



SYSMA HOLDINGS LIMITED

# ANNUAL REPORT 2022



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

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

# CORPORATE PROFILE

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

In the past 36 years, the Group has built up a strong and diverse track record in the construction business, having undertaken more than 300 building projects for residential, commercial, heritage and conservation, institutional and industrial properties.

The Group’s focus is on building high-end landed housing, particularly Good Class Bungalows, as well as executing addition and alteration works on landed and other properties which require high quality furnishings and fittings. To date, the Group has constructed more than 160 bungalows in Singapore.

Over the years, Sysma Holdings has diversified its revenue streams by entering into property development, and investments both in Singapore and overseas.

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.sg](http://www.sysma.sg).

## CORPORATE MILESTONES

Sysma Holding’s investment in Elite Logistics Fund was fully redeemed as a result of the sale of the fund’s portfolio, generating a return on investment of around 60%.

Sysma Holdings also disposed of its entire shareholdings in Lascelles Park Limited, generating a gross return of more than 30%.

Sysma Holdings acquired 1 million placement shares in Pegasus Asia (“PA”) for a total consideration of S\$5 million in connection with PA’s Initial Public Offering. PA is a SPAC which successfully listed on the SGX-ST on 21 January 2022.



# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present to you the Group's annual report for the financial year ended 31 July 2022 ("FY2022").

### REVIEW OF FY2022 PERFORMANCE

The Group's building and construction business, despite the challenging business environment, continued to maintain its pace of operations in FY2022. Group revenue for FY2022 dropped marginally by 6.4% to S\$52.3 million from S\$55.9 million in FY2021. This was due to the reduced contribution from the building and construction segment, which gradually re-opened during the financial year but continued to be impacted by manpower shortage and escalating costs of construction materials. A more detailed review of the financial performance is presented in the Financial and Operations Review section of this Annual Report.

The Group's building and construction business continues to focus on timely execution and delivery of its order book, which stood at S\$78.0 million as at 31 July 2022, to be delivered over the duration of the next five financial years.

In August 2021, the Group completed the share issuance in its subsidiaries Kian Hock Engineering Ltd ("KHEL") and KH Instrumentation Pte Ltd (KHIPL). Following the completion, the Company's shareholding percentage in KHEL was reduced from 100% to 80% and KHEL's shareholding percentage in KHIPL was reduced from 100% to 90%.

During the year, the Group's investment in Elite Logistics Fund ("ELF") was fully redeemed as a result of the sale of the fund's portfolio, contributing a very substantial gain to the Group's results. We thank and congratulate the team at Elite Partners Capital for delivering outsized returns for investors during such a trying time for the world.

In January 2022, the Group acquired 1 million placement shares in Pegasus Asia ("PA") for a total consideration of

S\$5 million in connection with PA's Initial Public Offering. PA is a SPAC which successfully listed on the SGX-ST on 21 January 2022.

The Group also completed the disposal of its entire 30% interest in the issued and paid-up share capital comprising 30 ordinary shares in Lascelles Park Limited ("LPL"). As a result of the disposal, LPL ceased to be an associated company.

The Group will continue to market the three remaining commercial units in 28 RC Suites.

For FY2022, the Group reported a net profit of S\$7.8 million, an increase of S\$5.2 million from the net profit of S\$2.6 million recorded in FY2021.

### REWARDING OUR SHAREHOLDERS

Following the FY2022 First Half results released in March 2022, an interim dividend of 1.0 Singapore cents per share was paid on 31 March 2022. No further dividend is proposed for FY2022 to conserve cash for the challenging environment ahead.

A first and final one-tier tax exempt dividend of 0.5 Singapore cents per share in respect of the financial year ended 31 July 2021 was paid on 15 December 2021.

### LOOKING AHEAD

Recession, to us, has always been a matter of when and not if. Singapore, like many places in the world, continues to grapple with the threat of a darkening economic outlook caused by rising inflation, tight labour markets from the reopening of borders, increasing interest rates and geopolitical instability. On the back of this will likely be a food system shock, brought forward by the on-going Russia-Ukraine war and accelerating climate change.

## CHAIRMAN'S STATEMENT



The Board will actively monitor and take necessary steps to mitigate the continuing impact of the COVID-19 pandemic, the escalating construction costs, shortage of skilled labour, and high interest rate environment on the businesses of the Group.

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

In spite of the short-term volatility, we will continue to build our cash reserves and continue to identify where good mid-term to long-term opportunities lie, to invest and grow the business strategically.

### ACKNOWLEDGEMENTS

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

We would also like to express our thanks to the women and men at the Ministry of Trade and Industry (Singapore). In June 2020, while our country was just emerging from the Circuit Breaker, they coordinated among many other supplies, the first shipment of eggs from Poland, to ensure and assure, a basic protein for all Singaporeans, and such foresight to diversify our food sources continue to be felt today. Thank you all for your efforts in protecting Singapore.

There are many more unsung heroes of the pandemic. Let us never forget, that we are all in this together.

Thank you and stay safe.

### SIN SOON TENG

Executive Chairman & Group CEO

# BOARD OF DIRECTORS

**MR. SIN SOON TENG, 77**, is the Executive Chairman, Group CEO and founder of Sysma Holdings. He was first appointed to the Board on 28 March 2012. He is also a member of the Nominating Committee. With more than five decades of experience in the construction industry under his belt, he is responsible for setting the strategic direction and driving growth in the Group.

**MR. SIN EE WUEN, 44**, is our Executive Director and Deputy CEO. He joined our Group on 15 May 2014 as the Corporate Development Manager. Promoted to Deputy Chief Executive Officer on 2 October 2017 and subsequently appointed to the Board as Executive Director on 19 September 2018, he is responsible for investments, strategic planning, and implementation of the Group's Property Development Business and assists the Group CEO.

**MR. RICHARD TAN KHENG SWEE, 46**, is our Lead Independent Director and was appointed to the Board on 2 May 2018. He is also the Chairman of Remuneration Committee and a member of Audit Committee and Nominating Committee. He has more than two decades of experience in legal and commercial practice and is currently the Director of Lide Legal LLC, a Singapore law corporation. His practice includes advising and representing companies in a wide range of commercial transactions from startups to listed entities and multinational companies. Some of the typical matters he handles include asset acquisitions, initial public offerings and other fund-raising exercises, mergers and acquisitions, restructuring exercises, corporate advisory and compliance involving both listed and private companies. Prior to Mr. Tan's current appointment, he previously managed and practised in a small-mid Singapore law practice as well as a mid-sized Australian law practice in New South Wales. Mr. Tan currently serves as an Independent Director of Jumbo Group Limited which is listed on the Catalist Board of the SGX-ST. Mr. Tan graduated with a Bachelor of Laws (Honours) from the National University of Singapore and a Bachelor of Science (Honours) from the University of Melbourne, Australia. He is an Advocate & Solicitor of the Supreme Court of Singapore, a Barrister & Solicitor of the Supreme Court of Victoria, Australia and a Solicitor of the High Court of Australia.

**MR. TEO BOON TIENG, 59**, is our Independent Director and was appointed to the Board on 6 July 2020. He is also the Chairman of Audit Committee and a member of Remuneration Committee and Nominating Committee. He is currently practising under his firm, Teo Boon Tieng & Company, Chartered Accountants of Singapore, which he set up in early 1997. Prior to that, he worked for Ernst & Young from early 1990 to late 1995. His experience with Ernst & Young included the audit of companies from a spectrum of industries, multinational corporations and public listed companies. He has previously served as an independent director and Chairman of the Audit Committee of a company listed on the Mainboard and a company listed on the Catalist Board of the SGX-ST. He graduated from National University of Singapore with a Bachelor of Science (Honours) in Estate Management Degree in 1989. He is a fellow member of both the Institute of Singapore Chartered Accountants (ISCA) and the Association of Chartered Certified Accountants (ACCA, UK).

**MR. LIM KHENG HOCK, 72**, is our Independent Director and was appointed to the Board on 6 January 2021. He is also the Chairman of Nominating Committee and a member of Remuneration Committee and Audit Committee. Mr Lim is a veteran in the construction engineering landscape having more than four decades of industry experience. He is currently the Chief Engineer and Director at MSE Consultants Pte Ltd and Director at MSE Technologies Pte Ltd and Sibex Pte Ltd. He graduated from Singapore Polytechnic with a Diploma in Civil Engineering in 1973.

# EXECUTIVE OFFICERS

**MR. MOHAMED AMANULLAH, 46**, is our Chief Financial Officer. He joined our Group on 23 July 2018 and is responsible for overseeing the financial and management accounting, compliance and taxation matters. Prior to joining our Group, he was the Group CFO of Geomotion (Singapore) Pte Ltd from September 2017 to July 2018. Mr Amanullah's work experience in listed companies includes working as Chief Financial Officer of Swee Hong Limited, a company listed on the Main Board of the SGX-ST, from May 2015 to May 2017 during which he also served as the Company's Acting CEO from February to August 2016. He also served as Financial Controller of 3Cnergy Limited, a company listed on the Catalist Board of the SGX-ST, from July 2013 to May 2015. Mr Amanullah is a Fellow Chartered Certified Accountant ("FCCA"), registered with the Association of Chartered Certified Accountants in the United Kingdom, a Fellow Chartered Accountant, FCA (Singapore) and ASEAN CPA, registered with the Institute of Singapore Chartered Accountants; and a member of Singapore Institute of Directors. He holds a bachelors' degree in applied accounting and an MBA from University of Melbourne. He has more than two decades of experience in accounting and finance in the legal, social welfare, civil engineering and real estate industries.

**MR. ANG SENG HENG, 64**, joined our Group in 1987 and is our Head of Operations. He served on the Board as Executive Director from 28 March 2012 to 28 November 2019. He is responsible for the overall planning of manpower and resources for the various projects undertaken by our Group and is also in charge of liaising with client representatives, regulatory authorities and consultants in relation to projects which our Group is involved in. Mr Ang has over four decades of experience in the construction industry. Mr. Ang serves as a director in 6 of the Group's subsidiaries. He obtained a Diploma in Civil Engineering from the Singapore Polytechnic in 1978 and a Diploma in Industrial Management from the Singapore Polytechnic in 1985.

**MR. CHONG KIM GUAN, 65**, 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, 65**, joined our Group in 1987 as a Quantity Surveyor and Office Manager and is currently our Administration Director. She is responsible for overseeing all administrative and human resource matters in our Group. Ms. Ng serves as a director in 11 of the Group's subsidiaries. She obtained a Diploma in Building from the Singapore Polytechnic in 1977, a Diploma in Industrial Management from the Singapore Polytechnic in 1984 and a degree in Bachelor of Business in Business Administration from Singapore Institute of Management – Royal Melbourne Institute of Technology in 1992.

