SYSMA HOLDINGS LIMITED

Annual Report 2016

Contents

Corporate Profile

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

In the past 30 years, the Group has built up a strong and diverse track record in the construction business, having undertaken more than 300 building projects for residential, commercial, heritage and conservation, institutional, and industrial properties.

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

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

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

Chairman's Statement

DEAR SHAREHOLDERS,

Navigating Challenging Times

FY2016 has no doubt been a challenging year for Sysma Holdings. Despite the difficult market conditions, we managed to deliver another profitable year, as we focused on executing our three property development projects and bidding for selective construction projects which reinforced our status as a trusted builder of high quality properties and Good Class Bungalows **("GCBs").**

Over the last three decades, we have built a solid reputation of credibility and trust in the industry, which is a key competitive advantage that helps us in both good and bad times. With a firm business strategy and disciplined execution, we believe we can navigate these testing times in a prudent and effective way.

Financial and Operational Performance

For the financial year ended 31 July 2016, the Group registered a net profit of S$2.5 million against a revenue of S$126.2 million. The 28% year-on-year growth in revenue was mainly driven by increased contributions from the Group's three property development projects – namely 28 RC Suites, 8M Residence and Charlton 18 – which collectively achieved an aggregate of S$72.2 million in sales in FY2016, compared to S$42.9 million in FY2015.

As at 31 July 2016, 28 RC Suites was close to 90% sold, with its temporary occupation permit **("TOP")** expected to be received by December 2016. 8M Residences, which has received its TOP, was more than 85% sold. Charlton 18 sold two semi-detached units, with its TOP on semi-detached received during the year and TOP on terrace houses received subsequent to the year end.

With rising operational costs and tighter labour supply, the Group took the strategic decision to be more selective in bidding for construction projects. As a result, revenue contribution from the Group's construction segment, including Additions and Alterations **("A&A")** projects, remained relatively stable at S$54.0 million in FY2016, with an order book of approximately S$92.0 million as at 31 July 2016.

Notwithstanding a decline in the Group's gross profit margin from 9.2% in FY2015 to 7.1% in FY2016 due to the change in product mix sold, gross profit dipped only marginally by 2.1% to S$8.9 million. With higher administrative, finance and income tax expenses, which were offset by lower operating expenses and higher other income, overall net profit declined by S$0.5 million from the previous financial year.

The Group continued to manage its finances prudently, maintaining a healthy balance sheet and stable cash flow. During the reporting period, net cash from operating activities amounted to S$47.9 million, with cash and cash equivalents of S$34.8 million. Net asset value as at 31 July 2016 rose to 16.35 Singapore cents per share, up from 16.14 Singapore cents per share in the previous financial year.

Staying the Course

The high-end landed and GCB segment continues to be resilient, given the prestige and limited supply of these houses.

We are confident that with adversity comes opportunity for us to drive greater value for our shareholders. We will find ways to strengthen our competitiveness and maximise productivity, while exploring opportunities for expansion through strategic investments that leverage our core competencies in construction and property development.

Note of Appreciation

In conclusion, the Board of Directors and I would like to thank all our stakeholders, including our customers, suppliers, bankers and business partners, for your faithful support. We especially appreciate the confidence and support of our shareholders as we push ahead with our business in these trying times. I would also like to extend my deepest gratitude to our management and staff for their hard work and dedication, as well as to our Directors for their advice and guidance.

Thank you.

SIN SOON TENG
EXECUTIVE CHAIRMAN & GROUP CEO

Board of Directors

Mr. Sin Soon Teng

Mr. Ang Seng Heng

Mr. Andy Goh Beng Kwang

Mr. Chen Timothy Teck-Leng @ Chen Teck Leng

Mr. Heng Yeow Meng Michael

Mr. Ho Boon Chuan Wilson

Mr. Sin Soon Teng, 71, is the Executive Chairman, Group CEO and founder of Sysma Holdings. He was first appointed to the Board on 28 March 2012. With 53 years' experience in the construction industry under his belt, he is responsible for setting the strategic direction and driving growth in the Group. Prior to the founding of Sysma Construction Pte Ltd in 1986, Mr. Sin started his career as a quantity survey apprentice with a consultant firm. In 1966, he joined Building Construction (M) Sdn Bhd as a quantity surveyor and was later promoted to contract manager in 1971. Subsequent to this, he jointly set up Building Engineering Enterprise Pte Ltd as Executive Director in 1976 where he was in charge of all construction and contract management. He obtained a Diploma in Building from the Singapore Polytechnic in 1972 and is a fellow member of the Singapore Institute of Building.

Mr. Ang Seng Heng, 58, is our Executive Director and Head of Operations and was appointed to the Board on 28 March 2012. He is responsible for the overall planning of manpower and resources for the various projects undertaken by our Group and is also in charge of liaising with client representatives, regulatory authorities and consultants which our Group is involved in. He joined our Group in 1987 and has over 38 years of experience in the construction industry. On 1 January 2015, Mr. Ang was appointed a director of North Shore Investments Pte Ltd, a subsidiary company of our Group. He obtained a Diploma in Civil Engineering from the Singapore Polytechnic in 1978 and a Diploma in Industrial Management from the Singapore Polytechnic in 1985.

Mr. Andy Goh Beng Kwang, 41, is our Executive Director and Group Chief Financial Officer. He joined our Group as Chief Financial Officer in January 2012 and is responsible for overseeing the financial and management accounting, compliance and taxation matters. In April 2015, Mr. Goh was promoted to Executive Director and Group Chief Financial Officer and is responsible for matters relating to mergers and acquisitions, treasury and finance as well as supporting the Group CEO in the formulation of corporate strategies and the future direction of the Group. In addition, he also serves as a Director for some of the Group's subsidiary companies. Mr. Goh began his professional career as an Audit Assistant in PricewaterhouseCoopers (Kuala Lumpur) in 1997, and was promoted to Senior Associate in 1999. From 2000 to 2002, he held the position of Senior Associate in Ernst & Young (Singapore). Between 2002 and 2003, he was working as an accountant in RCL Feeder Pte. Ltd. He later joined PricewaterhouseCoopers (Singapore) (Assurance) as a Senior Associate in 2003 and was promoted to Assistant Manager in the same year. He rose to the position of Manager in 2004. In 2006, he was transferred to the PricewaterhouseCoopers (Singapore) (Capital Markets) and held the position of Manager until the end of 2007. Before joining our Group, he was the Chief Financial Officer of New Century Shipbuilding Limited from 2008 to 2011, and his last-held positions at New Century Shipbuilding Limited were Director and Chief Financial Officer from end 2010 to end 2011. He has been a member of the Association of Chartered Certified Accountants since July 2000 and was admitted as a fellow member in 2005. He has also been a Chartered Accountant of the Malaysian Institute of Accountants since November 2001.

Mr. Chen Timothy Teck-Leng @ Chen Teck Leng, 62, is our Lead Independent Director, and was appointed to the Board on 1 December 2015. He has three decades of management experience in banking, insurance, international finance, and corporate advisory work. He held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia, and Sun Life Financial Inc. He was formerly the General Manager, China for Sun Life Financial Inc., and the President and CEO of Sun Life Everbright Life Insurance Company in China. Mr. Chen currently sits on the boards of several SGX-listed companies. He is an Independent Director for Yangzijiang Shipbuilding (Holdings) Ltd., Tianjin Zhongxin Pharmaceutical Group Corporation Ltd., TMC Education Corporation Ltd and Logistics Holdings Ltd. His directorship held over the past 3 years in other listed companies including XinRen Aluminum Holdings Ltd., Hu An Cable Holdings Ltd. and Sunmart Holdings Ltd.. He earned his Bachelor of Science degree from University of Tennessee, and his Master of Business Administration degree from Ohio State University. He received his Certified Corporate Director (ICD. D) designation from the Canadian Institute of Corporate Directors and attended the Executive Management Program of Harvard Business School.

Mr. Heng Yeow Meng Michael, 43, is our Independent Director and was appointed to the Board on 6 July 2012. He has over 20 years of experience in auditing, accounting and tax services and is currently managing partner of Heng Lee Seng LLP, a mid-sized public accounting firm that provides a complete range of services including audit and assurance, tax, internal audit, corporate secretarial, business services, payroll administration and other advisory services. Mr. Heng graduated from the University of Melbourne with a Bachelor of Commerce degree in 1992 and is a fellow member of both the Institute of Singapore Chartered Accountants and CPA Australia, and a member of the Singapore Institute of Directors. He holds the designation of Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals.

Mr. Ho Boon Chuan Wilson, 46, is our Independent Director and was appointed to the Board on 6 July 2012. He is currently the Managing Director of Westcon Solutions Group, the distribution arm of Westcon Group Inc. in Asia, focusing on IT security and networking. He started his career in 1994 with the capital markets group of DBS Bank specializing in IPOs and corporate advisory services. In 2000, he joined a SGX-listed company as CFO. In 2002, he became one of the founders of a regional IT distribution company and he led the company from inception until June 2011. Mr. Ho graduated from the Nanyang Technological University with a Bachelor of Accountancy degree in 1994. He is a Chartered Accountant, Singapore and a Chartered Financial Analyst. Besides Sysma Holdings Limited, he is also currently an independent director of another listed company in Singapore, namely Kim Heng Offshore & Marine Holdings Limited.

Executive Officers

Mr. Chong Kim Guan, 59, joined our Group in 1987 as a senior project manager and is currently our Project Director. He is responsible for overseeing and managing all the construction projects undertaken by the Group. On 1 January 2015, Mr. Chong was promoted to Managing Director of Sysma Construction Pte Ltd, a subsidiary company of our Group. He obtained his Bachelor's Degree in Engineering from the National Taiwan College of Marine Science and Technology in 1981.

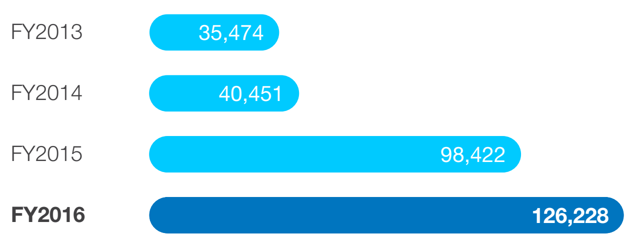
Ms. Ng Lay Khim, 59, joined our Group in 1987 as a Quantity Surveyor and Office Manager and is currently our Administration Director. She is responsible for overseeing all administrative and human resource matters in our Group. Ms. Ng was appointed a director of Gcap Properties Pte Ltd and Sysma Construction Pte Ltd, being subsidiary companies of our Group with effect from 24 July 2013 and 1 January 2015 respectively. She obtained a Diploma in Building from the Singapore Polytechnic in 1977, a Diploma in Industrial Management from the Singapore Polytechnic in 1984 and a degree in Bachelor of Business in Business Administration from Singapore Institute of Management – Royal Melbourne Institute of Technology in 1992.

