables	-	-	(344,483)	(344,483)
Net foreign exchange gains	188,482	-	876,384	1,064,866
Government grant	1,789,008	-	94,860	1,883,868
Finance costs	(148,074)	-	(145,980)	(294,054)
Interest income	397,311	-	461,928	859,239
Additions to non-current assets	1,699,262	-	-	1,699,262
Write-back of properties held for sale	-	-	118,728	118,728

Geographical information

The Group operates only in Singapore.

Information about major customer

Included in revenues arising from the building and construction segment of $55.9 million (2020: $33.4 million) is approximately $14.9 million (2020: $11.8 million) of revenue certified for the Group's largest customer in the year.

34 ACQUISITION OF SUBSIDIARIES

On February 11, 2020, the Group acquired 100% of the issued share capital of KHE for cash considerations. The Group acquired 100% of the issued share capital of KHI for cash considerations. This transaction has been accounted for by the acquisition method of accounting.

KH Engineering Limited is an entity incorporated under the laws of the British Virgin Islands. It is an investment holding company with two wholly-owned subsidiaries:

- Kian Hock Engineering Pte. Ltd. is an entity incorporated in Singapore and is in the business of building construction and earth retaining structure system works.

- Kian Hock Piling Pte. Ltd. is an entity incorporated in Singapore and is in the business of building construction and foundation works.

KHI is an entity incorporated in Singapore and is in the business of noise monitoring, soil investigation, treatment and stabilization (including grouting and instrumentation).

The Group acquired the targets to grow its business strategically, strengthen future financial performance, diversify its revenue streams and increase its asset base and scale of business operations.

On March 31, 2021, the Group acquired 100% of the issued share capital of DSC for cash consideration of $2.5 million. This transaction has been accounted for by the acquisition method of accounting.

DSC is an entity incorporated in Singapore and is in the business of ground improvement work.

The Group acquired the target to complement and enhance the current business operations by tapping on the resources and synergistic gains from the acquisition.

Consideration transferred (at acquisition date fair values)

	2021	2020		
		KHE	KHI	Total
	$	$	$	$
Cash at banks	2,000,000	21,360,000	3,200,000	24,560,000
Deferred consideration	500,000	4,722,573	750,986	5,473,559
Total	2,500,000	26,082,573	3,950,986	30,033,559

Acquisition-related costs amounting to $43,366 (2020: $161,967) have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "Other operating expenses" line item in the consolidated statement of comprehensive income.

34 ACQUISITION OF SUBSIDIARIES (CONT'D)

Assets acquired and liabilities assumed at the date of acquisition

	2021	2020		
		KHE	KHI	Total
	$	$	$	$
Current assets				
Cash and cash equivalents	558,139	13,554,089	1,165,870	14,719,959
Trade and other receivables	743,053	3,308,429	583,992	3,892,421
Contract assets	316,605	1,004,328	242,024	1,246,352
Non-Current assets				
Property, plant and equipment	1,437,457	20,524,214	1,095,627	21,619,841
Investment property	-	530,000	-	530,000
Contract assets	-	856,845	-	856,845
Intangible assets	610,000	-	-	-
Current liabilities				
Trade and other payables	(554,572)	(3,422,898)	(509,291)	(3,932,189)
Contract liabilities	(316,605)	(3,748,048)	-	(3,748,048)
Bank loans	-	(514,023)	(12,671)	(526,694)
Lease liabilities	(55,344)	(351,511)	(136,717)	(488,228)
Tax payable	(308,903)	(1,538,668)	(26,364)	(1,565,032)
Non-Current liabilities				
Bank loans	-	(4,477,646)	(312,561)	(4,790,207)
Trade and other payables	(9,000)	-	-	-
Lease liabilities	(200,524)	(472,831)	(278,011)	(750,842)
Deferred tax liabilities	(201,389)	(1,437,930)	(19,924)	(1,457,854)
Net assets acquired	2,018,917	23,814,350	1,791,974	25,606,324

Goodwill arising from acquisition

	2021	2020		
		KHE	KHI	Total
	$	$	$	$
Consideration transferred	2,500,000	26,082,573	3,950,986	30,033,559
Less: Fair value of identifiable net assets acquired	(2,018,917)	(23,814,350)	(1,791,974)	(25,606,324)
Total	481,083	2,268,223	2,159,012	4,427,235

Goodwill arose in the acquisitions because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the targets. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