**MR. YAP CHIN LEONG, 44**, joined our Group in February 2020 following the successful acquisition of KH Engineering Limited and its subsidiaries and KH Instrumentation Pte Ltd (Collectively, the "KH Group"). Mr. Yap is the Managing Director of KH Group and is responsible for the KH Group's business development, operations including project planning, procurement management, and Earth Retaining Stabilizing Structures Works designing and coordination. Mr. Yap obtained a Bachelor Degree (Honors) in Civil Engineering from the Nanyang Technological University, Singapore in June 2002, a Graduate Diploma in Construction Management from the Nanyang Technological University, Singapore in July 2004 and a Master of Science degree in International Construction Management from the Nanyang Technological University, Singapore in June 2005.

**MS. LEE MAY LING, 55**, joined our Group in 2004 as a senior quantity surveyor and is currently the Contracts Manager of our Group. She is responsible for overseeing the works of our quantity surveyors, the administration and the preparation of technical correspondences and other business documentation. She obtained a Diploma in Building from the Singapore Polytechnic in 1990 and a Diploma in Surveying from the College of Estate Management, UK in 1999.

# FINANCIAL AND OPERATIONS REVIEW

## INCOME STATEMENT

The Group's decrease in revenue for FY2022 is attributable to the building and construction segment, amounting to S\$52.3 million of revenue from customers compared to S\$55.9 million in FY2021. The decrease is mainly due to some projects reaching completion where the bulk of the revenue is recognised in earlier stages.

Cost of sales decreased to \$40.8 million in FY2022. The decrease in cost of sales is greater than the decrease in revenue mainly due to lower costs, as a result of prudent cost management, incurred in some projects substantially completed in FY2022. As a result, the gross profit margin increased to 22.0% in FY2022 as compared to 13.0% in FY2021.

Other income increased from S\$4.9 million in FY2021 to S\$11.1 million in FY2022. This was mainly due to the gain on disposal arising from the redemption of financial assets measured at fair value through profit and loss of S\$5.8 million, fair value gain on financial assets measured at fair value through profit and loss of S\$1.3 million, write-back of loss allowance – other receivables of S\$0.6 million, increase in write-back of loss allowance – trade receivables of S\$0.2 million, and increase in gain on disposal of property, plant and equipment of S\$0.3 million. These were partially offset by the decrease in COVID-19 related government grants of S\$1.9 million due to the tapering off and eventual cessation of government support.

Other operating expenses increased from S\$3.2 million in FY2021 to S\$4.0 million in FY2022. This was mainly due to an increase in loss allowance – trade receivables of S\$0.6 million due to a more cautious assessment of recoverability of outstanding receivables, and the increase in loss on foreign exchange of S\$0.4 million mainly due to the weakening of the Euro and Pound sterling against the Singapore dollar. These were partially offset by the decrease in loss allowance – other receivables of S\$0.2 million.

The increase in administrative expenses is mainly due to the increase in accruals relating to remuneration and employee benefits due to the Group's good performance in FY2022.

Depreciation expense had remained fairly constant at S\$5.6 million in FY2022, compared to S\$5.8 million in FY2021. The slight decrease is due to some of the fixed assets being fully depreciated, partially offset by contribution from new

purchases in the year. Amortization expense increased to approximately S\$0.2 million in FY2022 due to the full year contribution of intangible assets acquired in FY2021.

Income tax expense saw an increase of S\$1.3 million, in line with the better performance in FY2022.

As a result of the above, our net profit saw an increase of S\$5.2 million. For the financial year ended 31 July 2022, the Group reported a net profit of S\$7.8 million, compared to the net profit of S\$2.6 million recorded in the financial year ended 31 July 2021.

## STATEMENT OF FINANCIAL POSITION

As at 31 July 2022, current assets amounted to S\$65.6 million or approximately 55.9% of total assets. Current assets increased by approximately S\$20.5 million mainly due to increase in cash and cash equivalents of S\$14.3 million, increase in contract assets by S\$5.2 million, and increase in trade and other receivables of S\$0.9 million.

Increase in cash and cash equivalents was mainly due to net cash inflow from investing activities of S\$10.0 million and net cash inflow from operating activities of S\$5.6 million, partially offset by the net cash outflow from financing activities of S\$1.4 million.

Increase in trade and other receivables of S\$0.9 million was mainly due to an increase in net trade receivables of approximately S\$0.5 million, other receivables of S\$0.2 million, and deposits of S\$0.2 million.

Current contract assets increased mainly due to the increase in unbilled receivables of S\$2.3 million and increase in retention receivables of S\$2.9 million.

Non-current assets amounted to S\$51.7 million or approximately 44.1% of total assets. The S\$8.7 million decrease in non-current assets was mainly due to the net decrease in financial asset measured at fair value through profit and loss of S\$3.7 million (due to redemption while partially offset by additional investment and increase in fair value). This is further decreased by the decrease in non-current retention receivables of S\$4.1 million, redemption of bond receivables of S\$1.9 million, decrease in investment property of S\$0.5 million, and decrease in intangible assets of S\$0.2 million. These were partially offset by the increase in property, plant and equipment of S\$1.7 million.



## FINANCIAL AND OPERATIONS REVIEW

Current liabilities amounted to S\$33.4 million or approximately 66.2% of our total liabilities. Current liabilities increased by approximately S\$1.0 million mainly due to increase in bank loans of S\$1.1 million, increase in tax payable of S\$0.3 million and increase in lease liabilities of S\$0.2 million. These were partially offset by the decrease in contract liabilities by S\$0.6 million.

Bank loans increased by S\$1.1 million (current) and S\$4.2 million (non-current) mainly due to the drawdown of loans of S\$6.8 million, of which S\$4.0 million pertained to the Government-Assisted Temporary Bridging Loan. These were partially offset by loan repayments during the year.

Lease liabilities had increased by S\$0.2 million (current) and S\$1.1 million (non-current) due to new leases, as well as extension of existing ones.

Non-current liabilities amounted of S\$17.1 million or approximately 33.8% of our total liabilities. The increase of S\$3.2 million is mainly attributable to increases in bank loans of S\$4.2 million, lease liabilities of S\$1.1 million, and deferred tax liabilities of S\$0.1 million. These were partially offset by the decrease in non-current trade and other payables of S\$2.3 million.

Accumulated profits increased by S\$2.8 million due to the net profit attributable to owners of S\$6.6 million in the financial year, partially offset by dividends paid of S\$3.8 million.

### STATEMENT OF CASHFLOWS

In FY2022, net cash inflows from operating activities of approximately S\$5.6 million was a result of operating cash inflows before working capital changes of approximately of S\$7.4 million, adjusted for net working capital outflows of approximately S\$1.8 million, and income tax paid of S\$1.1 million, offset by grant income receipts of S\$1.1 million and a result of the following material movements in FY2022:

- Proceeds from the investment in financial asset measured at fair value through profit and loss of S\$15.5 million due to full redemption and distribution from one of the issuers.
- Proceeds from redemption of bond receivable from associate of S\$2.5 million due to full redemption of the bond as part of the disposal of interest in associate.

- Proceeds from disposal of property, plant and equipment ("PPE") of S\$0.7 million in FY2022 due to the Group's ability to dispose of fully/almost fully depreciated assets at a profit in the financial year.

The net working capital outflows of approximately S\$1.8 million were mainly due to increases in trade and other receivables of S\$1.1 million, contract assets of S\$1.1 million, decrease in contract liabilities of S\$1.4 million, partially offset by increase in trade and other payables of S\$1.8 million.

Net cash inflow from investing activities amounted to S\$10.0 million and was mainly due to the proceeds from the investment in financial asset measured at fair value through profit and loss of S\$15.5 million, proceeds from the redemption of bond receivable from associate of S\$2.5 million, proceeds from disposal of PPE of S\$0.7 million, disposal of investment property of S\$0.6 million and receipt of interest of S\$0.1 million. These were partially offset by the purchase of PPE of S\$4.3 million, investment in financial asset measured at fair value through profit and loss of S\$5.0 million.

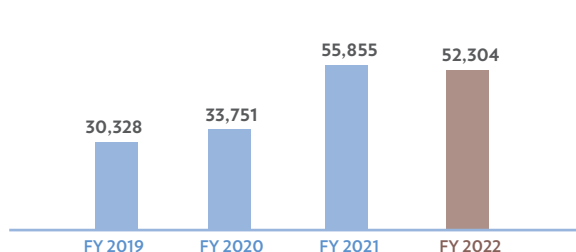
Net cash outflow from financing activities amounted to approximately S\$1.4 million and was mainly due to the dividend paid of S\$3.8 million, repayment of bank borrowings of S\$1.5 million, repayment of lease liabilities of S\$2.0 million, repayment of interest of S\$0.4 million, and return of capital to non-controlling interest of S\$0.5 million. These were partially offset by the drawdown of bank borrowings of S\$6.8 million.

The increase in drawdown of bank borrowings was mainly due to the Group utilising the Government-Assisted Temporary Bridging Loans.

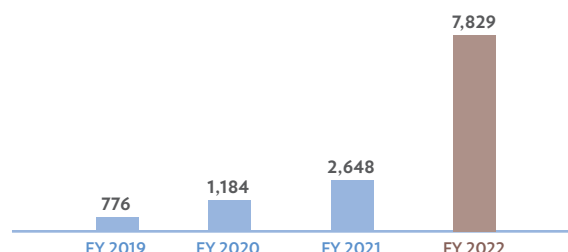
# GROUP FINANCIAL HIGHLIGHTS

		2019	2020	2021	2022
Revenue	(S\$'000)	30,328	33,751	55,855	52,304
Profit After Tax	(S\$'000)	776	1,184	2,648	7,829
Cash & Cash Equivalents	(S\$'000)	63,618	39,563	29,894	44,207
Net Assets	(S\$'000)	57,925	56,586	59,234	66,847
Equity Attributable to Owners of the Company	(S\$'000)	57,115	55,775	58,428	61,227
Total Debt/Total Equity Ratio		0.42	0.70	0.78	0.76

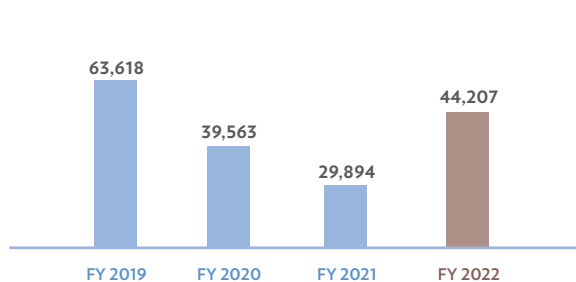
### Revenue (S\$'000)



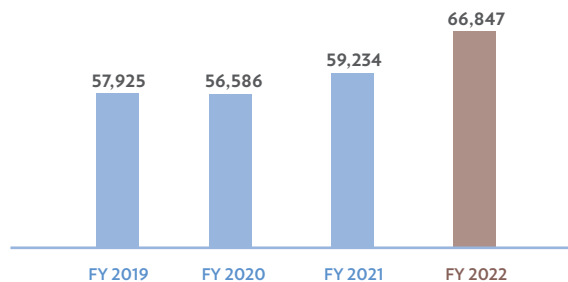
### Profit After Tax (S\$'000)