Mr. Sin Ee Wuen, 38, joined our Group in May 2014 as a Corporate Development Manager. He was responsible for monitoring, researching and developing sales and marketing intelligence on emerging trends in the property development industry. In October 2015, Mr. Sin was promoted to Property Development Director of the Group. He is responsible for strategic planning and direction as well as the implementation of the Group's Property Development Business. Mr. Sin served as Category A Pilot for Republic Of Singapore Air Force from 2000 to 2014. He obtained a Diploma in Computer Information Systems from Singapore Polytechnic in 1999.

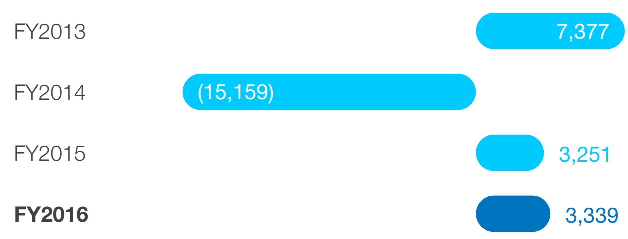
Ms. Lee May Ling, 49, joined our Group in 2004 as a senior quantity surveyor and is currently the Contracts Manager of our Group. She is responsible for overseeing the works of our quantity surveyors, the administration and the preparation of technical correspondences and other business documentation. She obtained a Diploma in Building from the Singapore Polytechnic in 1990 and a Diploma in Surveying from the College of Estate Management, UK in 1999.

Group Financial Highlights

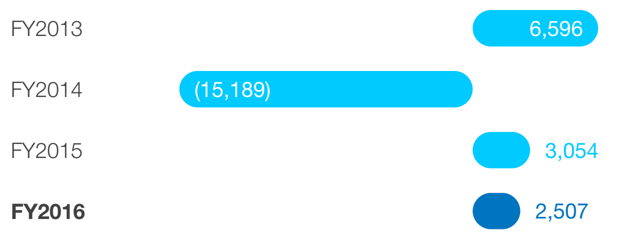
Revenue (S$'000)



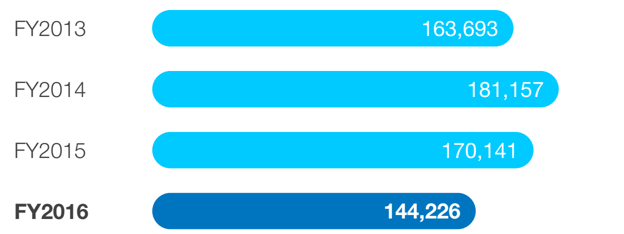
Profit/(Loss) Before Tax (S$'000)



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

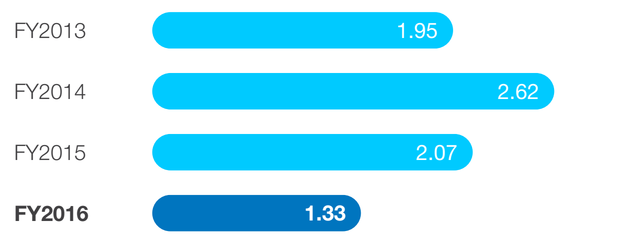


Total Assets (S$'000)



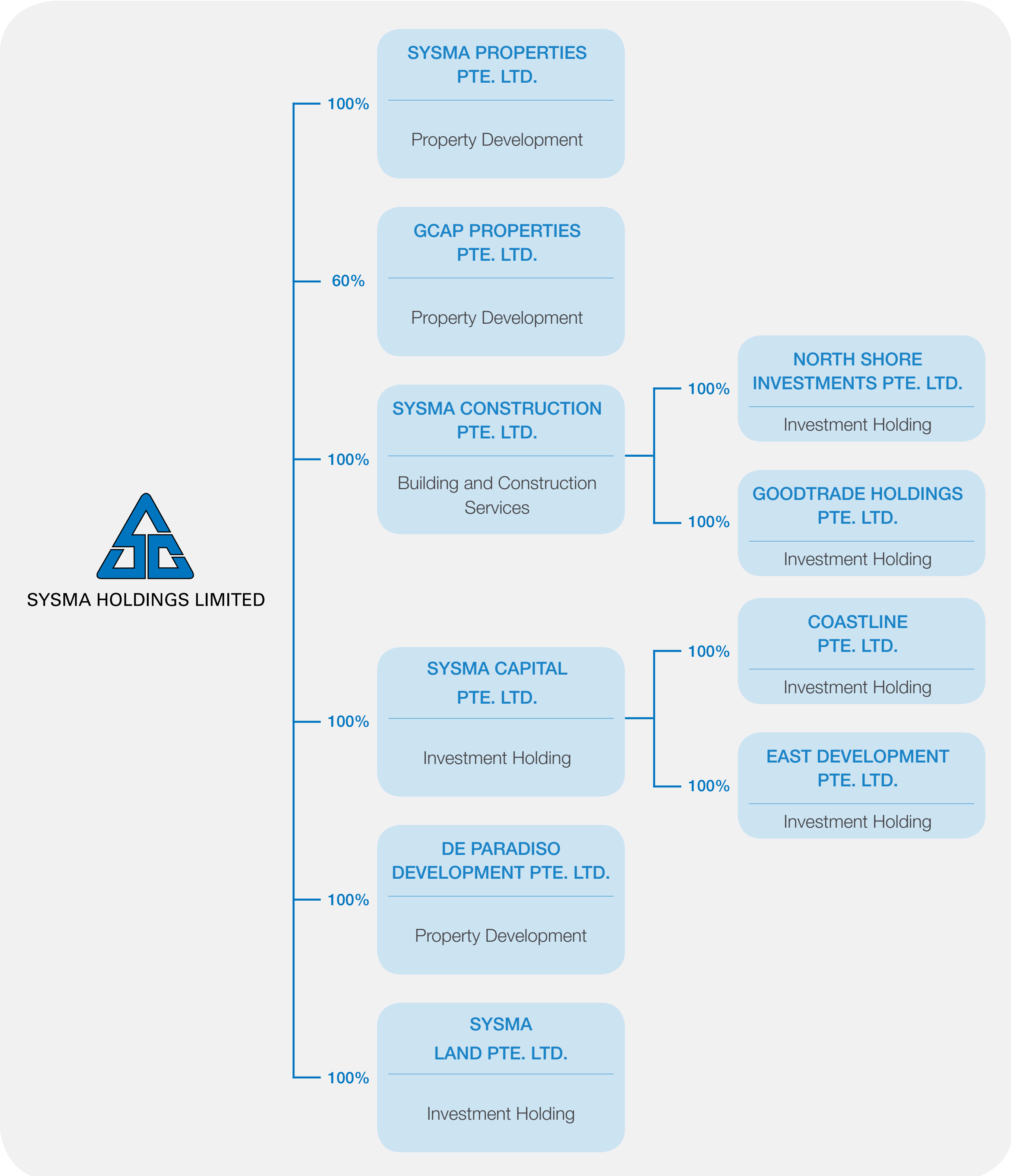
Equity Attributable to Owners of the Company (S$'000)

Total Debt/Total Equity Ratio



		2013	2014	2015	2016
Revenue	(S$'000)	35,474	40,451	98,422	**126,228**
Profit/(Loss) Before Tax	(S$'000)	7,377	(15,159)	3,251	**3,339**
Profit/(Loss) After Tax	(S$'000)	6,596	(15,189)	3,054	**2,507**
Total Assets	(S$'000)	163,693	181,157	170,141	**144,226**
Equity Attributable to Owners of the Company	(S$'000)	41,359	39,479	42,115	**42,666**
Total Debt/Total Equity Ratio	(S$'000)	1.95	2.62	2.07	**1.33**

Group Structure



*Group structure as at 31 July 2016

Corporate Information

BOARD OF DIRECTORS

Sin Soon Teng (Executive Chairman and Group CEO)
Ang Seng Heng (Executive Director)
Andy Goh Beng Kwang (Executive Director and Group CFO)
Chen Timothy Teck-Leng
@ Chen Teck Leng (Lead Independent Director)
Heng Yeow Meng Michael (Independent Director)
Ho Boon Chuan Wilson (Independent Director)

JOINT COMPANY SECRETARIES

Pan Mi Keay, ACIS
Lee Wei Hsiung, ACIS

REGISTERED OFFICE

2 Balestier Road #03-669
Balestier Hill Shopping Centre
Singapore 320002
Tel: 6256 2288 (4 lines)
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 :
Tay Hwee Ling
(Appointed on 21 June 2012)

BANKERS

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

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

Hong Leong Finance Limited
16 Raffles Quay #01-05
Hong Leong Building
Singapore 048581

Corporate Governance Report

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

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

1. BOARD OF DIRECTORS

Principle 1: The Board's Conduct of Affairs

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

Sin Soon Teng	-	Executive Chairman and Group Chief Executive Officer ("**Group CEO**")
Ang Seng Heng	-	Executive Director
Andy Goh Beng Kwang	-	Executive Director and Group Chief Financial Controller ("**Group CFO**")
Chen Timothy Teck-Leng @ Chen Teck Leng(1)	-	Lead Independent Director
Heng Yeow Meng Michael	-	Independent Director
Ho Boon Chuan Wilson	-	Independent Director

The Company was formally admitted to the Official List of the Catalist of the SGX-ST on 3 August 2012. The Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board members. The details of the number of meetings of the Board and Board Committees held during FY2016 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.

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
Name	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Sin Soon Teng	2	2	2*	2*	1*	1*	1	1
Ang Seng Heng	2	2	2*	2*	–	–	–	–
Andy Goh Beng Kwang	2	2	2*	2*	1*	1*	1*	1*
Chen Timothy Teck-Leng @ Chen Teck Leng (1)	1	1	1	1	–	–	–	–
Heng Yeow Meng Michael	2	2	2	2	1	1	1	1
Ho Boon Chuan Wilson	2	2	2	2	1	1	1	1
Lim Heng Chong Benny (2)	1	1	1	1	1	1	1	1

*By Invitation

<u>Change of composition of the Board and Reconstitution of Board Committees:-</u>

1. Mr Chen Timothy Teck-Leng @ Chen Teck Leng has been appointed as a Lead Independent Director with effect from 1 December 2015 following Mr Lim Heng Chong Benny's retirement. He has also been appointed as Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee.