34 ACQUISITION OF SUBSIDIARIES (CONT'D)

Net cash outflow on acquisitions of subsidiaries

	2021	2020		
		KHE	KHI	Total
	$	$	$	$
Consideration	2,500,000	26,082,573	3,950,986	30,033,559
Less: Deferred consideration	(500,000)	(4,722,573)	(750,986)	(5,473,559)
Less: Cash and cash equivalent balances acquired	(558,139)	(13,554,089)	(1,165,870)	(14,719,959)
Total	1,441,861	7,805,911	2,034,130	9,840,041

Impact of acquisitions on the results of the Group

Included in the consolidated statement of comprehensive income for the year is $398,479 of losses (2020: $347,473 of profits) and $684,124 (2020: $4,417,666) of revenue attributable to the additional business generated by the targets.

35 DIVIDENDS

A first and final one-tier tax exempt dividend of 0.5 (cents) per share amounting to $1,261,743 in respect of the financial year ended July 31, 2021 has been recommended. No dividends were declared or paid for the financial year ended July 31, 2020.

On December 27, 2019, a final one-tier tax exempt dividend of 1.0 (cents) per share amounting to $2,523,486 in respect of the financial year ended July 31, 2019 was paid to shareholders.

STATISTICS OF SHAREHOLDINGS AS AT 21 OCTOBER 2021

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 21 OCTOBER 2021

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	19	6.29	262	0.00
100-1,000	29	9.60	22,133	0.01
1,001-10,000	58	19.21	371,000	0.15
10,001-1,000,000	183	60.60	21,790,605	8.63
1,000,001 and above	13	4.30	230,164,600	91.21
TOTAL	**302**	**100.00**	**252,348,600**	**100.00**

Note:
%: Based on 252,348,600 shares (excluding shares held as treasury shares) as at 21 October 2021

TWENTY LARGEST SHAREHOLDERS AS AT 21 OCTOBER 2021

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	XIANG INVESTMENT PTE. LTD.	166,600,000	66.02
2	ANG SENG HENG	15,400,000	6.10
3	LOI WIN YEN	10,500,000	4.16
4	SIN EE WUEN (XIAN YIWEN)	8,703,500	3.45
5	HONG LEONG FINANCE NOMINEES PTE LTD	8,518,800	3.38
6	CITIBANK NOMINEES SINGAPORE PTE LTD	5,593,600	2.22
7	DBS NOMINEES PTE LTD	5,324,400	2.11
8	KOH MAY LENG @ LOH MAY LENG	1,899,900	0.75
9	UOB KAY HIAN PTE LTD	1,738,000	0.69
10	OCBC SECURITIES PRIVATE LTD	1,606,600	0.64
11	LIM HOCK TAI @ GAVIN	1,533,100	0.61
12	JAMES ALVIN LOW YIEW HOCK	1,429,700	0.57
13	HONG PIAN TEE	1,317,000	0.52
14	TAN HAI PENG MICHEAL	1,000,000	0.40
15	WEN NANFEI	1,000,000	0.40
16	NG KOK KEONG	995,700	0.39
17	LIM POH LUAN	949,600	0.38
18	SOH ENG TAI	919,000	0.36
19	NG SIEW KEOW	880,000	0.35
20	ONG LIANG HONG	791,000	0.31
	Total:	**236,699,900**	**93.81**

Note:
%: Based on 252,348,600 shares (excluding shares held as treasury shares) as at 21 October 2021

STATISTICS OF SHAREHOLDINGS

AS AT 21 OCTOBER 2021

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 21 October 2021.

	Direct Interest		Deemed Interest		Total	
Name	Number of Shares	%*	Number of Shares	%*	Number of Shares	%*
Xiang Investment Pte. 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 Pte. Ltd. is an investment holding company incorporated in the Republic of Singapore on 2 September 2020. The shareholders of Xiang Investment Pte. Ltd. are Sin Soon Teng (88.9%) and Ng Lay Khim (11.1%). Sin Soon Teng is deemed to have a deemed interest in the Shares held by Xiang Investment Pte. 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 21 October 2021.