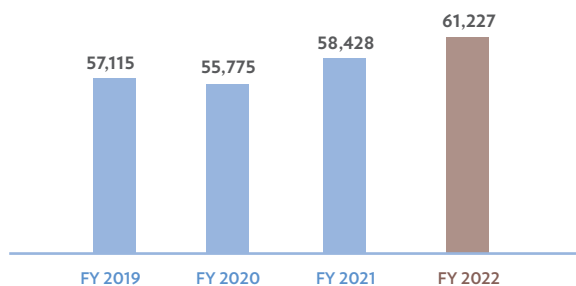
### Cash & Cash Equivalents (S\$'000)



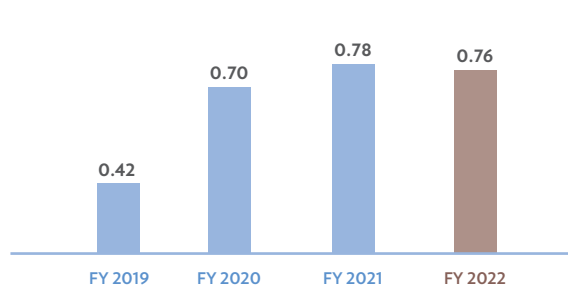
### Net Assets (S\$'000)



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



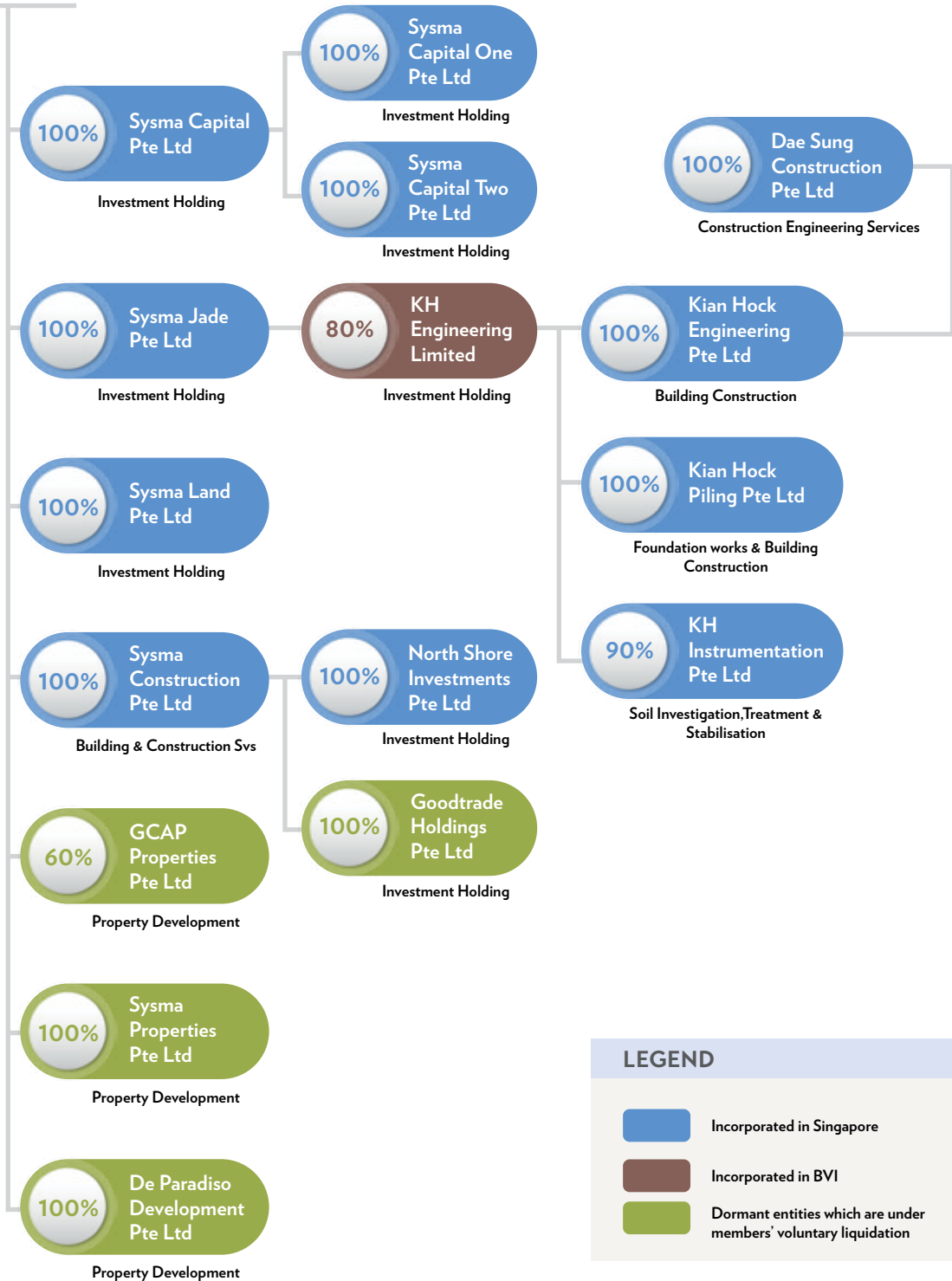
### Total Debt/Total Equity Ratio



# GROUP STRUCTURE



**SYSMA HOLDINGS LIMITED**  
as at 31 July 2022



**LEGEND**

- Incorporated in Singapore
- Incorporated in BVI
- Dormant entities which are under members' voluntary liquidation

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Sin Soon Teng (Executive Chairman and Group CEO)

Sin Ee Wuen (Executive Director and Deputy CEO)

Richard Tan Kheng Swee (Lead Independent Director)

Teo Boon Tieng (Independent Director)

Lim Kheng Hock (Independent Director)

## JOINT COMPANY SECRETARIES

Pan Mi Keay, ACIS

Lee Wei Hsiung, ACIS

## REGISTERED OFFICE

2 Balestier Road #03-669

Balestier Hill Shopping Centre

Singapore 320002

Tel: 6256 2288

Fax: 6252 4156

E-mail: sysma@sysma.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 Collyer Quay Centre

Singapore 049318

## AUDITORS

Deloitte & Touche LLP

6 Shenton Way

OUE Downtown 2 #33-00

Singapore 068809

Partner-in-charge:

Aw Xin-Pei

(Appointed with effect from the financial year ended 31 July 2019)

## BANKERS

United Overseas Bank Limited

80 Raffles Place

UOB Plaza 1

Singapore 049513

RHB Bank Berhad

90 Cecil Street

#13-00 RHB Bank Building

Singapore 069531

Malayan Banking Berhad

2 Battery Road

Maybank Tower #16-00

Singapore 049907



# SUSTAINABILITY REPORT

## BOARD STATEMENT

On behalf of Sysma Holdings Limited (“**Sysma**”, and together with its subsidiaries, the “**Group**”), the Board of Directors (the “**Board**”) is pleased to present the fifth annual Sustainability Report for the financial year ended 31 July 2022 (“**FY2022**”).

In this report, we seek to share with our stakeholders the progress we have made in our sustainability journey by providing a comprehensive overview of the various initiatives the Group has undertaken over the past financial year to address economic, environmental, social, and governance (“**EESG**”) factors that are material to Sysma’s business and our key stakeholders. This report demonstrates our continued commitment to upholding the highest standards of corporate governance and engaging in environmentally and socially responsible practices.

In recognition of the growing prominence of sustainability concerns in the real estate sector, we are committed to adopting meaningful EESG practices and delivering long-term growth and value for our stakeholders. The Board actively integrates EESG considerations in the formulation, development, and execution of Sysma’s business strategies, thus ensuring the long-term success of the Group. Maintaining oversight over Sysma’s sustainability commitments and actions, the Board works closely with the management team to identify, monitor, and manage our material EESG factors over the year.

Despite the gradual re-opening of international borders under the prevailing COVID-19 environment, the Group continues to be impacted by increased cost of construction materials and the rising cost of manpower due to labour shortage arising from border restrictions. These factors have put downward pressure on our projects’ profitability. Even so, the Group has managed to register S\$7.8 million in net profits in FY2022, signifying a 196% increase from FY2021 figures that can largely be attributed to investment gains. With a healthy balance sheet and cash reserves, the Group will continue to keep a lookout for suitable opportunities to grow our businesses strategically.

We would also like to take this opportunity to acknowledge our stakeholders for their continued support and contributions. Together, we can build a more sustainable world for present and future generations to live in.

Sincerely,  
**The Board of Directors**

# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

### Reporting Framework

This report has been prepared in compliance with Catalyst Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) and in accordance with the Global Reporting Initiative (“**GRI**”) Standards: Core Option. The GRI Standards continue to be our choice of sustainability reporting framework as it allows for a broad, comparable disclosure of companies’ EESG performance.

In preparing this report, we have incorporated the following GRI Reporting Principles:

<p><b>Stakeholder Inclusiveness</b></p>	<p><b>Sustainability Context</b></p>
<p>Responding to our stakeholders’ expectations and interests</p>	<p>Presenting our performance in the wider context of sustainable development</p>
<p><b>Materiality</b></p>	<p><b>Completeness</b></p>
<p>Focusing on sustainability issues that (i) have significant EESG impact(s) and (ii) influence stakeholders’ decisions and assessments</p>	<p>Presenting information on all significant EESG impacts to enable stakeholders to assess our performance</p>

### Reporting Scope

This report covers the sustainability performance of the Group’s operations in Singapore for the full financial year from 1 August 2021 to 31 July 2022 (“**FY2022**”). Where applicable, we have provided comparative data from previous financial years to show our performance over time.

In ensuring the accuracy of our disclosures in this report, we have relied on internal data monitoring and verification by our management team. We have not sought external assurance for this report and may consider doing so as we progress in our sustainability journey.

### Report Feedback

We welcome your suggestions and feedback on the contents of this report. Your feedback is crucial in helping us improve our sustainability performance and disclosure practices.

Please contact us via the following channels:

Email : [sysma@sysma.sg](mailto:sysma@sysma.sg)  
 Mailing Address : Block 2 Balestier Road  
 #03-669 Balestier Hill Shopping Centre  
 Singapore 320002

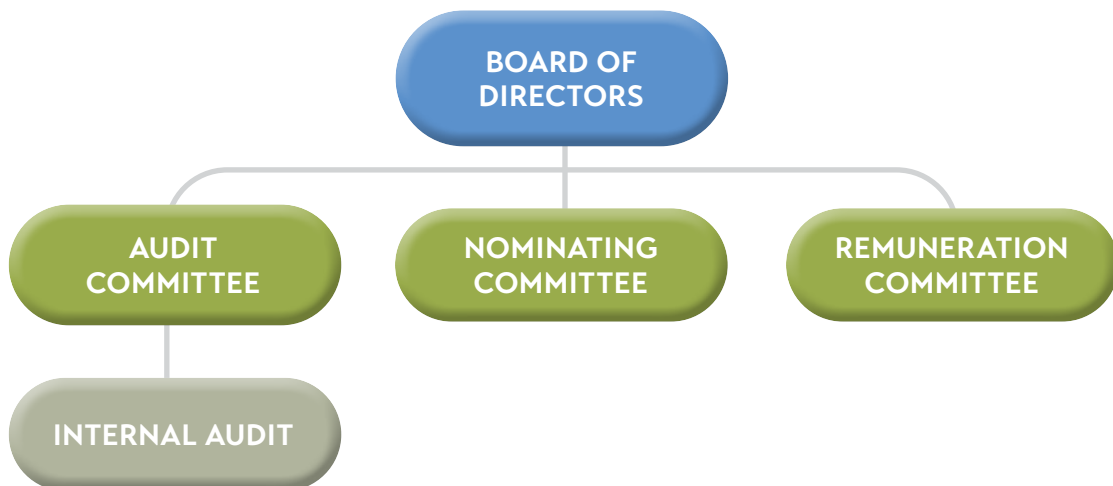
# SUSTAINABILITY REPORT

## SUSTAINABILITY APPROACH

### Sustainability Governance

Ensuring ethical and transparent business conduct is crucial to safeguarding the interests of our stakeholders. The Group is committed to complying with the principles and provisions set out in the Code of Corporate Governance, as required under the Catalyst Rules.