2. Mr Lim Heng Chong Benny retired from his position as Lead Independent Director with effect from 20 November 2015. He has relinquished his position as Chairman of the Nominating Committee as well as a member of the Audit Committee and Remuneration Committee on the same date.

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

Corporate Governance Report

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

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

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

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

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

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

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

(vii) evaluate performance of the Management;

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

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

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

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

Without abdicating its responsibility, the Board has delegated its authority to make decisions on certain matters to 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.

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

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

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

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

Corporate Governance Report

Principle 2: Board Composition and Guidance

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

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

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

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

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

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

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

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

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

Corporate Governance Report

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

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

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

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

Principle 3: Chairman and Group Chief Executive Officer

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

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

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

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

The Chairman:

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

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

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

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

(e) ensures effective communication with shareholders;

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

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

(h) promotes high standards of corporate governance.

Corporate Governance Report

Mr Chen Timothy Teck-Leng @ Chen Teck Leng is appointed as the Lead Independent Director on 1 December 2015. He shall be available to the shareholders where they have concerns and for which contact through the normal channels of the Chairman, Group CEO or Group CFO has failed to resolve or for which such contact is inappropriate.

Principle 4: Board Membership
Principle 5: Board Performance

The NC comprises the following Directors:

Chen Timothy Teck-Leng @ Chen Teck Leng	-	Chairman
Sin Soon Teng	-	Member
Heng Yeow Meng Michael	-	Member
Ho Boon Chuan Wilson	-	Member

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

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

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

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

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

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

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

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

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 caliber to contribute to the Group and its businesses, having regard to the attributes of the existing Board and the requirements of the Group.

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

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

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

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

Sin Soon Teng	-	retiring under the resolution passed at the last AGM held on 20 November 2015 pursuant to Section 153(6) of the Companies Act (which was then in force)
Heng Yeow Meng Michael	-	retiring under Regulation 107 of the Company's Constitution
Ho Boon Chuan Wilson	-	retiring under Regulation 107 of the Company's Constitution
Chen Timothy Teck-Leng @ Chen Teck Leng	-	retiring under Regulation 117 of the Company's Constitution

Mr Sin Soon Teng will, upon re-appointment as a Director of the Company, remain as the Chairman of the Board as well as a member of the NC.

Mr Heng Yeow Meng Michael will, upon re-election as a Director of the Company, remain as Chairman of the AC as well as a member of the NC and RC and the Board considers Mr Heng Yeow Meng Michael to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Ho Boon Chuan Wilson will, upon re-election as a Director of the Company, remain as Chairman of the RC as well as a member of the NC and AC and the Board considers Mr Ho Boon Chuan Wilson to be independent for the purpose of the Rule 704(7) of the Catalist Rules.

Mr Chen Timothy Teck-Leng @ Chen Teck Leng will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the NC as well as a member of the RC and AC and the Board considers Mr Chen Timothy Teck-Leng @ Chen Teck Leng to be independent for the purpose of the Rule 704(7) of the Catalist Rules.

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	20 November 2015
Ang Seng Heng	Executive Director	28 March 2012	20 November 2015
Andy Goh Beng Kwang	Executive Director and Group CFO	1 April 2015	20 November 2015
Chen Timothy Teck-Leng @ Chen Teck Leng	Lead Independent Director	1 December 2015	N.A.
Heng Yeow Meng Michael	Independent Director	6 July 2012	21 November 2014
Ho Boon Chuan Wilson	Independent Director	6 July 2012	21 November 2014

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

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

(i) Board and Board committees size and composition;

Corporate Governance Report

(ii) Board and Board committee 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 is contributing to the overall effectiveness of the Board. There was no external facilitator appointed for evaluation of the performances of the Board and Board Committees for FY2016. In addition, the NC has reviewed and is satisfied that the Board has met its performance objectives for FY2016.

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

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

Principle 6: Access to Information

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

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

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

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

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

2. REMUNERATION MATTERS

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

The RC comprises the following Independent Directors:

Ho Boon Chuan Wilson	-	Chairman
Heng Yeow Meng Michael	-	Member
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Member

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

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

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

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

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. Where such expert is appointed, the Company shall disclose the names and firms of the remuneration consultants herein, and include a statement on whether the remuneration consultants have any relationships with the Company that will affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2016. The service of an external remuneration consultant will be sought, as and when necessary.

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

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

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

The Company has also entered into Service Agreements with our Executive Directors, Mr Ang Seng Heng and Mr Andy Goh Beng Kwang commencing from 3 August 2015 and 1 April 2015 respectively for a period of three (3) years.

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

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

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

The following table shows the remuneration of the Directors, Key Executives and employees who are immediate family members of the Executive Chairman and Group CEO whose remuneration exceeds S$50,000 for FY2016.

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The Company has disclosed the remuneration of the Directors and Key Executives in bands of S$250,000 with breakdown in percentage of fees, salary, bonus and other benefits instead of disclosing the remuneration of each individual Director and key management personnel to the nearest dollars in the Annual Report in accordance with Principle 9.2 of the Code as the Board believes that it is not in the best interest of the Company to fully disclose such information given the highly competitive industry conditions for human resource recruitment and retention in the construction and properties development sectors in Singapore.

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Directors					
$500,001 to $750,000					
Sin Soon Teng	–	85	14	1	100
$250,001 to $500,000					
Andy Goh Beng Kwang	–	83	14	3	100
Ang Seng Heng	–	83	14	3	100
Below $250,000					
Chen Timothy Teck-Leng @ Chen Teck Leng (1)	100	–	–	–	100
Heng Yeow Meng Michael	100	–	–	–	100
Ho Boon Chuan Wilson	100	–	–	–	100
Key Executives					
$250,001 to $500,000					
Chong Kim Guan	–	83	14	3	100
Ng Lay Khim	–	83	14	3	100
Below $250,000					
Sin Ee Wuen (2)	–	81	15	4	100
Lee May Ling	–	79	13	8	100
Immediate family member of Executive Chairman and Group CEO					
$200,000 to $250,000					
Sin Ee Wuen (2)	–	81	15	4	100
$50,000 to $100,000					
Sinn Mei Chue, Julie (3)	–	78	11	11	100

(1) Mr Chen Timothy Teck-Leng @ Chen Teck Leng was appointed as Lead Independent Director with effect from 1 December 2015.

(2) Sin Ee Wuen is the son of Sin Soon Teng, the Executive Chairman and Group CEO.

(3) Sinn Mei Chue, Julie is the sister of Sin Soon Teng, the Executive Chairman and Group CEO.

The Board confirms there are only four (4) Key Executives for FY2016 and the aggregate amount of the total remuneration paid to the four (4) Key Executives (who are not Directors or CEO) was approximately S$952,600 in FY2016.

The Company has adopted a remuneration policy for staff comprising of fixed (basic salary) and variable (bonus) components. The variable component is linked to the performance of the Company and individual.

Sysma Performance Share Plan

The Company has a performance share plan under the Sysma Performance Share Plan (the "**Share Plan**") which was approved by shareholders on 5 July 2012. The Awards Committee, comprising members of the RC, the names of which are set out in page 16 of this Annual Report, administers the Share Plan in accordance with the rules of the Share Plan. Additionally, the RC reviews whether Executive Directors (who are not controlling shareholders) and key management personnel should be eligible for benefits under the Share Plan.

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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 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 the award 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 that date.

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 any limit, as such methods will not involve the issue of any new shares.

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

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

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

3. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

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

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

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

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

The AC comprises the following Independent Directors:

Heng Yeow Meng Michael	-	Chairman
Ho Boon Chuan Wilson	-	Member
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Member

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.

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Group engaged Nexia TS Risk Advisory Pte. Ltd. ("**Internal Auditor**") to assist the Board and AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. Risk Management Assessment as well as Control Self-Assessment were conducted by the Management with the assistance of the Internal Auditor. The key risk areas which have been identified are continued 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 FY2016.

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, and risk management systems, are adequate and effective in FY2016.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

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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 FY2016 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.

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. The aggregate amount of fees paid to the external auditors of the Company and subsidiaries for audit services was S$170,000 (98%) and non-audit services was S$3,000 (2%) for the financial year ended 31 July 2016. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

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

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

The AC has also reviewed the annual financial statements of the Company and the Group for the financial year ended 31 July 2016 as well as the Auditors' Reports thereon. Interested person transactions of the Group in FY2016 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.

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

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

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.

Principle 13: Internal Audit

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

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

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

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

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

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4. SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

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

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

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

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

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

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

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

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

The Board has not declared or recommended dividends for FY2016 as the Group has taken a cautious view on the Group's prospects due to uncertainty of market conditions.

5. DEALINGS IN SECURITIES

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

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

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

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6. MATERIAL CONTRACTS

Save for the service agreements between the Company and the Executive Directors as disclosed above, 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 2016 or if not then subsisting, entered into since 31 July 2015.

7. INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its non-controlling shareholders.

The Company does not have a general shareholders' mandate 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 conducted during FY2016.

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

S$5,000 relating to non-sponsorship activities or services were paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2016.

9. STATEMENT OF COMPLIANCE

The Board confirms that for FY2016 and save as expressly disclosed herein, the Company has adhered to the principles and guidelines as set out in the Code.

Financial Contents

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2016.

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 30 to 72 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016, and financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Sin Soon Teng
Ang Seng Heng
Andy Goh Beng Kwang
Chen Timothy Teck-Leng @ Chen Teck Leng (Appointed on 1 December 2015)
Heng Yeow Meng Michael
Ho Boon Chuan Wilson

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

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

3 DIRECTORS' INTEREST IN SHARES AND DEBENTURES

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

	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company (Ordinary shares)				
Sin Soon Teng	–	–	138,600,000	138,600,000
Ang Seng Heng	15,400,000	15,400,000	–	–
Andy Goh Beng Kwang	200,000	200,000	–	–
Immediate holding company				
Xiang Investment Ltd (Ordinary shares)				
Sin Soon Teng	8	8	–	–

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

The directors' interests in the shares of the Company as at 21 August 2016 were the same as at 31 July 2016.

Directors' Statement

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 5 July 2012.

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

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

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

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

a. all awards granted under the Share Plan; and

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

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

5 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under options

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

Directors' Statement

6 AUDIT COMMITTEE

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

a) the external and internal audit plans/audit reports, the scope and results of the internal audit procedures 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 and 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 and internal auditors; and

g) the re-appointment of the external and internal auditors of the Group.