TREASURY SHARES

Number of ordinary shares purchased and held in treasury shares as at 21 October 2021: 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 21 October 2021, approximately 23.99% 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 MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sysma Holdings Limited (the "**Company**") will be convened and held by way of electronic means on Friday, 26 November 2021 at 10:00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2021 together with the Statement of Directors and the Independent Auditor's Report thereon. **Resolution 1**

2. To approve the payment of Directors' Fees of S$120,000 for the financial year ending 31 July 2022, to be paid quarterly in arrears. (FY2021: S$128,000) **Resolution 2**

3. To re-elect Mr Sin Soon Teng, a Director who is retiring pursuant to Article 107 of the Company's Constitution. **Resolution 3**
[See Explanatory Note (i)]

4. To re-elect Mr Richard Tan Kheng Swee, a Director who is retiring pursuant to Article 107 of the Company's Constitution. **Resolution 4**
[See Explanatory Note (i)]

5. To re-elect Mr Lim Kheng Hock, a Director who is retiring pursuant to Article 117 of the Company's Constitution. **Resolution 5**
[See Explanatory Note (i)]

6. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

7. **<u>PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE</u>** **Resolution 7**

"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 during the relevant 5 Market Days period and the day on which the purchases are made;

"**Market day**" means a day on which the SGX-ST is open for Securities Trading;

"**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 (ii)]

AS SPECIAL RESOLUTION

8. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 8**

"THAT pursuant to Section 161 of the Companies Act and subject to Rule 806 of the Section B: Rules of the 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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

adjustments in accordance with sub paragraphs (a) and (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution 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 (iii)]

BY ORDER OF THE BOARD

Pan Mi Keay
Company Secretary
Singapore

3 November 2021

NOTICE OF ANNUAL GENERAL MEETING

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 as well as a member of the Nominating Committee.

Mr Richard Tan Kheng Swee, upon re-election as Director of the Company, will remain as the Lead Independent Non-Executive Director, 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.

Mr Lim Kheng Hock, upon re-election as Director of the Company, will remain 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.

Detailed information of Mr Sin Soon Teng, Mr Richard Tan Kheng Swee and Mr Lim Kheng Hock can be found under the "Board of Directors" section in the Company's Annual Report 2021.

(ii) Ordinary Resolution 7 proposed in item 7 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.

(iii) Special Resolution 8 proposed in item 8 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. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2021. **Printed copies of this notice of AGM (the "Notice") will not be sent to members.** This Notice will be published via an announcement on the SGX website at the URL ***https://www.sgx. com/securities/company-announcements*** and may be accessed at the Company's website at the URL www.sysma.com.sg.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions related to the resolutions to be tabled for approval at the AGM and if necessary, any subsequent clarifications sought, or follow-up questions in respect of such questions at or prior to the AGM, and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement accompanying this Notice dated 3 November 2021. This announcement may be accessed at the Company's website at the URL www.sysma.com.sg, and on the SGX website at the URL ***https://www.sgx.com/securities/ company-announcements***.

NOTICE OF ANNUAL GENERAL MEETING

3. **Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying proxy form for the AGM will not be sent out physically but will be announced together with this Notice and may be accessed at the Company's website at the URL ***www.sysma.com.sg***, and the SGX website at the URL ***https://www.sgx.com/securities/company-announcements***.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, **latest by 17 November 2021 at 10.00 a.m.**

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) via the following ***https://conveneagm.sg/sysmaagm2021*** (the "**Sysma AGM Website**") in the electronic format accessible on the Sysma AGM Website; or

   (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or

   (c) if submitted electronically, be submitted via email to the Company's Share Registrar at ***sg.is.proxy@sg.tricorglobal.com***,

   in either case not less than 48 hours before the time appointed for the AGM, **latest by 24 November 2021 at 10.00 a.m.**

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. Physical Annual Report 2021 will not be sent out and may be accessed at the Company's website at the URL ***www.sysma.com.sg*** and on the SGX website at the URL ***https://www.sgx.com/securities/annual-reports-related-documents***.

7. Members will not be able to ask questions during the live audio-visual webcast or audio-only stream of the AGM. Members who wish to ask questions relating to the resolutions to be tabled at the AGM must pre-register and submit their questions in advance of the AGM.

8. Questions must be submitted to the Company in the following manner by **5:00 p.m. on 19 November 2021**:

   (a) via the Sysma AGM Website;

   (b) if submitted electronically, be submitted via email to the Company at **agm2021@sysma.com.sg**; or

   (c) if submitted by post, be lodged at the Company's Registered Office Address, at 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002.

   When sending questions, members should also provide their full name as it appears on the CDP/CPF/SRS records, address, contact number, email address, number of shares in the Company and the manner in which the shares are held in the Company (e.g. via CDP, CPF or SRS) for verification.

9. The Management and the Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members prior to the AGM by publishing the responses to those questions on SGXNet at the URL ***https://www.sgx.com/securities/company-announcements*** and the Company's website at the URL ***www.sysma.com.sg***. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them during the AGM through the live audio-visual webcast and live audio-only stream.