Our Board, supported by the Audit Committee, oversees our Group's system of internal control and risk management. The Group has established effective and robust internal controls to mitigate key risk areas pertaining to our finances, operations, compliance, and information technology. The Board also regularly reviews our risk register (especially when there is significant change in the Group's business operations), where we detail the Group's risk ratings in relation to the impacts of changes in our business environment. These comprehensive reviews, last conducted in FY2020, help to ensure that our risk management and internal control systems remain adequate, effective, and up to date. The Group's business operations have broadly remained unchanged in the last two financial years.



Integrating sustainability at the highest governance level enables the strategic oversight of EESG issues for long-term value creation. We have formalised comprehensive standard operating procedures (“SOPs”) for key business processes, implemented at the strategic and operational level, to mitigate any risks that may arise in our course of work, thus ensuring the sustainability of our business practices. The Board is updated on the management performance of material EESG issues on an annual basis.

### Supply Chain Management

The COVID-19 pandemic has posed significant challenges for global supply chains, with severe effects on the construction industry. In addition to labour shortages, building materials are now in short supply, leading to price hikes and project delays and driving up overall project costs. Especially in the face of such challenges, it is key that Sysma maintains a collaborative relationship with the local and foreign suppliers, sub-contractors, vendors, and other industry professionals we have been working closely with. We recognise that the sustainability of our operations relies on the resilience of our supply chain, and we seek to forge a strong, long-term partnership with each of our business partners to ensure that we can receive the goods and services we require in a timely basis.

We exercise great prudence in selecting our key suppliers, sub-contractors, and vendors via a stringent selection procedure. In line with our procurement policies and EESG considerations, we review potential suppliers' industry reputation, track record, financial performance, security practices, and their quality assurance certifications (e.g., ISO 9001, ISO 14001, OHSAS 18001). We continuously evaluate our sub-contractors and suppliers with the criteria set out in the selection policy and procedure after the completion of each project.

# SUSTAINABILITY REPORT






## SUSTAINABILITY APPROACH (CONT'D)

### Stakeholder Engagement

As a Group, we strive to create sustainable value for our key stakeholders, and we recognise the importance of regular stakeholder engagement to Sysma's long-term success.

Key stakeholders were identified based on their influence on the Group's business and the impact of our businesses on them. These include our customers, employees, regulators, suppliers, and shareholders. Over the financial year, we have made a conscious effort to engage our key stakeholders to identify and understand their views and concerns, which, in turn, shape our sustainability strategy.

The table below details Sysma's engagement activities with our key stakeholders:

Key Stakeholders	Engagement Activities	Key Concerns
<b>CUSTOMERS</b> 	<ul style="list-style-type: none"> <li>Ongoing progress meetings and communications via email or phone</li> <li>Feedback channels, via a contractor's performance assessment form</li> <li>After-sales service</li> </ul>	<ul style="list-style-type: none"> <li>Top notch customer service quality and timely project deliverables</li> <li>Competitive pricing of goods and services</li> <li>Compliance with safe management measures at project sites</li> </ul>
<b>SUB-CONTRACTORS/ SUPPLIERS</b> 	<ul style="list-style-type: none"> <li>Supplier evaluation exercise</li> <li>Regular engagement with sub-contractors/ suppliers through face-to-face meetings, emails, and phones calls</li> <li>Project enquiries</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with terms and conditions of contracts and agreements</li> <li>Maintain ethical standards of business conduct</li> </ul>
<b>EMPLOYEES</b> 	<ul style="list-style-type: none"> <li>Annual performance appraisal</li> <li>Regular employee feedback sessions</li> <li>Training courses</li> </ul>	<ul style="list-style-type: none"> <li>Staff rights and welfare</li> <li>Skills upgrading and personal development</li> <li>Safe and conducive working environment</li> </ul>
<b>SHAREHOLDERS</b> 	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Extraordinary general meeting</li> <li>Investor relation materials announcements published on corporate website</li> <li>Announcements published on SGXNET, whenever required</li> </ul>	<ul style="list-style-type: none"> <li>Good corporate governance</li> <li>Sustainable business strategy and direction</li> <li>Timely and transparent reporting</li> <li>Economic performance</li> </ul>
<b>GOVERNMENT &amp; REGULATORS</b> 	<ul style="list-style-type: none"> <li>Regular consultation discussions with key regulatory bodies</li> <li>Occasional official visits</li> <li>Industry forums</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulatory requirements</li> <li>Contributions to industry</li> <li>Opportunities for business collaboration and investment</li> </ul>



# SUSTAINABILITY REPORT

## SUSTAINABILITY APPROACH (CONT'D)

### Material Sustainability Topics

In line with the GRI Materiality Standard and Principles, Sysma adopts a four-step approach to regularly review and assess our material sustainability topics, as follows:

- 1. Identify** a list of EESG topics through stakeholder consultations, an assessment of long-term global sustainability trends, and an internal review of our business interests
- 2. Prioritise** specific material topics based on the significance of related economic impacts and their degree of influence on our internal and external stakeholders
- 3. Integrate** material topics into our business processes and set targets to measure our performance and drive positive change
- 4. Review and validate** material topics on an annual basis, with oversight from the Board, to ensure they remain relevant and significant to our business and key stakeholders

Through this four-step process, we have assessed that the material topics identified in FY2021 remain relevant to Sysma in FY2022, especially since there has been no significant change to our operating model or supply chain.

Details of these material sustainability topics are as summarised in the table below:

Material Topics	Description	Stakeholders Concerned	Reference
<b>Economic Performance</b> (GRI 201)	Our economic performance, that is, the value generated and distributed to communities where our business operates.	All stakeholders	Pages 15 to 16
<b>Anti-corruption</b> (GRI 205)	Our practices to comply with all applicable laws and regulations and to demonstrate our adherence to integrity, governance, and responsible business practices.	All stakeholders	Page 17
<b>Our Employees</b> (GRI 401)	Our approach to employment or job creation, that is, our approach to hiring, recruitment, retention and related practices, and to providing optimal working conditions for employees.	Employees, Government & Regulators	Pages 18 to 20
<b>Training and Education</b> (GRI 404)	Our approach to training and enhancing the skillsets of our employees, which includes regular performance and career development reviews to facilitate continued employability.	Employees, Government & Regulators	Pages 21

## ECONOMIC PERFORMANCE

Across the Group, we are committed to ensuring sustainable long-term value creation for not only our shareholders but also our other stakeholders —customers, employees, business partners, and the local government.

The COVID-19 pandemic has had a far-reaching economic impact on the construction sector, leading to labour shortages, decreased productivity, and project delays. The ongoing conflicts around the globe has further exacerbated existing supply chain issues, leading to increased material costs for core construction inputs such as steel, concrete, cement and fuel used for construction machinery, equipment, and motor vehicles. While we have seen steady recovery in the construction industry over the reporting period, the Group continues to be impacted by such external factors, which have placed downward pressure on our projects' profitability.

## SUSTAINABILITY REPORT

### SUSTAINABILITY APPROACH (CONT'D)

Despite the challenging business environment, the Group managed to register S\$7.8 million in net profits in FY2022, signifying a 196% increase in net profits from the year before, mainly due to investment gains. Over the course of the year, the Group exited our investments in Elite Logistics Fund and Lascelles Park Limited, while maintaining our investment in Blue Planet Environmental Solutions Pte. Ltd. and acquired new shares in Pegasus Asia.

Meanwhile, there has been a decrease in revenue from S\$55.9 million in FY2021 to S\$52.3 million in FY2022. The 6.5% decrease is largely attributable to the building and construction segment, whereby some projects reached completion in FY2022 though the bulk of the revenue was recognised in earlier stages. However, with prudent cost management, our overall gross profit margin increased to 22.0% in FY2022 as compared to 13.0% in FY2021.

Overall, our operating costs for FY2022 amounted to S\$53.5 million, of which a total of S\$20.5 million was employees-related costs. The Group also received S\$1.3 million in government grants including foreign workers' levy rebates, the Job Support Scheme, Building and Construction Authority's project-based support, and cost-sharing relief under the COVID-19 (Temporary Measures) Act 2020.

Moving forward, our Group will leverage on our strong market reputation as a trusted builder of Good Class Bungalows ("GCBs") and high-end landed properties to actively bid for new projects that will add value to our order book, while keeping a close eye on our project margins and costs. In addition, we will continue to seek out viable local and overseas development projects with suitable partners and strategic investors. In this way, we are confident that we will be able to overcome our present challenges and achieve sustainable growth and enhanced shareholder value in the long term.

Revenue (S\$'000)		Other Income (S\$'000)		Net Profit (S\$'000)	
<b>FY2022</b>	<b>52,304</b>	<b>FY2022</b>	<b>11,054</b>	<b>FY2022</b>	<b>7,829</b>
FY2021	55,855	FY2021	4,901	FY2021	2,648
Employee Wages and Benefits (S\$'000)		Other Operating Costs (S\$'000)		Net Profit Attributable to Equity (S\$'000)	
<b>FY2022</b>	<b>20,538</b>	<b>FY2022</b>	<b>32,992</b>	<b>FY2022</b>	<b>6,584</b>
FY2021	15,625	FY2021	41,856	FY2021	2,653
Net Asset Value (S\$'000)		Total Debt / Equity Ratio		Earnings per Share (S\$)	
<b>FY2022</b>	<b>66,847</b>	<b>FY2022</b>	<b>0.76</b>	<b>FY2022</b>	<b>2.61</b>
FY2021	59,234	FY2021	0.78	FY2021	1.05

# SUSTAINABILITY REPORT

## ANTI-CORRUPTION

Upholding strong corporate governance, ethical business conduct and a culture of compliance have been of utmost importance to the Group. Guided by our core values and code of conduct, we are committed to conducting business in compliance with all applicable laws and regulations, with zero tolerance for fraud, bribery, corruption, and other acts of non-compliance.