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

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

7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Sin Soon Teng

Ang Seng Heng

21 October 2016

Independent Auditors' Report

To the Members of Sysma Holdings Limited

Report on the Financial Statements

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 31 July 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 72.

Management's Responsibility 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 Singapore Companies Act (the "**Act**") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

21 October 2016

Statements of Financial Position

31 July 2016

		GROUP		COMPANY	
	Note	2016 $	2015 $	2016 $	2015 $
ASSETS					
Current assets					
Cash and cash equivalents	7	34,776,551	26,548,927	7,619,915	6,476,181
Pledged bank deposits	7	3,007,909	990,469	–	–
Trade and other receivables	8	13,827,445	13,024,148	39,059,092	37,341,993
Properties held for sale	10	29,803,120	–	–	–
Development properties	11	60,844,987	127,167,582	–	–
Total current assets		142,260,012	167,731,126	46,679,007	43,818,174
Non-current assets					
Property, plant and equipment	12	1,966,199	2,409,992	–	–
Investments in subsidiaries	13	–	–	13,398,111	16,457,118
Total non-current assets		1,966,199	2,409,992	13,398,111	16,457,118
Total assets		144,226,211	170,141,118	60,077,118	60,275,292
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	14	32,655,169	27,959,887	12,447,267	10,115,174
Provisions	15	649,062	637,262	–	–
Finance leases	16	496,583	330,093	–	–
Bank borrowings	17	61,530,000	42,000,000	–	–
Loan from non-controlling interests	19	–	2,700,000	–	–
Income tax payable		935,050	308,886	7,027	8,354
Total current liabilities		96,265,864	73,936,128	12,454,294	10,123,528
Non-current liabilities					
Deferred tax liabilities	18	338,053	48,881	–	–
Finance leases	16	1,241,026	1,088,880	–	–
Bank borrowings	17	–	49,572,648	–	–
Total non-current liabilities		1,579,079	50,710,409	–	–
Capital and reserves					
Share capital	20	45,538,251	45,538,251	45,538,251	45,538,251
Merger reserve		(3,517,117)	(3,517,117)	–	–
Equity reserve	13	(844,016)	–	–	–
Accumulated profits		1,489,257	93,979	2,084,573	4,613,513
Equity attributable to owners of the company		42,666,375	42,115,113	47,622,824	50,151,764
Non-controlling interests		3,714,893	3,379,468	–	–
Total equity		46,381,268	45,494,581	47,622,824	50,151,764
Total liabilities and equity		144,226,211	170,141,118	60,077,118	60,275,292

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 July 2016

	Note	GROUP 2016 $	GROUP 2015 $
Continuing operations			
Revenue	21	126,228,294	98,422,464
Cost of sales		(117,293,176)	(89,335,665)
Gross profit		8,935,118	9,086,799
Other income	22	1,374,667	1,101,057
Other operating expenses		(3,367,416)	(4,032,052)
Administrative expenses		(3,316,320)	(2,864,059)
Finance costs	23	(286,670)	(41,203)
Profit before tax	24	3,339,379	3,250,542
Income tax expense	25	(832,803)	(196,438)
Profit for the year from continuing operations		2,506,576	3,054,104
Discontinued operation			
Loss for the year from discontinued operation	26	–	(143,799)
Profit for the year, representing total comprehensive income for the year		2,506,576	2,910,305
Total comprehensive income attributable to:			
Owners of the company		1,695,167	2,635,836
Non-controlling interests		811,409	274,469
		2,506,576	2,910,305
Basic and diluted earnings per share (cent) from continuing and discontinued operations	28	0.65	1.01
Basic and diluted earnings per share (cent) from continuing operations	28	0.65	0.99

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended 31 July 2016

GROUP	Share capital $	Merger reserve $	Equity reserve $	Accumulated profits $	Equity attributable to owners of the company $	Non-controlling interests $	Total $
Balance as at 1 August 2014	45,538,251	(3,517,117)	–	(2,541,857)	39,479,277	3,749,831	43,229,108
Profit for the year, representing total comprehensive income for the year	–	–	–	2,635,836	2,635,836	274,469	2,910,305
Disposal of subsidiary, representing total transactions with owners, recognised directly in equity	–	–	–	–	–	(644,832)	(644,832)
Balance as at 31 July 2015	45,538,251	(3,517,117)	–	93,979	42,115,113	3,379,468	45,494,581
Profit for the year, representing total comprehensive income for the year	–	–	–	1,695,167	1,695,167	811,409	2,506,576
Transactions with owners, recognised directly in equity							
Effects of acquiring non-controlling interests in a subsidiary	–	–	(844,016)	–	(844,016)	(475,984)	(1,320,000)
Dividends paid (Note 31)	–	–	–	(299,889)	(299,889)	–	(299,889)
Total	–	–	(844,016)	(299,889)	(1,143,905)	(475,984)	(1,619,889)
Balance as at 31 July 2016	45,538,251	(3,517,117)	(844,016)	1,489,257	42,666,375	3,714,893	46,381,268

COMPANY	Share capital $	Accumulated profits $	Total $
Balance as at 1 August 2014	45,538,251	3,000,119	48,538,370
Profit for the year, representing total comprehensive income for the year	–	1,613,394	1,613,394
Balance as at 31 July 2015	45,538,251	4,613,513	50,151,764
Loss for the year, representing total comprehensive loss for the year	–	(2,229,051)	(2,229,051)
Dividends paid (Note 31), representing total transactions with owners, recognised directly in equity	–	(299,889)	(299,889)
Balance as at 31 July 2016	45,538,251	2,084,573	47,622,824

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 July 2016

	GROUP 2016 $	GROUP 2015 $
Operating activities		
Profit before tax	3,339,379	3,106,743
Adjustments for:		
Depreciation of property, plant and equipment	976,263	1,002,320
Finance costs	286,670	496,913
Interest income	(151,952)	(29,124)
Allowance for doubtful debts	203,316	–
Provision for (Reversal of) foreseeable losses	728,461	(1,321,817)
Write off of loan due to disposal of subsidiary	–	1,283,658
Gain on disposal of discontinued operation	–	(348,850)
Gain on disposal of property, plant and equipment	(45,450)	(60,037)
Operating cash flow before movements in working capital changes	5,336,687	4,129,806
Trade and other receivables	(967,188)	(3,326,621)
Inventories	–	(245,881)
Development properties and properties held for sale	38,320,670	1,543,657
Trade and other payables	5,105,133	10,186,791
Cash generated from operations	47,795,302	12,287,752
Income tax refund (paid)	82,533	(26,488)
Net cash from operating activities	47,877,835	12,261,264
Investing activities		
Interest received	112,527	25,536
Proceeds from disposal of property, plant and equipment	45,500	113,752
Acquisition of non-controlling interests in a subsidiary	(1,320,000)	–
Purchase of property, plant and equipment (Note A)	(146,756)	(1,659,674)
Disposal of subsidiary	–	(163,293)
Net cash used in investing activities	(1,308,729)	(1,683,679)
Financing activities		
Proceeds from bank borrowings	10,745,054	2,439,509
Repayment of bank borrowings	(40,787,702)	(3,959,979)
Repayment of finance leases	(465,179)	(1,144,964)
Repayment of loan from non-controlling interests	(2,700,000)	–
Dividends paid	(299,889)	–
Interest paid	(2,816,326)	(2,592,178)
Increase in pledged bank deposits	(2,017,440)	(195)
Net cash used in financing activities	(38,341,482)	(5,257,807)
Net increase in cash and cash equivalents	8,227,624	5,319,778
Cash and cash equivalents at beginning of year	26,548,927	21,229,149
Cash and cash equivalents at end of year	34,776,551	26,548,927

Note A:

During the year, the Group acquired property, plant and equipment with an aggregate cost of $532,520 (2015 : $3,298,427) of which $385,764 (2015 : $1,638,753) were acquired by means of finance leases and cash payment made amounted to $146,756 (2015 : $1,659,674).

See accompanying notes to financial statements.

Notes to Financial Statements

31 July 2016

1 GENERAL

The Company (Registration Number 201207614H) is incorporated in Republic of 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 3 August 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 13 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 31 July 2016 were authorised for issue by the Board of Directors on 21 October 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On 1 August 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS ("**INT FRS**") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[1]

- FRS 115 *Revenue from Contracts with Customers*[1]

- FRS 116 *Leases*[2]

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*[1]
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[4]

[1] Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
[2] Applies to annual periods beginning on or after 1 January 2019, with early application permitted.
[3] Applies to annual periods beginning on or after 1 January 2016, with early application permitted.
[4] Applies prospectively to annual periods beginning on or after 1 January 2017, with early application permitted.

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

The management anticipates that the application of the above FRSs and amendments to FRSs in future will not have material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments*: *Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to classification and measurement of financial assets and financial liabilities, and impairment requirements for financial assets. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Management anticipates that the initial application of FRS 115 *Revenue from Contract Customers* may result in changes to the presentation of financial statements. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

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

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to leases. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("**OCI**") arising from equity-accounted investments – An equity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or nor it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management anticipates that the application of Amendments to FRS 1 in the future will not have a material impact on the financial statements of the Group in the period of initial adoption.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Management anticipates that the application of Amendments to FRS 7 in the future will not have a material impact on the financial statements of the Group in the period of initial adoption.

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

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

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

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

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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 - The acquisition of subsidiaries from a common controlling shareholder is accounted for using the merger accounting method. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries. Acquisitions of subsidiaries and businesses other than those involving entities under common control are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

Effective interest method

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

Financial assets

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

Loans and receivables

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities

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

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

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

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

Offsetting arrangements

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

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

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

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

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEVELOPMENT PROPERTIES - Development properties are properties still in the course of development. Unsold properties are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion. Progress billings not yet paid by customers are included within "trade and other receivables". Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Cost comprises costs that relate directly to the development, such as acquisition costs, and related costs that are attributable to development activities and can be allocated to the development project, including attributable borrowing costs (see below).

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

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

<u>The Group as lessor</u>

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

<u>The Group as lessee</u>

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

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

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Construction contracts

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

Sale of development properties

Revenue from sale of development properties is recognised when risks and rewards of ownership of the real estate is transferred to the buyer on a continuous basis. Revenue is recognised based on the percentage of completion method when the transfer of significant risks and rewards of ownership occurs as construction progresses. Under the percentage of completion method, revenue and costs are recognised by reference to the stage of completion of the development activity at the end of the reporting period based on survey of work completed at the end of each reporting period performed by independent qualified surveyors. Profits are recognised only in respect of properties with finalised sales agreements. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Development properties are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion method.