   Minutes of the AGM to be held on 26 November 2021 will be published on the SGXNet and also at the Company's corporate website within one (1) month after the AGM date.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, takeover rules, regulations and/or guidelines.

NOTICE OF ANNUAL GENERAL MEETING

DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION PURSUANT TO RULE 720(5) OF THE RULES OF CATALIST OF THE SGX-ST (THE "CATALIST RULES")

The following Directors are seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 November 2021 ("**AGM**") (the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Catalist Rules the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

1) Mr Sin Soon Teng ("Mr Sin")

Date of Appointment	28 March 2012
Date of last re-appointment	16 November 2018
Age	76
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Sin as the Executive Director was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Sin is responsible for setting the strategic direction and driving growth in the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman, Group Chief Executive Officer and a member of the Nominating Committee
Professional qualifications	Diploma in Building from the Singapore Polytechnic and a fellow member of the Singapore Institute of Building.
Working experience and occupation(s) during the past 10 years	2012-Present, Executive Chairman and Group CEO of Sysma Holdings Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Father of Mr Sin Ee Wuen, Executive Director and Deputy Chief Executive Officer.
Conflict of Interest (including any competing business)	No

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past 1. Sysma Capital One Pte Ltd. 2. Sysma Capital Two Pte Ltd. Present **Singapore:** 1. Sysma Construction Pte. Ltd. 2. Sysma Capital Pte. Ltd. 3. Sysma Land Pte. Ltd. 4. Sysma Jade Pte. Ltd. 5. De Paradiso Development Pte. Ltd. 6. Goodtrade Holdings Pte. Ltd. 7. North Shore Investments Pte. Ltd. 8. Sysma Properties Pte. Ltd. 9. Gcap Properties Pte. Ltd. 10. Xiang Investment Pte. Ltd. 11. Buckley Pte. Ltd. 12. Buckley Capital Pte. Ltd, 13. Mixventure Pte. Ltd. 14. Pavillion Gold Holding Pte. Ltd. **BVI** 1. Xiang Investment Ltd

a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.

2) Mr Richard Tan Kheng Swee

Date of Appointment	2 May 2018
Date of last re-appointment	16 November 2018
Age	45
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Richard Tan Kheng Swee as the Lead Independent Non-Executive Director was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Remuneration Committee as well as a member of the Audit Committee and Nominating Committee.
Professional qualifications	1. Bachelor of Laws (Honours) from the National University of Singapore 2. Bachelor of Science (Honours) from University of Melbourne, Australia 3. Advocate & Solicitor of the Supreme Court of Singapore 4. Barrister & Solicitor of the Supreme Court of Victoria, Australia 5. Solicitor of the High Court of Australia
Working experience and occupation(s) during the past 10 years	(a) Colin Ng & Partners LLP, Singapore (October 2009 to March 2013) – Partner (b) RHTLaw Taylor Wessing LLP, Singapore (April 2013 to October 2014) – Partner (c) Chris Chong & CT Ho Partnership, Singapore (November 2014 to March 2016) – Partner (d) Barker Henley LLC, Singapore (March 2016 to December 2018) – Managing Director (e) Barker Henley Australia (July 2016 to December 2018) – Partner (f) RHTLaw Asia LLP, Singapore (January 2019 to October 2020) (g) Niru & Co LLC, Singapore (October 2020 to October 2021) – Director (h) Lide Legal LLC, Singapore (October 2021 to present) – Managing Director

NOTICE OF ANNUAL GENERAL MEETING

Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No.
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past a) Barker Henley LLC, Singapore (March 2016 to December 2018) – Managing Director (b) Barker Henley Australia (July 2016 to December 2018) – Partner (c) RHTLaw Asia LLP (January 2018 to October 2020) – Partner (b) Niru & Co LLC (October 2020 to October 2021) – Director Present 1. Lide Legal LLC 2. Jumbo Group Limited

a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

Disclosure applicable to the appointment of Director only	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.