Regulatory compliance is a central pillar of our management's philosophy and integral to our corporate culture. Its importance is constantly emphasized by the Board, who is responsible for driving the implementation of effective compliance and governance systems throughout all levels of the Group. Besides adopting a risk-based due diligence process for our suppliers and potential joint venture partners to assess associated fraud and compliance risks, the following also play important roles:

### Code of Conduct

The Code of Conduct lays out our expectations on all workplace and business conduct, including the anti-bribery policies we have on donations and sponsorships. The Code of Conduct has been effectively communicated to the Board and all employees through an internal shared drive, and we expect all relevant personnel to strictly abide by it.

### Conflict of Interest Policy

All employees, including the Board and key executives, are required to promptly declare any conflict of interests ("COI"), whether direct or indirect, in relation to a transaction or proposed transaction with our Group companies, while they are being employed by us. The COI policy also helps guide all relevant personnel in identifying, disclosing, and managing conflict situations.

On an annual basis, each Director is also required to submit details of their associates to the Audit Committee for their review, for the purpose of monitoring interested person transactions. All such transactions are to be carried out on an arm's length basis and on normal commercial terms. As and when conflicts of interests arise, the relevant Director(s) will abstain from voting and deliberating on the subject matter. In FY2022, the Board has performed the COI declaration.

### Whistle-blowing Policy

Apart from the above, Sysma also has a whistle-blowing policy in place to provide employees and other persons with well-defined, accessible channels to report suspected incidents of fraud, corruption, dishonest practices, or other similar matters. If the reporting of such matters were undertaken in good faith, employees and other persons making such whistleblowing reports will be treated fairly and, to the extent possible, protected from reprisal.

All whistle-blowing reports are addressed to the Chairman of the Audit Committee. The Audit Committee is responsible for ensuring an independent investigation of any such matters and the appropriate follow-up actions to be taken. Sysma's whistle-blowing policy was last enhanced on 7 March 2019 and updated on 28 September 2020. Having been reviewed and approved by the Audit Committee, it was thereafter disseminated to all employees on our employee intranet.

The Group is pleased to announce that there have been zero reported incidents of corruption pertaining to our employees or our business in FY2022. We seek to maintain this record by ensuring that all employees uphold our Code of Conduct and uphold high ethical standards of honesty, transparency, and accountability throughout the organisation.

# SUSTAINABILITY REPORT

## OUR EMPLOYEES

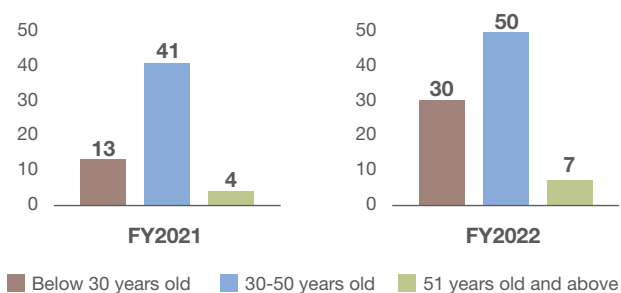
Our employees are our greatest assets. They form the foundation of a strong and long-running organisation and help ensure that the Group achieves our strategic goals. In the highly competitive construction and property development sector, it is vital that we are able to attract and retain talented individuals, with the requisite professional skills and training, who are aligned with our organisation’s objectives.

### Employment Practices

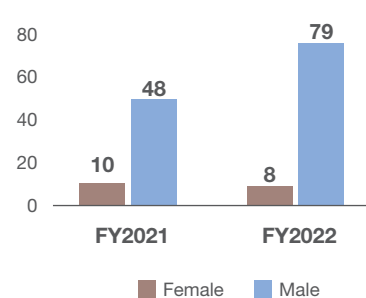
Sysma has established an integrated human capital strategy, inclusive of employee performance share plan, competitive wages and benefits, to enhance our Group’s ability to attract top talents. Investing in our human capital helps boost employee productivity and the firm’s profitability. In line with our commitment to creating a conducive work environment where all employees are valued and treated with respect, our management constantly gathers feedback from employees on how we can better understand their needs and expectations.

As of 31 July 2022, Sysma’s workforce comprised 400 employees, up from 377 in the prior year. Aside from our efforts to maintain a low turnover rate, we have also continued to attract new talents over the past financial year. A breakdown of our new hires and employee resignees by gender and age group are as follows:

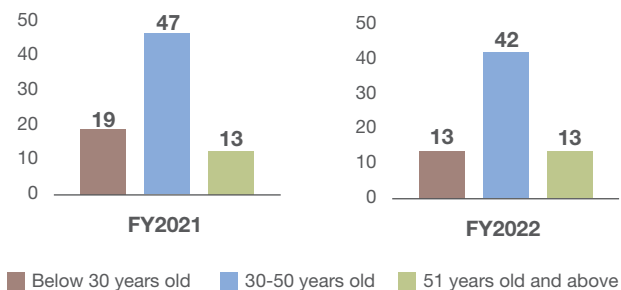
**New Employee Hires By Age Group**



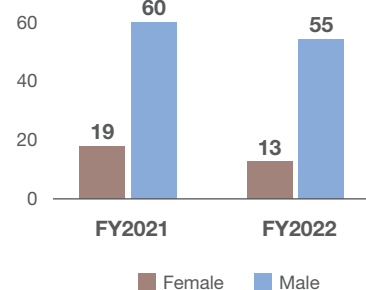
**New Employee Hires By Gender**



**Employee Resignees By Age Group**



**Employee Resignees By Gender**



With the support from Singapore’s Workright initiative, we ensure that our employment policies are fully compliant with all relevant labour laws, such as the Employment Act and Central Provident Fund Act. These policies are clearly communicated to all employees via the Employee Handbook, which is regularly reviewed by our management. In FY2022, we had zero incidents of workplace harassment or unlawful discrimination against employees. Moving forward, we are committed to engaging in fair employment practices and maintaining full compliance with relevant laws and regulations.



# SUSTAINABILITY REPORT

## OUR EMPLOYEES (CONT'D)

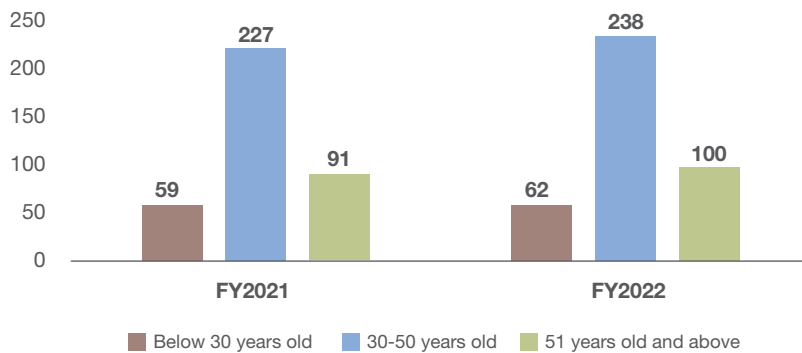
### Diversity and Equal Opportunities

At Sysma, we are dedicated to creating a fair and inclusive workplace where employees feel a sense of belonging. We embrace diversity by hiring employees from different backgrounds, regardless of characteristics such as race, age, religion, and cultural background, and we are committed to providing our employees with equal opportunities based on the principle of meritocracy.

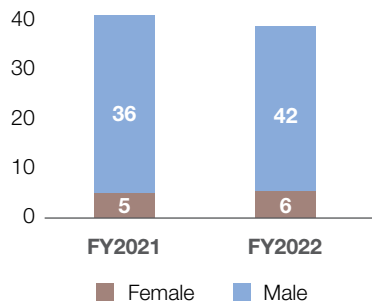
Consistent with industry trends observed in the property development and construction industry, our male and female employees constituted 90.25% and 9.75% of the total workforce respectively (FY2021: 89.7% male and 10.3% female). In addition, 15.5% of our employees (FY2021: 15.6%) are below 30 years old, 59.5% (FY2021: 60.2%) are between 30 and 50 years old, and another 25% (FY2021: 24.1%) are above 50 years old. As a Group, we continuously strive to maintain a diversified workforce that brings different talents, knowledge, and skillsets to our organization.

A detailed breakdown of our workforce by gender and age is as follows:

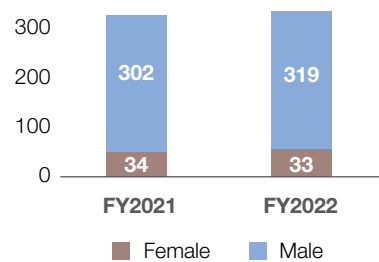
**Workforce By Age Group**



**Senior Management & Managerial Workforce by Gender**



**Non-Manual Workforce by Gender**



## SUSTAINABILITY REPORT

### OUR EMPLOYEES (CONT'D)

#### Employee Benefits and Welfare

Supporting a healthy work-life balance for our employees is key to improving their overall health and general well-being.

To promote their physical and mental wellbeing, employee benefits (such as medical and hospitalisation leave, company medical insurance, and parental leave) are provided to all employees, and the Group also organises free medical check-ups for its employees. Government-paid maternity, paternity, childcare leave are extended to all eligible employees in Singapore. In addition to leave benefits mandated by governmental regulations, the Group also offers our employees welfare benefits such as compassionate and marriage leave.

In FY2022, we have maintained a 100% return to work rate among employees who took parental leave.

Parental Leave ("PL") <sup>1</sup>	FY2022			FY2021		
	Female	Male	Total	Female	Male	Total
Number of team members entitled to PL	2	1	3	3	3	6
Number of team members who took PL	2	1	3	3	3	6
Number of team members who returned to work after PL ended	2	1	3	3	3	6
Number of team members who returned to work after PL ended and were still employed after 12 months	1	2	3	2	3	5
Return to work rate <sup>2</sup> (%)	100%	100%	100%	100%	100%	100%
Retention rate <sup>3</sup> (%)	33%	66%	50%	100%	100%	100%

While the global pandemic has led to a shift in the ways we interact with co-workers, Sysma remains invested in ensuring the welfare and wellbeing of our employees. Staff bonding activities are particularly essential in maintaining strong rapport and team spirit amongst our employees. During the pandemic, our departmental or company-wide events, such as birthday celebrations, festive celebrations, staff lunches, have been put on hold. With the gradual easing of COVID-19 restrictions, the Group is taking a measured approach in resuming such staff bonding activities.

<sup>1</sup> By 'Parental Leave', we refer to an employment-protected leave of absence for employed parents, and this excludes childcare leave that is usually taken for considerably shorter durations. Parental leave statistics from FY2021 have been restated after aligning data compilation methodologies with the above definition.