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.

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

31 July 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Provision for foreseeable losses on development properties and properties held for sale

Management reviews the property projects for foreseeable losses whenever there is an indication that the estimated selling prices are lower than the total project cost. The estimated selling prices are based on recent selling prices for the property projects or comparable projects and the prevailing property market conditions. The total project costs for development properties are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred.

Notes to Financial Statements

31 July 2016

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

Management also engages an independent valuation specialist to perform a valuation on the net realisable values of the property projects to assess their carrying amounts. The net realisable values of property projects are determined based on the direct comparison method. Based on the assessment and valuation performed, management is satisfied that adequate provision for foreseeable losses has been made in the financial statements. The carrying amount of the development properties and properties held for sale are disclosed in Note 11 and Note 10 to the financial statements, respectively.

Construction contracts and provision for foreseeable losses

The Group recognises contract revenue and contract costs using the percentage of completion method. The stage of completion is measured by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of certified contract value of work performed to date relative to the estimated total contract value.

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

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost.

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

Allowance for impairment loss on trade and other receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss. Where the loss subsequently reverses, the reversal is recognised in profit or loss. The carrying amount of the trade and other receivables is disclosed in Note 8 to the financial statements.

Provision for contract costs and liquidated damages

Determining the provision for contract costs in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise, the estimation of the timing of incurring such costs and of the future costs of carrying out such rectification works. Significant judgement is required in determining if the Group has to make provision for any potential liquidated damages exposures. The carrying amount of and the movements in the provision for contract costs and liquidated damages are disclosed in Note 15 to the financial statements.

Impairment of investments in subsidiaries

At the end of each reporting period, the Company reviews the carrying amounts of its investments in subsidiaries to determine whether there are any indications that those investments have suffered an impairment loss. In performing its review, the Company considers the latest management budgets and economic outlooks relating to those entities, unless stated otherwise. If any such indication exists, the recoverable amount of the subsidiary is estimated in order to determine the extent of the impairment loss, if any. The carrying amount of investments in subsidiaries is disclosed in Note 13 to the financial statements.

Notes to Financial Statements

31 July 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

	GROUP		COMPANY	
	2016	2015	2016	2015
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	51,465,613	40,331,337	46,679,007	43,818,174
Financial liabilities				
Amortised cost	85,048,320	118,051,452	12,447,267	10,115,174

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

COMPANY

As at 31 July 2016

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	45,150,428	(6,091,336)	39,059,092
Total	45,150,428	(6,091,336)	39,059,092

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities $	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position $	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position $
Trade and other payables	18,538,603	(6,091,336)	12,447,267
Total	18,538,603	(6,091,336)	12,447,267

Notes to Financial Statements

31 July 2016

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

COMPANY

As at 31 July 2015

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	40,015,722	(2,673,729)	37,341,993
Total	40,015,722	(2,673,729)	37,341,993

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities $	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position $	(c) = (a) – (b) Net amounts of financial assets presented in the statement of financial position $
Trade and other payables	12,788,903	(2,673,729)	10,115,174
Total	12,788,903	(2,673,729)	10,115,174

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.

(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 is exposed to minimal foreign exchange rate risk as the financial assets and liabilities are mainly denominated in the functional currency of respective group entities. Any movement in foreign exchange rate is unlikely to have a significant impact on the results of the Group. Accordingly, no sensitivity analysis is prepared.

Notes to Financial Statements

31 July 2016

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

(ii) Interest rate risk management

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

Interest rate sensitivity

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- profit before tax for the financial year ended 31 July 2016 would decrease/increase respectively by $307,650 (2015 : decrease/increase respectively by $457,863).

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

(iii) Credit risk management

The Group has no significant concentration of credit risk. The Group's principal financial assets are cash and cash equivalents, pledged bank deposits and trade and other receivables.

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

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

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

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

(iv) Liquidity risk management

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

Notes to Financial Statements

31 July 2016

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

Liquidity risk analysis

Non-derivative financial liabilities

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
GROUP						
2016						
Non-interest bearing	–	21,780,711	–	–	–	21,780,711
Fixed interest rate instruments	3.17	543,623	1,293,643	–	(99,657)	1,737,609
Variable interest rate instruments	2.57	62,307,985	–	–	(777,985)	61,530,000
		84,632,319	1,293,643	–	(877,642)	85,048,320
2015						
Non-interest bearing	–	25,059,831	–	–	–	25,059,831
Fixed interest rate instruments	3.23	375,023	1,150,607	–	(106,657)	1,418,973
Variable interest rate instruments	2.18	42,000,000	51,273,145	–	(1,700,497)	91,572,648
		67,434,854	52,423,752	–	(1,807,154)	118,051,452

All financial assets of the Group in 2016 and 2015 are interest-free and repayable on demand or current.

All financial assets and liabilities of the Company in 2016 and 2015 are interest-free and repayable on demand or current.

In respect to the bank borrowings obtained by subsidiaries (Note 17), management is of the view that the fair value of the corporate guarantees supported by the Company is not significant.

(v) Fair value of financial assets and financial liabilities

The Group and the Company had no financial assets or liabilities carried at fair value in 2016 and 2015.

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

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

Notes to Financial Statements

31 July 2016

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 2015.

The capital structure of the Group consists of debt, which includes the finance leases and bank borrowings disclosed in Notes 16 and 17, cash and cash equivalents disclosed in Note 7 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 Ltd, incorporated in British Virgin Islands, which is also the Company's ultimate holding company. The ultimate controlling party is Mr Sin Soon Teng whose interest in the Company is held through his shareholdings in Xiang Investment Ltd.

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

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

6 OTHER RELATED PARTIES 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 31 July 2016, the directors provided performance guarantees of $2,525,869 (2015 : $4,610,199) to third parties in relation to the Group's performance obligations.

Compensation of directors and key management personnel

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

	GROUP	
	2016	2015
	$	$
Short-term benefits	2,426,986	1,934,000
Post-employment benefits	64,575	44,250

Notes to Financial Statements

31 July 2016

7 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016	2015	2016	2015
	$	$	$	$
Cash on hand	10,019	10,093	–	–
Cash at bank	22,545,093	24,336,157	3,619,915	6,476,181
Fixed deposits	15,229,348	3,193,146	4,000,000	–
	37,784,460	27,539,396	7,619,915	6,476,181
Less: Pledged bank deposits	(3,007,909)	(990,469)	–	–
Cash and cash equivalents in the statement of cash flows	34,776,551	26,548,927	7,619,915	6,476,181

Cash and cash equivalents comprise cash held by the Group and short-term unpledged bank deposits with an original maturity of three months or less and an average interest rate of 1.53% (2015 : 0.90%) per annum.

Pledged bank deposits have an original maturity of three months or less, an average interest rate of 1.17% (2015 : 0.31%) per annum and are pledged against banking facilities.

Included in the cash and cash equivalents of the Group is an amount of $8,221,829 (2015 : $6,042,660) held under the Housing Developers (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the property projects (Note 10 and Note 11).

8 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables from third parties	12,781,173	12,319,107	–	–
Less: Allowance for doubtful debts	(203,316)	–	–	–
	12,577,857	12,319,107	–	–
Amounts due from contract customers (Note 9)	728,836	118,958	–	–
Other receivables from third parties	118,364	115,545	5,073	10
Other receivables from subsidiaries (Note 5)	–	–	39,054,019	37,341,983
Tender deposits	138,579	54,473	–	–
Deposits	117,517	183,858	–	–
Prepayments	146,292	232,207	–	–
	13,827,445	13,024,148	39,059,092	37,341,993

Notes to Financial Statements

31 July 2016

8 TRADE AND OTHER RECEIVABLES (cont'd)

The carrying values of trade and other receivables approximate their fair values. The average credit period is approximately 45 days (2015 : 45 days). No interest is charged on the outstanding trade receivables. Allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from rendering of services, determined by reference to individual customer's credit quality. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to customer base being large and unrelated. Accordingly, the management believes that there are no further credit allowances required in excess of the allowances for doubtful debts.

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

	GROUP	
	2016	2015
	$	$
Not past due and not impaired [(i)]	11,456,387	10,843,981
Past due but not impaired [(ii)]	1,121,470	1,475,126
	12,577,857	12,319,107
Impaired receivables – collectively assessed [(iii)]	203,316	–
Less: Allowance for doubtful debts	(203,316)	–
	12,577,857	12,319,107

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

(ii) Aging of receivables that are past due but not impaired:

	GROUP	
	2016	2015
	$	$
2 months to 6 months	306,233	519,870
6 months to 12 months	37,572	587,643
> 12 months	777,665	367,613
	1,121,470	1,475,126

(iii) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful debts:

	GROUP	
	2016	2015
	$	$
Allowance made during the year and at end of year	203,316	–

Notes to Financial Statements

31 July 2016

9 CONSTRUCTION CONTRACTS

	GROUP 2016 $	GROUP 2015 $
Contracts-in-progress at end of the reporting period:		
Amounts due from contract customers included in trade and other receivables (Note 8)	728,836	118,958
Amounts due to contract customers included in trade and other payables (Note 14)	(10,814,137)	(5,593,998)
	(10,085,301)	(5,475,040)
Cumulative work-in-progress at cost and cumulative attributable profit recognised to date (Less: Recognised losses to date)	194,908,603	220,075,991
Less: Cumulative progress billings	(204,993,904)	(225,551,031)
	(10,085,301)	(5,475,040)
Retention monies held by customers for contract work (billed and unbilled)	8,804,975	5,638,828

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

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

10 PROPERTIES HELD FOR SALE

	GROUP 2016 $
Properties held for sale, at cost	35,581,764
Provision for foreseeable losses (Note 11)	(5,778,644)
	29,803,120

During the year, one of the Group's property project obtained the Temporary Occupation Permit ("**TOP**") in 13 April 2016. Hence, these property units are classified as properties held for sale as of year end. They are classified as current because it is expected to be realised in the normal operating cycle.

Provision for foreseeable losses is estimated after taking into account estimated selling prices and total project costs. The estimated selling prices are based on recent selling prices for the property project or comparable projects and the prevailing property market conditions.

The properties held for sale are mortgaged to bank as security for bank borrowings obtained by the Group (Note 17).