3) **Mr Lim Kheng Hock**

Date of Appointment	6 January 2021
Date of last re-appointment	-
Age	70
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon the recommendation of the Nominating Committee, which had reviewed the credentials, performance and contributions of Lim Kheng Hock, the Board of Directors approved his appointment as an Independent Non-Executive Director, Chairman of Nominating Committee as well as a member of the Audit Committee and Remuneration Committee. The Board considered Mr Lim Kheng Hock to be independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Nominating Committee as well as a member of the Audit Committee and Remuneration Committee.
Professional qualifications	Diploma in Civil Engineering from Singapore Polytechnic
Working experience and occupation(s) during the past 10 years	a) Sibex Pte Ltd (January 1995 to present) – Director b) MSE Technologies Pte Ltd (June 1995 to present) – Director c) MSE Consultants Pte Ltd (2008 to present) – Director
Shareholding interest in the listed issuer and its subsidiaries	Nil

NOTICE OF ANNUAL GENERAL MEETING

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No.
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past Nil Present 1. Sibex Pte Ltd 2. MSE Consultants Pte Ltd 3. MSE Technologies Pte Ltd

a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

Disclosure applicable to the appointment of Director only	
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.

SYSMA HOLDINGS LIMITED

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2021. **Printed copies of the Notice of Annual General Meeting and Proxy Form will not be sent to members**. The Notice of Annual General Meeting and Proxy Form will be published by electronic means via announcement on the SGX website at the URL ***https://www.sgx.com/securities/companyannouncements*** and may be accessed at the Company's website at the URL ***www.sysma.com.sg***.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the Annual General Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions related to the resolutions to be tabled for approval at the AGM and if necessary, any subsequent clarifications sought, or follow-up questions in respect of such questions at or prior to the Annual General Meeting, and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting are set out in the Company's announcement accompanying the Notice of Annual General Meeting dated 3 November 2021 . The aforesaid announcement may be accessed at the Company's website at the URL ***https://conveneagm.sg/sysmaagm2021***, and on the SGX website at the URL ***https://www.sgx.com/securities/company-announcements***.
3. Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
4. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, latest by 17 November 2021 at 10.00 a.m.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 3 November 2021.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.

I/We*, ____ (Name)

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

of ____ (Address)

member/members* of Sysma Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the Annual General Meeting**, as my/our* proxy to attend, speak and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 26 November 2021 at 10:00 a.m. and at any adjournment thereof.

No.	ORDINARY RESOLUTIONS	VOTING		ABSTAIN FROM VOTING**
		FOR **	AGAINST **	
ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2021, together with the Statement of Directors and the Independent Auditor's Report thereon.			
2.	To approve the payment of Directors' Fees of S$120,000 for the financial year ending 31 July 2022, to be paid quarterly in arrears. (FY2021: S$128,000)			
3.	To re-elect Mr Sin Soon Teng as a Director under Article 107 of the Company's Constitution.			
4.	To re-elect Mr Richard Tan Kheng Swee as a Director under Article 107 of the Company's Constitution.			
5.	To re-elect Mr Lim Kheng Hock as a Director under Article 117 of the Company's Constitution.			
6.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
7.	To approve the proposed renewal of the Share Buyback Mandate.			
SPECIAL RESOLUTION				
8.	To authorise the allotment and issuance of shares pursuant to Section 161 of the Companies Act, Chapter 50.			

* Delete as appropriate

** Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes for or against in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain From Voting" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain From Voting" box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this __________ day of __________________ 2021

Total Number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

____

Signature(s) of member(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

NOTES:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy (the "**Proxy Form**") will be deemed to relate to all the shares held by the member.
2. **Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the Annual General Meeting ("AGM") in person. A member (whether individual or corporate) must submit his/her/its Proxy Form appointing the Chairman of the Meeting as his/her/ its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.** The Proxy Form for the AGM will be announced together with the Notice of AGM and may be accessed at the Company's website at the URL ***www.sysma.com.sg*** and the SGX website at the URL ***https://www.sgx.com/securities/companyannouncements***.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, **latest by 17 November 2021 at 10.00 a.m.**
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

Fold along this line

PROXY FORM

Affix
Postage
Stamp

The Share Registrar

SYSMA HOLDINGS LIMITED

Tricor Barbinder Share Registration Services

80 Robinson Road

#11-02

Singapore 068898

This flap for sealing

4. The Proxy Form must be submitted to the Company in the following manner:
   a) via the following URL ***https://conveneagm.sg/sysmaagm2021*** (the "**Sysma AGM Website**") in the electronic format accessible on the Sysma AGM Website; or
   b) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or
   c) if submitted electronically, be submitted via email to the Company's Share Registrar at ***sg.is.proxy@sg.tricorglobal.com***, in either case not less than 48 hours before the time appointed for the AGM, **latest by 24 November 2021 at 10:00 a.m.**

   A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email/or Sysma AGM Website *www.sysma.com.sg*.
5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form (or any related attachment) 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

SYSMA HOLDINGS LIMITED

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