<sup>2</sup> The return-to-work rate is calculated using the following formula:

$$\text{Return to work rate} = \frac{\text{Total number of employees that did return to work after parental leave}}{\text{Total number of employees due to return to work after taking parental leave}} \times 100$$

<sup>3</sup> The retention rate is calculated using the following formula:

$$\text{Retention rate} = \frac{\text{Total number of employees retained 12 months after returning to work from parental leave}}{\text{Total number of employees returning from parental leave in the prior reporting period}} \times 100$$

# SUSTAINABILITY REPORT

## OUR EMPLOYEES (CONT'D)

### Training and Education

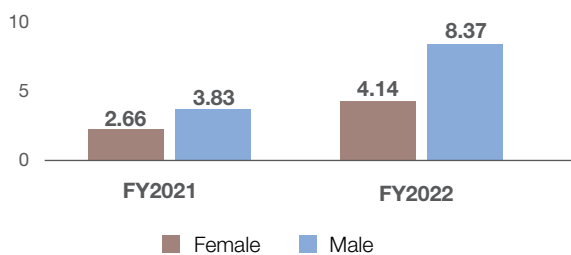
To build a competitive and sustainable workforce, it is essential that we provide sufficient training and development opportunities for our employees. Our Human Resource department works closely with management to identify employees' learning needs based on their employment category and thereafter, to design suitable training programs for them.

We are committed to providing our employees with the support they require to thrive in the workplace. On top of an orientation briefing that all new joiners are required to undergo, our newcomers also receive sufficient guidance from their immediate supervisors and other experienced workers during their on-the-job training. Other in-house trainings are conducted on an as-required basis by Senior Operation Executives for existing employees.

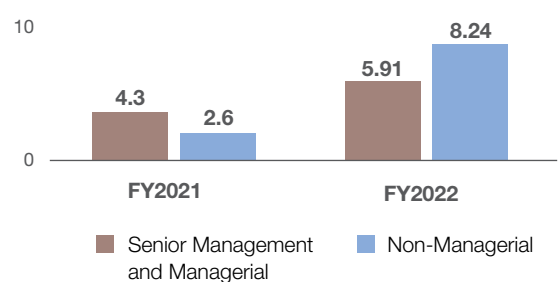
Employees were also sent for various external trainings, workshops and seminars on construction work, workplace health and safety, finance and accounting and taxation, to aid in their career development and to further develop existing and/or learn new skill sets. Courses attended by employees include Safe Management Measures Workshop, Occupational First Aid Course, Coretrade Supervisor course, Construction Plant Operation, Confined Space Management, among others.

Following the gradual easing of COVID-19 restrictions over the reporting period, we have observed a substantial increase in the total duration of training hours provided for our employees, from 1,050 hours in FY2021 to 3,185 hours in FY2022. During the financial year, the trainings were provided to 45.0% (FY2021: 31.03%) of our total workforce, amounting to an average of 7.96 hours (FY2021: 2.79) per employee. A breakdown of average training hours by gender and employee category is as follows:

**Average Training Hours By Gender**



**Average Training Hours By Employee Category**



In support of our employees' career development, we conduct an annual performance appraisal exercise at the end of the year. During these one-on-one consultations with their supervisors, employees are able to receive feedback on their performance over the past year and set future self-development goals for the year ahead. In FY2022, 254 employees, including all our managerial staff, received a performance appraisal. This consists of 37 (95%) of all female employees and 217 (61.6%) of male employees. Presently, our site workers do not undergo formal annual appraisal exercise, but we will continue to strive towards ensuring equitable access to opportunities for all staff in the workplace.

Moving forward, we seek to improve upon our training and development programme to ensure that our employees are well equipped for present and future industry needs. We will consistently review the training needs of our employees and provide them with opportunities to upgrade their capabilities and skillsets.

# SUSTAINABILITY REPORT

## GRI CONTENT INDEX

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102-3	Location of headquarters	9
102-4	Location of operations	9
102-5	Ownership and legal form	9
102-6	Markets served	9
102-7	Scale of the organisation	9
102-8	Information on employees and other workers	18 to 21
102-9	Supply chain	13
102-10	Significant changes to the organisation and its supply chain	N.A.
102-11	Precautionary Principle or approach	17
102-12	External initiatives	N.A.
102-13	Membership of associations	N.A.
<b>Strategy</b>		
102-14	Statement from senior decision maker	2 to 3
<b>Ethics and Integrity</b>		
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102-18	Governance structure	13
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102-40	List of stakeholder groups	14
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<b>Reporting Practice</b>		
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102-46	Defining report content and topic boundaries	12
102-47	List of material topics	15
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102-50	Reporting period	12
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## SUSTAINABILITY REPORT

### GRI CONTENT INDEX (CONT'D)

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102-55	GRI content index	22 to 23
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404-2	Programs for upgrading employee skills and transition assistance programs	21
404-3	Percentage of employees receiving regular performance and career development reviews	21

# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board”) of Sysma Holdings Limited (the “Company”) is committed to achieving and maintaining a high standard of corporate governance within the Company and its subsidiaries (the “Group”). The Group has substantially complied with the principles and/or provisions as set out in the Code of Corporate Governance 2018 (the “Code 2018”) issued on 6 August 2018, as well as accompanying practice guidance which form part of the continuing obligations of the SGX-ST Listing Manual: Section B: Rules of Catalist (“Catalist Rules”) which sets out best practice standards for companies. Sound corporate governance process and system ensure stability and long-term sustainability of the businesses and performance of the Group, greater transparency, accountability and integrity of the Group, protecting and enhancing the interests of its shareholders, maximization of long-term shareholders’ value as well as strengthening investors’ confidence in its management and financial reporting.

The main corporate governance practices, process and activities with specific reference to the underlying principles and provisions of the Code 2018 adopted by the Group for the financial year ended 31 July 2022 (“FY2022”) are outlined below. Where there are deviations from the Code 2018, appropriate explanations are provided in the relevant sections below.

## 1. BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

#### **Board Composition**

The Board has five members comprising two (2) Executive Directors and three (3) Independent Directors (the “Directors”), as follows:

Sin Soon Teng	-	Executive Chairman and Group Chief Executive Officer (“Group CEO”)
Sin Ee Wuen	-	Executive Director and Deputy Chief Executive Officer (“Deputy CEO”)
Richard Tan Kheng Swee	-	Lead Independent Director
Teo Boon Tieng	-	Independent Director
Lim Kheng Hock	-	Independent Director

The Board meets regularly and as warranted by particular circumstances, as deemed appropriate by the Board. The details of the number of meetings of the Board and Board Committees in respect of FY2022 and the attendance of the Directors at the meetings are stated below. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circular resolutions in writing for the Directors’ approval together with supporting memoranda, enabling the Directors to make informed decisions. The Company’s Constitution (the “Constitution”) allows for meetings to be held through telephone and/or video-conference.



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## CORPORATE GOVERNANCE REPORT

### ***Board Meetings and Attendance***

	<b>Board</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>
<b>Total number of meetings held</b>	2	2	1	1
<b>Number of meetings attended by respective directors</b>				
Sin Soon Teng	2	2*	1*	1
Sin Ee Wuen	2	2*	1*	1*
Richard Tan Kheng Swee	2	2	1	1
Teo Boon Tieng	2	2	1	1
Lim Kheng Hock	2	2	1	1

\*By Invitation

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

### ***Role of the Board***

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by the management of the Group (the "Management") and monitors the standards of performance and issues of policies directly. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. In addition to its statutory duties, the Board's principal functions are to:

- (i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- (ii) supervise the overall management of the business and affairs of the Group, review management performance and approve the Group's corporate and strategic policies and direction;
- (iii) formulate and approve financial objectives of the Group and monitor its performance such as reviewing and approving of results announcements and approving of financial statements;
- (iv) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- (v) oversee the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested persons transactions;
- (vi) assume responsibility for corporate governance and compliance with the provision of Singapore Companies Act 1967 (the "Companies Act") and the rules and regulations of the respective regulatory bodies;

## CORPORATE GOVERNANCE REPORT

- (vii) evaluate performance of the Management;
- (viii) review and approve the remuneration framework for the Board and Key Management Personnel;
- (ix) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- (x) set the Company's values and standards (including ethical standards), setting appropriate tone from-the-top and desired organizational culture, ensuring proper accountability within the Group and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (xi) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

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

### **Matters Requiring Board Approval**

Without abdicating its responsibility, the Board has delegated its authority to make decisions on certain matters to the Board Committees, details of which are set out herein. Matters which are specifically reserved for the approval of the Board include, among others, corporate strategy, interested person transactions, appointment and remuneration of Directors and Key Management Personnel (as recommended by the respective Board Committees), material acquisitions and disposals of assets, corporate or financial restructuring, share issuance and the proposing of dividends. Clear directions are also given to the Management on matters that must be approved by the Board.

### **Delegation by the Board**

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

### **Board Induction and Training**

When a Director is first appointed to the Board, that Director will receive a comprehensive and tailored induction on joining the Board. An orientation program is arranged for him/her to ensure that he/she is familiar with the Group's business and governance practices. The Company provides training for a first-time director in areas such as accounting, legal and industry-specific knowledge when appropriate. Upon appointment of a Director, the Company provides a formal letter to the Director, setting out the Director's duties and obligations. In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("Catalist Rules"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year from the date of their appointment.

## CORPORATE GOVERNANCE REPORT

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

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

Briefings and updates for the Directors in FY2022 included the briefing by the EA to the AC on changes or amendments to accounting standards.

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

### **Access to Information**

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

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

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

## CORPORATE GOVERNANCE REPORT

### **Principle 2: Board Composition and Guidance**

As at the date of this Annual Report, the Board comprises two (2) Executive Directors and three (3) Independent Directors. The Company endeavours to maintain a strong and independent element on the Board. Three (3) of the Directors are independent, thereby fulfilling the Code's requirements for FY2022 that the Independent Directors should make up at least majority of the Board, where, *inter alia*, the Executive Chairman of the Board and the Group CEO is the same person.

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

Provision 2.2 of Code 2018 where Independent Directors make up a majority of the Board where the Chairman is not independent; and

Provision 2.3 of Code 2018: Non-Executive Directors make up a majority of the Board.

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

### **Review of Directors' Independence**

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

The NC reviews the independence of each Director annually, and as and when circumstances require. The NC adopts the Catalist Rules 406(3)(d)(i), 406(3)(d)(ii) and the Code 2018's definition of what constitutes an Independent Director in its review and also considers any other relevant salient factors.

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

### **Duration of Independent Directors' Tenure**

None of the Independent Directors have served on the Board for more than nine (9) years from the date of their first appointment. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code 2018 that would otherwise deem him not to be independent.

## CORPORATE GOVERNANCE REPORT

### **Board Composition, Size and Diversity**

The Board reviews the composition and size of the Board and each Board Committee and the skills and core competencies of its members from time to time to ensure they have appropriate balance and diversity of skills, experience and knowledge of the Company to maximize the effectiveness of the Board and Board Committees. The Board is of the view that the size of the current Board, is appropriate with reference to the scope and extent of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board considers that its composition of Directors is well-balanced, with each Director having well mixed knowledge, business network and commercial experience. The NC and Board are of the view that the current Board comprises members who as a group possess core competencies necessary to lead and manage the Group effectively.