Particulars of the properties held for sale as at 31 July 2016 are as follows:

Description	Location	Tenure	Site area (square meter)	Gross floor area (square meter)
Residential developments (8M Residences)	8 Margate Road, Singapore	Freehold	2,230	5,025

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11 DEVELOPMENT PROPERTIES

	GROUP	
	2016	2015
	$	$
Cost incurred plus attributable profits	101,824,682	180,786,850
Less: Progress billings	(30,192,472)	(37,781,862)
	71,632,210	143,004,988
Provision for foreseeable losses	(10,787,223)	(15,837,406)
	60,844,987	127,167,582

Development properties have been classified as current because they are expected to be realised in the normal operating cycle.

Provision for foreseeable losses is estimated after taking into account estimated selling prices and estimated total development costs. The estimated selling prices are based on recent selling prices for the development projects or comparable projects and the prevailing property market conditions. The estimated total development costs are based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred.

Movement in provision for foreseeable losses:

	GROUP	
	2016	2015
	$	$
At beginning of year	(15,837,406)	(17,159,223)
Allowance made during the year	(728,461)	–
Reversal during the year	–	1,321,817
Transferred to properties held for sale (Note 10)	5,778,644	–
At end of year	(10,787,223)	(15,837,406)

All development properties are mortgaged to banks as security for bank borrowings obtained by the Group (Note 17).

Particulars of the development properties as at 31 July 2016 are as follows:

Description	Location	Tenure	Site area (square meter)	Gross floor area (square meter)	Approximate percentage of completion (%)	TOP date
Residential development (Charlton 18) (79&81 Semi-detached at Charlton Lane)	Charlton Lane/ Upper Serangoon Road, Singapore	Freehold	3,114	4,384	99	Terraces: 01 August 2016 Semi-detached houses*: 17 August 2015
Residential-cum-commercial development (28 RC Suites)	Race Course Lane, Singapore	Freehold	710	2,690	98	31 December 2016 (Expected)

* Two semi-detached houses were sold during the year.

Notes to Financial Statements

31 July 2016

12 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings $	Office equipment $	Works vehicles $	Machinery $	Leasehold properties and building improvements $	Total $
GROUP						
Cost:						
At 1 August 2014	78,201	314,787	3,900,414	1,972,835	13,957,750	20,223,987
Additions	3,488	116,467	1,430,449	804,990	943,033	3,298,427
Disposal of subsidiary (Note 27)	–	(133,204)	(2,551,512)	(359,964)	(13,708,483)	(16,753,163)
Disposals	–	(15,715)	(518,303)	(34,300)	–	(568,318)
At 31 July 2015	81,689	282,335	2,261,048	2,383,561	1,192,300	6,200,933
Additions	87,793	65,926	182,001	196,800	–	532,520
Disposals	(1,795)	(9,336)	–	(245,450)	–	(256,581)
At 31 July 2016	167,687	338,925	2,443,049	2,334,911	1,192,300	6,476,872
Accumulated depreciation:						
At 1 August 2014	28,572	114,700	975,724	1,441,183	1,192,300	3,752,479
Depreciation	14,859	70,331	603,868	291,495	21,767	1,002,320
Disposal of subsidiary (Note 27)	–	(23,358)	(355,579)	(48,551)	(21,767)	(449,255)
Eliminated on disposals	–	(15,587)	(468,696)	(30,320)	–	(514,603)
At 31 July 2015	43,431	146,086	755,317	1,653,807	1,192,300	3,790,941
Depreciation	18,980	46,115	523,353	387,815	–	976,263
Eliminated on disposals	(1,785)	(9,296)	–	(245,450)	–	(256,531)
At 31 July 2016	60,626	182,905	1,278,670	1,796,172	1,192,300	4,510,673
Carrying amount:						
At 31 July 2016	107,061	156,020	1,164,379	538,739	–	1,966,199
At 31 July 2015	38,258	136,249	1,505,731	729,754	–	2,409,992

The carrying amount of the Group's property, plant and equipment includes an amount of $1,663,093 (2015 : $1,625,000) secured in respect of assets held under finance leases (Note 16).

Notes to Financial Statements

31 July 2016

13 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2016	2015
	$	$
Unquoted equity shares, at cost	16,977,119	15,657,118
Deemed capital investment	1,800,000	1,800,000
Impairment loss	(5,379,008)	(1,000,000)
	13,398,111	16,457,118

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

Movement in the impairment loss:

	COMPANY	
	2016	2015
	$	$
At beginning of year	1,000,000	1,000,000
Allowance made during the year	4,379,008	–
At end of year	5,379,008	1,000,000

Details of the Company's subsidiaries as at 31 July 2016 and 2015 are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activity
		2016	2015	
		%	%	
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] [3]	Singapore	100	70	Property development
De Paradiso Development Pte. Ltd. [1]	Singapore	100	100	Property development
Gcap Properties Pte. Ltd. [1]	Singapore	60	60	Property development
Sysma Capital Pte. Ltd. [2]	Singapore	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.				
East Development Pte. Ltd. [2]	Singapore	100	–	Investment holding
Coastline Pte. Ltd. [2]	Singapore	100	–	Investment holding

Notes to Financial Statements

31 July 2016

13 INVESTMENTS IN SUBSIDIARIES (cont'd)

Notes

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

(2) Newly incorporated entities during the year.

(3) During the year, the Group entered into a binding term sheet to acquire 300,000 issued ordinary shares, representing remaining 30% of the total issued share capital, of Sysma Properties Pte. Ltd.

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	2016 $
Amount paid on changes in ownership interest in subsidiary	1,320,000
Non-controlling interest acquired	475,984
Difference recognised in equity reserves	844,016

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 2016	2015
Investment holding	Singapore	6	3
Building and construction services	Singapore	1	1
Property development	Singapore	2	1
		9	5

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 interests		Profit attributable to non-controlling interests		Accumulated non-controlling interests	
		2016 %	2015 %	2016 $	2015 $	2016 $	2015 $
GCAP Properties Pte. Ltd.	Singapore	40	40	811,409	343,413	3,714,893	2,903,484
Individually immaterial subsidiaries with non-controlling interests				–	(68,944)	–	475,984
				811,409	274,469	3,714,893	3,379,468

Notes to Financial Statements

31 July 2016

13 INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	GCAP Properties Pte. Ltd.	
	2016	2015
	$	$
Current assets	38,116,920	65,975,646
Current liabilities	(28,774,672)	(58,662,096)
Total equity	9,342,248	7,313,550
Equity attributable to:		
Owner of the company	5,627,355	4,410,066
Non-controlling interests	3,714,893	2,903,484
Revenue	46,604,926	27,583,329
Profit for the year, representing total comprehensive income for the year	2,028,696	858,534
Total comprehensive income attributable to:		
Owner of the company	1,217,287	515,121
Non-controlling interests	811,409	343,413
Net cash inflow (outflow) from:		
Operating activities	33,100,440	6,539,691
Financing activities	(32,800,136)	(3,993,836)
Net cash inflow	300,304	2,545,855

14 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
	$	$	$	$
Trade payables to third parties	16,641,830	18,451,341	–	–
Amounts due to contract customers (Note 9)	10,814,137	5,593,998	–	–
Other payables to subsidiaries (Note 5)	–	–	11,552,892	9,330,009
Other payables to third parties	462,035	398,405	256,195	195,763
Deposits received from tenants	76,460	81,750	–	–
Advance payments received from customers	60,321	6,058	–	–
Accruals	4,600,386	3,428,335	638,180	589,402
	32,655,169	27,959,887	12,447,267	10,115,174

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 (2016 : 60 days). No interest is charged on the outstanding balance.

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31 July 2016

15 PROVISIONS

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

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

	GROUP	
	2016	2015
	$	$
At beginning of year	525,262	487,062
Allowance made during the year	–	38,200
Reversal during the year	(38,200)	–
At end of year	487,062	525,262

The provision for liquidated damages represents management's best estimate of the potential liquidated damages exposures.

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

	GROUP	
	2016	2015
	$	$
At beginning of year	112,000	539,600
Allowance made during the year	50,000	–
Reversal during the year	–	(427,600)
At end of year	162,000	112,000

16 FINANCE LEASES

	GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	$	$	$	$
Amounts payable under finance leases:				
Current	543,623	375,023	496,583	330,093
Non-current	1,293,643	1,150,607	1,241,026	1,088,880
	1,837,266	1,525,630	1,737,609	1,418,973
Less: Future finance charges	(99,657)	(106,657)		
Present values of lease obligations	1,737,609	1,418,973		
Less: Amount due for settlement within 12 months (shown under current liabilities)			(496,583)	(330,093)
Amount due for settlement after 12 months			1,241,026	1,088,880

The average lease term is 5 years. The average effective interest rate is 3.17% (2015 : 3.23%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts. The Group's obligations under finance lease are secured by the lessor's title to the leased assets (Note 12).

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17 BANK BORROWINGS

	GROUP	
	2016	2015
	$	$
At amortised cost:		
Current	61,530,000	42,000,000
Non-current	–	49,572,648
	61,530,000	91,572,648

The bank borrowings, which are denominated in Singapore dollars, are arranged at floating interest rates and therefore expose the Group to cash flow interest rate risk. The interest rates for the bank borrowings are reset for periods ranging from 1 to 6 months based on changes to Singapore Interbank Offered Rate ("**SIBOR**"), the bank's Swap rate or the bank's cost of funds.

Details of the bank borrowings are set out below:

Borrowings secured against development properties/ properties held for sale

The bank borrowings secured are against the development properties/ properties held for sale including legal assignment of all rights, titles and benefits under contracts in respect of the development properties of the Group and supported by corporate guarantees issued by the Company, personal guarantee issued by a director of a subsidiary and a financial guarantee bond issued by a third party not exceeding $5,250,000 are as follows:

(a) a bank loan of $10,000,000 (2015 : $42,000,000) which was fully repayable on 12 October 2016. Subsequent to year end, the bank loan has been extended and will be fully repayable on 11 November 2016;

(b) a bank loan of $33,790,000 (2015 : $31,332,648) which will be fully repayable on 31 December 2016. As at 31 July 2016, the Group did not maintain certain level of security maintenance ratio as required in the bank loan agreement. The bank did not request accelerated repayment of the loan and the terms of the loan were not changed. Subsequent to year end, the Company has repaid $3,790,000 and the repayment of the remaining $30 million was extended to 31 December 2017;

(c) a bank loan of $12,740,000 (2015 : $18,240,000) which will be fully repayable 6 months from the date of issuance of TOP for the development property at Race Course Lane or 31 March 2017, whichever is earlier; and

(d) a bank loan of $5,000,000 (2015 : $Nil) which will be fully repayable 3 months from date of issuance of Certificate of Statutory Completion ("**CSC**") for the development property at Race Course Lane or 31 December 2017, whichever is earlier. As management expects to obtain the CSC in February 2017, the bank loan is classified as a current liability.