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

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

<b>Balance and Diversity of the Board</b>		
Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	2	40%
Business management	5	100%
Legal, corporate advisory and governance	2	40%
Relevant industry knowledge or experience	3	60%
Strategic planning experience	3	60%
Customer based experience or knowledge	3	60%
Gender:		
Male	5	100%
Female	0	0%



## CORPORATE GOVERNANCE REPORT

### **Board Renewal**

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

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

### **Directors' Multiple Board Representations**

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

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

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

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

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

The NC and Board are satisfied that sufficient time and attention were given by the Directors to the affairs of the Company during FY2022, notwithstanding that they hold Directorships in other listed companies and have other principal commitments, and are expected to continue to do so in the current financial year ending 31 July 2023. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

## CORPORATE GOVERNANCE REPORT

### **Non-Executive Director Meetings in Absence of Management**

For FY2022, the Non-Executive Directors have had informal communications such as telephone calls, emails with one another without Key Management Personnel. The Non-Executive Directors did not have formal meetings in the absence of Management except during AC meetings when they meet the IA and EA without management presence. The chairman of such meetings provides feedback to the Board and/or Executive Chairman as appropriate.

### **Principle 3: Chairman and Group Chief Executive Officer**

Mr Sin Soon Teng (“Mr Sin”) is the Executive Chairman and the Group CEO. He has full executive responsibilities over business directions and operational decisions of the Group. The AC reviews all major decisions made by the Executive Chairman and Group CEO, and the Executive Director. The NC periodically reviews the Executive Chairman and Group CEO’s performance and his contribution to the Board and the RC periodically reviews his remuneration package.

The Board is of the opinion that it is not necessary to separate the roles of the Chairman and the Group CEO after taking into account the provenance, size, scope and nature of the operations of the Group. Although the roles of Chairman and Group CEO are not separate, as the Board and its Committees consist of a majority of independent directors, with one of them appointed as the Lead Independent Director, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is with strong and independent element and based on collective decisions without any individual or groups of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance.

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

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

The Executive Chairman and Group CEO:

- (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 effective contribution of Non-Executive Directors in particular; and
- (h) promotes high standards of corporate governance.

## CORPORATE GOVERNANCE REPORT

### **Lead Independent Director**

In view that the Executive Chairman of the Board and the Group CEO is the same person, Mr Richard Tan Kheng Swee is designated as the Lead Independent Director to provide leadership *in situations* where the Executive Chairman and Group CEO is conflicted. He is available to the shareholders at richardt@ldelegal.com should they have concerns and contact through the usual channels to the Executive Chairman and Group CEO, or CFO has failed to resolve or when such contact is inappropriate or inadequate. The Lead Independent Director is the Chairman of the RC and is also a member of the AC and the NC.

Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other directors and/or Management as and when circumstances warrant. In FY2022, the Independent Directors have had informal communication such as telephone calls, emails with one another in the absence of the other directors and Management.

### **Principle 4: Board Membership Principle 5: Board Performance**

### **Nominating Committee**

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

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

Mr Richard Tan Kheng Swee, who is the Lead Independent Director, is a member of the NC.

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 background, expertise, contribution and performance;
- (b) determining on an annual basis whether or not a Director is independent;
- (c) reviewing the training and professional development programs for the Board;
- (d) reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as Director;
- (e) reviewing of board succession plans, in particular, the positions of Executive Chairman and for the Group CEO;
- (f) reviewing and approving any new employment of related persons and the proposed terms of their employment;

## CORPORATE GOVERNANCE REPORT

- (g) deciding on how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval of the Board; and
- (h) assessing the effectiveness of the Board as a whole and Board Committees as well as the contribution of each individual Director to the effectiveness of the Board.

### **Board Nomination Process**

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

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

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

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

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

### **Re-Election of Incumbent Directors**

The NC, in considering the re-election of a Director, evaluates such Director's contribution and performance, such as his attendance at meetings of the Board and/or Board Committees, participation, conduct and any special contribution. The NC has recommended and the Board has agreed that the following Directors who are retiring at the forthcoming AGM be nominated for re-election. The retiring Directors have offered themselves for re-election and the Board has accepted the recommendations of the NC:

- (i) Sin Ee Wuen - retiring pursuant to Regulation 107 of the Company's Constitution; and
- (ii) Teo Boon Tieng - retiring pursuant to Regulation 107 of the Company's Constitution.

## CORPORATE GOVERNANCE REPORT

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

Mr Teo Boon Tieng, upon re-election as Director of the Company, will remain as an Independent Non-Executive Director of the Company, Chairman of the AC as well as a member of the RC and the NC.

The detailed information of these directors, including information as required under Appendix 7F of the Catalist Rules can be found on pages 143 to 151 of the Notice of the AGM and on page 4 of this Annual Report.

### ***Directors' Key Information***

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

<b>Name</b>	<b>Positions</b>	<b>Date of first appointment</b>	<b>Date of last re-election</b>
Sin Soon Teng	Executive Chairman and Group CEO	28 March 2012	26 November 2021
Sin Ee Wuen	Executive Director and Deputy CEO	19 September 2018	27 November 2020
Richard Tan Kheng Swee	Lead Independent Non-Executive Director	2 May 2018	26 November 2021
Teo Boon Tieng	Independent Non-Executive Director	6 July 2020	27 November 2020
Lim Kheng Hock	Independent Non-Executive Director	6 January 2021	26 November 2021

Key information of each director is set out on page 4 of this Annual Report.

### ***Performance Review***

The Non-Executive Directors regularly review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, Non-Executive Directors communicate or meet without the presence of Executive Chairman and Group CEO, Executive Director and Deputy CEO and/or Management; and thereafter, the Lead Independent Director provides feedback to the Executive Chairman and Group CEO. A formal review of the Board's and Board Committees' performances will be undertaken collectively and individually by the Board annually. The formal evaluation exercise is carried out annually by way of a Board and Board Committees' Assessment Checklists, which is circulated to the Board members by the Company Secretary for completion. The completed Assessment Checklists were submitted back to the Company Secretary for collation and the consolidated responses were presented to the NC for

## CORPORATE GOVERNANCE REPORT

review and to determine the actions required to improve on the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole. The evaluation process for FY2022 focused on the following areas of evaluation:-

- (i) Board and Board Committees' size and composition;
- (ii) Board and Board Committees' operation;
- (iii) Access to Information;
- (iv) Board and Board Committees' roles and responsibilities;
- (v) Contribution to Interaction; and
- (vi) Quality of Input.

Based on the NC's review and evaluation findings, the Board is of the view that the Board and its Board Committees operate effectively and each Director has contributed to the overall effectiveness of the Board. In addition, the NC has reviewed and is satisfied that the Board has met its performance objectives for FY2022. There was no external facilitator appointed for evaluation of the performances of the Board and Board Committees for FY2022.

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

## 2. REMUNERATION MATTERS

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

### **Remuneration Committee**

The RC comprises the following Independent Directors:

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

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

- (a) reviewing and recommending a remuneration framework for the Directors and Key Management Personnel, reviewing and recommending to the Board the specific remuneration packages for each Director as well as for Key Management Personnel and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework; and
- (b) conducting an annual review of the remuneration packages of employees who are related to any of the Directors or substantial shareholders of the Company.



## CORPORATE GOVERNANCE REPORT

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

### **Remuneration Consultant**

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. When such expert is appointed, the Company shall disclose the names and firms of the remuneration consultants herein, and include a statement on whether the remuneration consultants have any relationships with the Company that will affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2022. The service of an external remuneration consultant will be sought as and when necessary.

### **Remuneration Policy and Performance Conditions**

The RC ensures that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and Key Management Personnel. Although the recommendations are made in consultation with the Executive Chairman and Group CEO, and the Executive Director and Deputy CEO, the remuneration packages are ultimately approved by the entire Board. No Director will be involved in deciding his own remuneration. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate Directors and Key Management Personnel required for the long-term success of the Group.

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

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

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

## CORPORATE GOVERNANCE REPORT

### **Service Agreements**

The Company had entered into a service agreement with our Executive Chairman and Group CEO, Mr Sin Soon Teng dated 1 June 2012 which was valid for an initial period of three (3) years with effect from the listing of our Company on Catalist Board (the “Initial Term”). Thereafter, his employment is renewed every three (3) years, subject to the termination clause in the service agreement. After having been reviewed by the Board (as recommended by the RC), on 24 September 2021, the Company extended the said service agreement with our Executive Chairman and Group CEO, Mr Sin Soon Teng for a further three (3) years.

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

Any such service agreements entered into by the Company may be terminated by either party giving the other party not less than six (6) months’ notice in writing or payment in lieu of notice by either party. The RC reviews the Company’s obligations arising in the event of termination of any Executive Directors’ and Key Management Personnel’s contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

### **Directors and Key Management Personnel Remuneration**

The following table shows the remuneration of the Directors, Key Management Personnel as well as employees who are immediate family members of the Directors, Executive Chairman and Group CEO, Executive Director and Deputy CEO, or Substantial Shareholders, whose remunerations exceed S\$100,000 for FY2022.

The Company has disclosed the remuneration of the Directors and Key Management Personnel in bands of S\$250,000 with breakdown in percentage of fees, salary, bonus and other benefits instead of disclosing the remuneration of each individual Director and Key Management Personnel to the nearest dollars in the annual report in accordance with Principle 8 of the Code 2018 as the Board believes that it is not in the best interest of the Company to fully disclose such information given the highly competitive industry conditions for human resource recruitment and retention in the construction and properties development sectors in Singapore.

## CORPORATE GOVERNANCE REPORT

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
<b>Directors</b>					
<b>S\$500,001 to S\$750,000</b>					
Sin Soon Teng	-	91	8	1	100
<b>S\$250,001 to S\$500,000</b>					
Sin Ee Wuen <sup>(1)</sup>	-	80	16	4	100
<b>Below S\$250,000</b>					
Richard Tan Kheng Swee	100	-	-	-	100
Teo Boon Tieng	100	-	-	-	100
Lim Kheng Hock	100	-	-	-	100
<b>Key Management Personnel</b>					
<b>S\$1,750,001 to S\$2,000,000</b>					
Brian Yap Chin Leong	-	38	61	1	100
<b>S\$250,001 to S\$500,000</b>					
Chong Kim Guan	-	83	14	3	100
Ng Lay Khim	-	82	14	4	100
<b>Below S\$250,000</b>					
Ang Seng Heng	-	87	9	4	100
Mohamed Saleem Mohamed Amanullah	-	84	9	7	100
<b>Immediate family member of Executive Chairman, Group CEO and Substantial Shareholder whose remunerations exceeded S\$100,000</b>					
<b>S\$100,001 to S\$250,000</b>					
Sin Wei Ming <sup>(2)</sup>	-	75	15	10	100

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

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

The Board confirms there are only six (6) Key Management Personnel for FY2022 and the aggregate amount of the total remuneration paid to the top five (5) Key Management Personnel (who are not Directors or CEO) was approximately S\$2.9 million in FY2022.

There are no termination, retirement, post-employment benefits that may be granted to the Directors, the Executive Chairman and Group CEO, Executive Director and Deputy CEO, and Key Management Personnel.

## CORPORATE GOVERNANCE REPORT

### **Sysma Performance Share Plan**

The Company previously adopted an employee performance share plan known as Sysma Performance Share Plan (“Sysma PSP 2012”) on 5 July 2012 which expired on 4 July 2022, the maximum duration of 10 years. The Company subsequently adopted the Sysma Performance Share Plan (the “Sysma PSP 2021”) which was approved by shareholders at an Extraordinary General Meeting held on 26 November 2021.