18 DEFERRED TAX LIABILITIES

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

	GROUP
	$
At 31 July 2014 and 31 July 2015	48,881
Charge to profit or loss during the year (Note 25)	289,172
At 31 July 2016	338,053

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

Notes to Financial Statements

31 July 2016

19 LOAN FROM NON-CONTROLLING INTERESTS

Loan from a non-controlling interest amounted to $2,700,000 was unsecured, interest-free and has been fully paid on 20 August 2015.

20 SHARE CAPITAL

	GROUP AND COMPANY			
	2016	2015	2016	2015
	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.

21 REVENUE

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	GROUP	
	2016	2015
	$	$
Continuing operations:		
Revenue from construction contracts	54,039,445	55,474,059
Revenue from property development	72,188,849	42,948,405
	126,228,294	98,422,464
Discontinued operation:		
Revenue from sale of goods	–	34,075,628
	126,228,294	132,498,092

22 OTHER INCOME

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Interest income from fixed deposit	151,952	29,077	–	47	151,952	29,124
Foreign exchange loss	(86)	–	–	–	(86)	–
Gain on disposal of property, plant and equipment	45,450	60,037	–	–	45,450	60,037
Rental income	735,596	730,970	–	60,060	735,596	791,030
Miscellaneous income	441,755	280,973	–	296,971	441,755	577,944
Total	1,374,667	1,101,057	–	357,078	1,374,667	1,458,135

Notes to Financial Statements

31 July 2016

23 FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Interest on bank borrowings	2,672,091	2,030,068	–	327,379	2,672,091	2,357,447
Interest on obligations under finance leases	62,581	41,203	–	106,705	62,581	147,908
Interest on loan from a non-controlling interest	–	–	–	21,626	–	21,626
Total	2,734,672	2,071,271	–	455,710	2,734,672	2,526,981
Less: Interest capitalised in development properties	(2,448,002)	(2,030,068)	–	–	(2,448,002)	(2,030,068)
Net	286,670	41,203	–	455,710	286,670	496,913

24 PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Depreciation of property, plant and equipment	976,263	680,176	–	322,144	976,263	1,002,320
Directors' fees	154,581	155,000	–	–	154,581	155,000
Directors' remuneration						
- of the Company	1,176,000	1,125,000	–	–	1,176,000	1,125,000
- of a subsidiary	–	–	–	273,800	–	273,800
Costs of defined contribution plans included in staff costs	604,889	439,988	–	116,544	604,889	556,532
Staff costs (including directors' remuneration) (1)	11,343,712	10,839,164	–	1,278,904	11,343,712	12,118,068
Statutory audit fees paid to auditors of the Company	170,000	174,000	–	–	170,000	174,000
Non-audit fee paid to auditors of the Company	3,000	4,000	–	–	3,000	4,000
Provision for (Reversal of) foreseeable losses on development properties (2)	728,461	(1,321,817)	–	–	728,461	(1,321,817)
Gain on disposal of property, plant and equipment	(45,450)	(60,037)	–	–	(45,450)	(60,037)
Allowance for doubtful debts	203,316	–	–	–	203,316	–

(1) These represent total staff costs incurred during the year. Included in total staff costs of $11,343,712 (2015 : $12,118,068) is an amount of $7,949,875 (2015 : $8,112,718) relating to project staff which was capitalised in the carrying amount of construction contracts and a portion of which has been recognised in profit or loss for the period in accordance with the percentage of completion method.

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

Notes to Financial Statements

31 July 2016

25 INCOME TAX EXPENSE

	GROUP	
	2016	2015
	$	$
Current tax	934,455	307,848
Overprovision of current tax in prior years	(390,824)	(111,410)
	543,631	196,438
Deferred tax (Note 18)	289,172	–
	832,803	196,438

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable income for the financial year.

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

	GROUP	
	2016	2015
	$	$
Profit before tax	3,339,379	3,106,743
Income tax expense at statutory rate of 17%	567,694	528,146
Non-allowable items	1,213,844	253,910
Non-taxable items	(256,939)	(425,773)
Overprovision of current tax in prior years	(390,824)	(111,410)
Exempt income	(94,038)	(64,657)
Tax rebate	(67,070)	(43,332)
Utilisation of tax losses previously not recognised	(189,604)	–
Effect of unutilised tax losses not recognised as deferred tax assets	47,525	56,332
Others	2,215	3,222
	832,803	196,438

As at the end of the reporting period, the Group has tax losses of approximately $7,253,909 (2015 : $6,974,350) that are available for offset against future taxable profits of the companies in the Group in which the losses arose for which no deferred tax asset is recognised due to uncertainty of recoverability. The use of these tax losses is subject to the agreement of the tax authorities.

Notes to Financial Statements

31 July 2016

26 DISCONTINUED OPERATION

On 30 June 2015, the Group entered into a binding term sheet to dispose TT Energy Pte Ltd (formally known as Sysma Energy Pte Ltd), which carried out all of the Group's petroleum and chemical distribution business. The decision was made due to increasing financial commitments required from the joint venture business and a capital structure that moved beyond the Group's risk tolerance. The disposal was effective from 1 July 2015, on which date control of TT Energy Pte Ltd passed to the acquirer.

	GROUP 2015 $
Loss of petroleum and chemical distribution business	(492,649)
Gain on disposal of petroleum and chemical distribution business	348,850
	(143,799)

The results of the discontinued operation for the period from 1 August 2014 to 1 July 2015 were as follows:

	2015 $
Revenue	34,075,628
Cost of sales	(32,371,450)
Other income	357,078
Other operating expenses	(1,049,386)
Administrative expenses	(1,048,809)
Finance costs	(455,710)
Loss before tax	(492,649)
Income tax expenses	–
Loss for the year	(492,649)

The impact of the discontinued operation on the cash flows of the Group for the financial year ended 31 July 2015 was as follows:

	2015 $
Operating cash inflows	2,250,043
Investing cash outflows	(1,303,594)
Financing cash outflows	(1,706,303)
Total cash outflows	(759,854)

The carrying amounts of the assets and liabilities of TT Energy Pte Ltd at the date of disposal are disclosed in Note 27.

Notes to Financial Statements

31 July 2016

27 DISPOSAL OF SUBSIDIARY

As referred to in Note 26 to the financial statements, on 1 July 2015, the Group discontinued its petroleum and chemical distribution operations at the point where control of its subsidiary, TT Energy Pte Ltd, were passed to the acquirer.

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost

	2015 $
Non-current asset	
Property, plant and equipment	16,303,908
Current assets	
Cash and cash equivalent	1,183,293
Inventories	826,982
Trade and other receivables	6,918,647
Total current assets	8,928,922
Non-current liabilities	
Bank borrowings	(8,936,132)
Non-current portion of finance lease	(1,358,010)
Loan from holding company	(1,254,600)
Loan from non-controlling shareholders	(1,205,400)
Total non-current liabilities	(12,754,142)
Current liabilities	
Bank borrowings	(7,310,715)
Current portion of finance lease	(481,328)
Trade and other payables	(3,370,663)
Total non-current liabilities	(11,162,706)
Net assets	**1,315,982**
51% of net assets derecognised	**671,150**
Consideration received in cash	1,020,000
Gain on disposal of subsidiary:	
Consideration received	1,020,000
Net assets derecognised	(671,150)
	348,850

The gain on disposal of the subsidiary was recorded as part of loss for the year from discontinued operation in the statement of profit or loss and other comprehensive income.

	2015 $
Net cash outflow on disposal of subsidiary:	
Cash consideration received	1,020,000
Cash and cash equivalents disposed of	(1,183,293)
	(163,293)

Notes to Financial Statements

31 July 2016

28 EARNINGS PER SHARE

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

	GROUP 2016 $	GROUP 2015 $
From continuing and discontinued operations		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	1,695,167	2,635,836
From continuing operations		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	1,695,167	2,584,059
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	261,000,000	261,000,000

From discontinued operation

In 2015, basic and diluted earnings per share for the discontinued operation is 0.02 cents per share. Earnings per share from discontinued operation is based on the net profit for the year from discontinued operation of $51,777 and the above number of shares for both basic and diluted earnings per share.

29 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	GROUP 2016 $	GROUP 2015 $
Minimum lease payments under operating leases (net of rebates) recognised as an expense in the financial year	1,076,051	1,437,827

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

	GROUP 2016 $	GROUP 2015 $
Within one year	480,513	444,759
In the second to fifth year inclusive	71,840	151,952
	552,353	596,711

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

Notes to Financial Statements

31 July 2016

29 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor

	GROUP	
	2016	2015
	$	$
Rental income	735,596	787,030

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	GROUP	
	2016	2015
	$	$
Within one year	726,000	721,003
In the second to fifth year inclusive	348,200	344,700
	1,074,200	1,065,703

30 SEGMENT INFORMATION

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

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

Building construction

General builders and construction contractors and general engineering.

Property development

Development of residential and commercial projects.

Petroleum and chemical distribution

Manufacturing and trading of refined petroleum products and the provision of related services. The petroleum and chemical distribution operation comes from TT Energy Pte Ltd which was discontinued in FY2015 (Note 26). For FRS 108 and comparative purposes, the petroleum and chemical distribution operation is included as one of the reportable segments.

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.

Notes to Financial Statements

31 July 2016

30 SEGMENT INFORMATION (cont'd)

	Continuing operations				
	Building construction $	Property development $	Investment holding $	Elimination $	Group $
2016					
Revenue					
External customers	54,039,445	72,188,849	–	–	126,228,294
Inter-segment	16,714,812	–	5,186,124	(21,900,936)	–
Total revenue	70,754,257	72,188,849	5,186,124	(21,900,936)	126,228,294
Results					
Segment results					
Profit before tax	5,134,114	6,179	(2,221,594)	420,680	3,339,379
Income tax expense					(832,803)
Profit for the year					2,506,576
Assets and liabilities					
Segment assets	28,903,846	104,797,864	10,524,501	–	144,226,211
Segment liabilities	31,699,430	65,221,724	923,789	–	97,844,943
Other information					
Depreciation	(976,263)	–	–	–	(976,263)
Allowance for doubtful debts	(203,316)	–	–	–	(203,316)
Provision for foreseeable losses	–	(728,461)	–	–	(728,461)
Finance costs	(62,581)	(224,089)	–	–	(286,670)
Interest income	144,393	–	7,559	–	151,952
Additions to non-current assets	532,520	–	–	–	532,520

Notes to Financial Statements

31 July 2016

30 SEGMENT INFORMATION (cont'd)

	Continuing operations					Discontinued operation	
	Building construction $	Property development $	Investment holding $	Elimination $	Sub-total $	Petroleum and chemical distribution $	Group $
2015							
Revenue							
External customers	55,474,059	42,948,405	–	–	98,422,464	34,075,628	132,498,092
Inter-segment	22,287,185	–	4,173,729	(26,460,914)	–	–	–
Total revenue	77,761,244	42,948,405	4,173,729	(26,460,914)	98,422,464	34,075,628	132,498,092
Results							
Segment results							
Profit before tax	3,620,718	1,253,456	(144,603)	(1,479,029)	3,250,542	(143,799)	3,106,743
Income tax expense					(196,438)	–	(196,438)
Profit for the year					3,054,104	(143,799)	2,910,305
Assets and liabilities							
Segment assets	23,535,210	138,772,205	7,833,703	–	170,141,118	–	170,141,118
Segment liabilities	28,234,273	95,595,402	816,862	–	124,646,537	–	124,646,537
Other information							
Depreciation	(680,176)	–	–	–	(680,176)	(322,144)	(1,002,320)
Reversal of provision for foreseeable losses	–	1,321,817	–	–	1,321,817	–	1,321,817
Finance costs	(41,203)	–	–	–	(41,203)	(455,710)	(496,913)
Interest income	22,018	–	7,059	–	29,077	47	29,124
Additions to non-current assets	3,298,427	–	–	–	3,298,427	–	3,298,427

Notes to Financial Statements

31 July 2016

30 SEGMENT INFORMATION (cont'd)

Geographical information

The Group operates mainly in the geographical areas of Singapore. The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location in 2016 and 2015 are detailed below:

	GROUP			
	Revenue from external customers		Non-current assets	
	2016	2015	2016	2015
	$	$	$	$
Based on location of customers				
Singapore	126,228,294	132,445,872	1,966,199	2,409,992
Others	–	52,220	–	–
	126,228,294	132,498,092	1,966,199	2,409,992

In 2015, the Group's revenue from external customers outside Singapore was contributed by the petroleum and chemical distribution business.

Information about major customer

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

31 DIVIDENDS

On 3 December 2015, a final one-tier tax exempt dividend of 0.11 (cents) per share amounting to $299,889 in respect of the financial year ended 31 July 2015 was paid to shareholders.

Statistics of Shareholdings

As at 12 October 2016

STATISTICS OF SHAREHOLDINGS AS AT 12 OCTOBER 2016

Issued and fully paid-up capital	:	S$45,538,000 (261,000,000 shares)
Class of Shares	:	Ordinary Shares
Treasury Shares	:	Nil
Voting Rights	:	One Vote Per Share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 OCTOBER 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	25	5.39	262	0.00
100 - 1,000	23	4.96	20,833	0.01
1,001 - 10,000	55	11.85	387,000	0.15
10,001 - 1,000,000	351	75.65	48,992,500	18.77
1,000,001 and above	10	2.15	211,599,405	81.07
TOTAL	**464**	**100.00**	**261,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 12 OCTOBER 2016

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CITIBANK NOMINEES SINGAPORE PTE LTD	173,906,200	66.63
2	ANG SENG HENG	15,400,000	5.90
3	OCBC SECURITIES PRIVATE LTD	5,451,500	2.09
4	UOB KAY HIAN PTE LTD	5,016,500	1.92
5	HONG LEONG FINANCE NOMINEES PTE LTD	4,150,000	1.59
6	PHILLIP SECURITIES PTE LTD	2,068,505	0.79
7	CITIBANK CONSUMER NOMINEES PTE LTD	1,600,000	0.61
8	WANG YING SHU (WANG YINGSHU)	1,560,000	0.60
9	HONG PIAN TEE	1,317,000	0.50
10	KOH YONG SIANG (XU RONGXIANG)	1,129,700	0.43
11	3 THIRTY NINE PTE LTD	1,000,000	0.38
12	CHANG-CHOU MEI HSIU	1,000,000	0.38
13	LOI WIN YEN	1,000,000	0.38
14	NG CHEE CHOON	1,000,000	0.38
15	TAN HAI PENG MICHEAL	1,000,000	0.38
16	WEN NANFEI	1,000,000	0.38
17	WONG CHAO HSIUNG	1,000,000	0.38
18	NG SIEW KEOW	880,000	0.34
19	SOH ENG TAI	844,000	0.32
20	CHAN PHOOI PHOOI	811,400	0.31
	Total:	**221,134,805**	**84.69**

Statistics of Shareholdings

As at 12 October 2016

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 12 October 2016.

	Direct Interest		Deemed Interest		Total	
Name	Number of Shares	%	Number of Shares	%	Number of Shares	%
Xiang Investment Ltd.[(1)]	166,600,000	63.83	–	–	166,600,000	63.83
Sin Soon Teng[(1)]	–	–	166,600,000	63.83	166,600,000	63.83
Ang Seng Heng	15,400,000	5.90	–	–	15,400,000	5.90

Notes:

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

PUBLIC FLOAT

As at 12 October 2016, approximately 30.19% 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 held at Kensington Ballroom 2, Heliconia Wing Level 2, Serangoon Gardens Country Club, 22 Kensington Park Road, Singapore 557271 on Friday, 18 November 2016 at 10:00 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2016, together with the Statement of Directors and the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' Fees of S$160,000 for the financial year ending 31 July 2017, to be paid quarterly in arrears. (FY2016: S$154,581) **Resolution 2**

3. To re-appoint Mr Sin Soon Teng, a Director who is retiring under the resolution passed at the last Annual General Meeting held on 20 November 2015 pursuant to Section 153(6) of the Companies Act, Chapter 50 (which was then in force) (the "**Companies Act**") **Resolution 3**
[See Explanatory Note (i)]

4. To re-elect Mr Heng Yeow Meng Michael, a Director who is retiring pursuant to Regulation 107 of the Company's Constitution. **Resolution 4**
[See Explanatory Note (i)]

5. To re-elect Mr Ho Boon Chuan Wilson, a Director who is retiring pursuant to Regulation 107 of the Company's Constitution. **Resolution 5**
[See Explanatory Note (i)]

6. To re-elect Mr Chen Timothy Teck-Leng @ Chen Teck Leng, a Director who is retiring pursuant to Regulation 117 of the Company's Constitution. **Resolution 6**
[See Explanatory Note (i)]

7. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

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

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 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) in the capital of the Company (as calculated in accordance with paragraph (2) below), whether on pro-rata or non pro-rata basis;

Notice of Annual General Meeting

(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) shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the time such authority was conferred, after adjusting for:

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

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

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

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

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

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

[See Explanatory Note (ii)]

<u>AS ORDINARY RESOLUTIONS</u>

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

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

[See Explanatory Note (iii)]

10. <u>PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE</u> **Resolution 10**

"THAT:

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

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

Notice of Annual General Meeting

(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 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, whichever is the earlier, after the date of this Resolution; and

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

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

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

where:

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

Notice of Annual General Meeting

"**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 (iv)]

BY ORDER OF THE BOARD

Pan Mi Keay
COMPANY SECRETARY
SINGAPORE

27 October 2016

Explanatory Notes:

(i) Mr Sin Soon Teng who is above 70 years old was re-appointed during the Company's last Annual General Meeting held on 20 November 2015 to hold office until this Annual General Meeting pursuant to Section 153(6) of the Singapore Companies Act, Chapter 50, which was then in force and repealed since 3 January 2016. Accordingly, there is a need to re-appoint him during the forthcoming Annual General Meeting to allow him to continue in office. Upon re-appointment, he will then be subject to retirement by rotation under the Constitution of the Company.

Mr Sin Soon Teng will, upon re-appointment as Director of the Company, remains as Chairman of the Board and a member of the Nominating Committee.

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

Mr Ho Boon Chuan Wilson, upon re-election as Director of the Company, remains as the Chairman of the 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 Chen Timothy Teck-Leng @ Chen Teck Leng, upon re-election as Director of the Company, remains as the Lead Independent Director, Chairman of the 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 Heng Yeow Meng Michael, Mr Ho Boon Chuan Wilson and Mr Chen Timothy Teck-Leng @ Chen Teck Leng can be found under the "**Board of Directors**" section in the Company's Annual Report 2016.

(ii) 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.

Notice of Annual General Meeting

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

(iv) Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, 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.

Notes:-

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

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

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

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

(4) The instrument or form appointing a proxy, duly executed, must be deposited at the registered office of the Company at 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SYSMA HOLDINGS LIMITED

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

PROXY FORM

IMPORTANT

1) For investors who have used their SRS monies ("**SRS Investors**") to buy the Company's shares, this Annual Report for FY2016 is sent to them at the request of their SRS Approved Nominees solely FOR THEIR INFORMATION ONLY.
2) This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3) SRS Investors may attend and cast their votes at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 October 2016.

I/We ____ (Name)

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

of ____ (Address)

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

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

and/or (delete where appropriate)

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

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Kensington Ballroom 2, Heliconia Wing Level 2, Serangoon Gardens Country Club, 22 Kensington Park Road, Singapore 557271 on Friday, 18 November 2016 at 10:00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated with an "**X**" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

All resolutions put to vote at the Annual General Meeting shall be decided by way of poll.

**delete where appropriate*

No.	Resolutions	For	Against
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2016, together with the Statement of Directors and the Auditors' Report thereon.		
2.	To approve the payment of Directors' Fees of S$160,000 for the financial year ending 31 July 2017, to be paid quarterly in arrears. (FY2016: S$154,581)		
3.	To re-appoint Mr Sin Soon Teng as a Director.		
4.	To re-elect Mr Heng Yeow Meng Michael as a Director under Regulation 107 of the Company's Constitution.		
5.	To re-elect Mr Ho Boon Chuan Wilson as a Director under Regulation 107 of the Company's Constitution.		
6.	To re-elect Mr Chen Timothy Teck-Leng @ Chen Teck Leng as a Director under Regulation 117 of the Company's Constitution.		
7.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.		
Special Business			
8.	To authorise the allotment and issuance of shares.		
9.	To authorise the allotment and issuance of shares under the Sysma Performance Share Plan.		
10.	To approve the proposed renewal of the Share Buyback Mandate.		

Dated this __________ day of ________________, 2016.

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

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

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

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

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

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

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

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

3. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002 at least 48 hours before the time appointed for the Annual General Meeting.

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

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

6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

7. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

SYSMA HOLDINGS LIMITED

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