The committee which administers the Sysma PSP 2021 in accordance with the rules of the Sysma PSP 2021 (“Awards Committee”) comprises members of the RC, the names of which are set out in page 36 of this Annual Report.

The Sysma PSP 2021, 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. Similar to the Sysma PSP 2012, the Sysma PSP 2021 is primarily a share incentive scheme. Implementation of the Sysma PSP 2021 will enable the Company to recognise the fact that the services of Group Employees are important to the success and continued well-being of the Group.

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 Sysma PSP 2021 at the absolute discretion of the Awards Committee.

For the benefit of doubt, (i) Controlling Shareholders and their Associates, (ii) Group Non-Executive Directors, (iii) directors or employees of the Company’s parent company and its subsidiaries, and (iv) directors and employees of associated companies, will be eligible to participate in the Sysma PSP 2021. Subject to applicable Catalist Rules, specific Shareholders’ approval will be sought in the event any of such Participants have been identified.

The aggregate amount of new shares which may be issued pursuant to the vesting of awards granted on any date, when added to the amount of new shares issued and issuable in respect of (i) all awards previously granted under the Sysma PSP 2021; and (ii) any other share-based incentive scheme of the Company, shall not exceed 15% of the issued and paid-up share capital of the Company on the day preceding the date of grant (“Share Issuance Limit”).

The number of existing shares purchased from the market which may be delivered pursuant to the awards granted under the Sysma PSP 2021, and the amount of cash which may be paid upon the release of such awards in lieu of shares, will not be subject to the Share Issuance Limit, as such methods will not involve the issue of any new shares. The number of shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued shares of the Company.

## CORPORATE GOVERNANCE REPORT

In relation to Awards made to Controlling Shareholders and their Associates, the maximum entitlement for this category of Participants will not be more than 20% of the total number of Shares available under the Sysma PSP 2021, while each of such Participants shall not be allotted more than 10% the total number of Shares available under the Sysma PSP 2021. In relation to Awards made to directors and employees of the Company's parent company and its subsidiaries, and directors and employees of associated companies, the maximum entitlement for this category of Participants will not be more than 20% of the total number of Shares available under the Sysma PSP 2021.

Since the commencement of the Sysma PSP 2021 till the end of the financial year under review and up to the current date of this Report, no Awards were granted under the Sysma PSP 2021 to the Group employees. There were also no Awards granted under the Sysma PSP 2012 which has expired. Accordingly, the provisions of Catalist Rule 851(1)(b) to (d) are not applicable.

### 3. ACCOUNTABILITY AND AUDIT

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

##### **Accountability**

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

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

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

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, for instance, by establishing written policies where appropriate.

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

## CORPORATE GOVERNANCE REPORT

### **Risk Management and Internal Controls**

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

### **Internal Audit**

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Group engaged Nexia TS Risk Advisory Pte. Ltd. ("Internal Auditor") to assist the Board and AC in their review of the Group's risk management and internal control systems, with focus on financial, operational, compliance and information technology controls. Risk Management Assessment as well as Control Self-Assessment were conducted by the Management with the assistance of the Internal Auditor. The key risk areas which have been identified continue to be analysed, monitored and mitigated accordingly. In this 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 FY2022.

### **Adequacy and Effectiveness of Internal Controls**

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, and risk management systems, are adequate and effective in FY2022.

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

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



## CORPORATE GOVERNANCE REPORT

### **Executive Chairman and Group CEO, and CFO Assurances**

The Board has received assurances from the Executive Chairman and Group CEO, and the CFO that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and effective in FY2022.

### **Audit Committee**

The AC comprises the following Independent Directors:

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

### **Qualification and Independence of Audit Committee**

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

The Board considers Mr Teo Boon Tieng to have extensive and practical financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in accounting, finance, and business management. The Board considers them as having sufficient financial management knowledge and experience to discharge their responsibilities as members of the AC.

All members of the AC are Independent and Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholders of the Company. None of the AC members were previous partners or directors of the Company's external audit firm: (a) within a period of 2 years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for so long as he has any financial interest in the auditing firm or auditing corporation.

### **Authority of Audit Committee**

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

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

## CORPORATE GOVERNANCE REPORT

- (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 the basis in the event it decides 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;

## CORPORATE GOVERNANCE REPORT

- (i) review the policy and arrangements by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (j) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (k) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding, among others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;
- (l) review the adequacy and effectiveness, scope and results of the internal audit function, and the independence and objectivity of the internal auditors; and
- (m) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

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

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

### **Meetings between Audit Committee and Auditors**

The AC has met with the external auditors, Deloitte & Touche LLP and the internal auditors, Nexia TS Risk Advisory Pte. Ltd., in the absence of the Management once in FY2022 to review any matters that might be raised. The AC has full access to and the co-operation of the Management. The external auditors and internal auditors have unrestricted access to the AC.

### **Independence of External Auditors**

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money considerations. The AC has reviewed the independence of the Company's external auditors and is satisfied with the independence and objectivity of the external auditors. There were no non-audit services provided by the external auditors to the Company for FY2022. The aggregate amount of fees paid to the external auditors of the Company and subsidiaries for audit services was S\$275,000 (100%) for the financial year ended 31 July 2022.

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

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

## CORPORATE GOVERNANCE REPORT

### **Whistle-Blowing Policy**

The AC has incorporated a whistle blowing policy into the Company's internal control procedures to provide a channel for staff to report in good faith and in confidence, without fear of reprisals or any other detrimental or unfair treatment, concerns about suspected fraud, corruption, dishonest practices, misconduct wrongdoing or other similar matters relating to the Company and its officers. In this regard, the Company is committed to ensure protection of the whistleblower. The objective of the policy is to ensure an independent investigation of such matters and for appropriate follow-up action, all whistle blowing reports will be addressed to the Chairman of the AC, i.e. Receiving Officer. Details of the whistle blowing policy have been made available to all employees through the staff intranet. The Company is also taking steps to publish the whistle blowing policy on the Company's website so it is available to the public.

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

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

The AC members take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through attending training and seminars as well as receiving updates from the external auditors. No whistle-blowing concerns were reported for FY2022.

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

The AC has also reviewed the annual audited financial statements of the Company and the Group for the financial year ended 31 July 2022 as well as the Auditors' Reports thereon. Interested person transactions of the Group in FY2022 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.

## CORPORATE GOVERNANCE REPORT

### Key Audit Matters:

The AC considered a number of key matters during the financial year ended 31 July 2022 taking into account, in all instances, the views of the Company's external auditor.

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

Significant matters considered	How the issues were addressed by the AC
<p><b><i>Impairment of goodwill</i></b></p>	<p>The AC considered the key judgement and reasonableness of assumptions made by management and valuation specialist's assessment of the Impairment test of goodwill which included discount rate and long-term growth rates used in Discounted cash flow ("DCF"), particularly those affecting the business of KH Engineering Limited, KH Instrumentation Pte Ltd, and Dae Sung Construction Pte Ltd. The key assumptions to the impairment test are disclosed in Note 13 to the financial statements.</p> <p>The AC also reviewed the reasonableness of management's and valuation specialist's assessment that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at 31 July 2022. The auditors have included Impairment of goodwill as a key audit matter in the auditor's report for the financial year ended 31 July 2022. This is on page 60 of the annual report.</p>
Significant matters considered	How the issues were addressed by the AC
<p><b><i>Provisions</i></b></p>	<p>The AC considered the key judgement and assumptions made in management's approach in estimating the provisions for all construction projects taking into consideration management's past experiences in determining the adequacy of such provisions.</p> <p>The AC reviewed management's estimation process, as well as the involvement of management personnel with suitable knowledge and experience, and was satisfied that these were appropriate. The auditors have included the accounting for construction contracts as a key audit matter in the auditor's report for the financial year ended 31 July 2022. This is on page 60 of the annual report.</p>

## CORPORATE GOVERNANCE REPORT

### **Internal Audit**

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

The internal auditor's primary line of reporting is to the AC Chairman although the internal auditor would also report administratively to the Executive Chairman and Group CEO, and the CFO.

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

The internal auditors plan their internal audit schedules in consultation with the Management and its plans are submitted to the AC for approval. The AC reviews and approves the internal audit plans and confirms that the internal audit function is independent, effective and adequately resourced for FY2022.

None of the AC members were previous partners or directors of the Company's internal audit firm within the last twelve months and none of the AC members hold any financial interest in the internal audit firm.

## **4. SHAREHOLDERS RIGHTS AND ENGAGEMENT WITH SHAREHOLDERS**

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

The Company does not practice selective disclosures. The Company communicates information, including price-sensitive information, to its shareholders and the investing community through the release of announcements via SGXNet on a timely basis. Results and annual reports are announced or issued within the mandatory periods. Such announcements include the half-year and full-year results, material transactions and other developments relating to the Group requiring disclosure under the Catalist Rules. The Company does not have a formal investor relations policy and is of the view that the communication channels provided via SGXNet and the Company's corporate website ([www.sysma.sg](http://www.sysma.sg)) are sufficient to provide timely communication of material events and information to shareholders.

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

## CORPORATE GOVERNANCE REPORT

The Company's main forum for dialogue with shareholders takes place at its AGM, whereat members of the Board and Board Committees, Key Management Personnel and the EA are in attendance to address questions from shareholders. At the AGM or within a reasonable time prior to the holding of the AGM during COVID-19 restriction periods, shareholders are given the opportunity to express their views and ask questions regarding the Group and/or the resolutions put forth to shareholders at the AGM.

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

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

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

In view of the COVID-19 situation, the immediate past AGM held on 26 November 2021 ("2021 AGM") was convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements relating to attendance at the 2021 AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the chairman of the meeting in advance of the 2021 AGM, addressing of substantial and relevant questions at, or prior to, the 2021 AGM and voting by appointing the chairman of the meeting as proxy at the 2021 AGM, were put in place for the 2021 AGM. All Directors of the Company attended the 2021 AGM.

The Minutes of 2021 AGM had been released on the SGXNet and the Company's website within one month from AGM in accordance with Order dated 8 December 2021.

In view of the COVID-19 situation in Singapore, the forthcoming AGM to be held on 18 November 2022 will also be convened and conducted similarly to the 2021 AGM, with the addition of real-time electronic communication and real-time remote electronic voting during the AGM.

Apart from the SGXNet and annual reports, the Company updates shareholders on its developments through its corporate website at [www.sysma.sg](http://www.sysma.sg).



## CORPORATE GOVERNANCE REPORT

### **Absentia voting**

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

### **Dividend Policy**

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

An interim dividend of 1.0 Singapore cents per share was paid on 31 March 2022. The Board has not proposed any further dividend for FY2022 to conserve cash for the challenging environment ahead.

The Company is committed to achieving sustainable income and growth to enhance total shareholder return although it does not have a fixed dividend policy.

## **5. Principle 13: Managing Stakeholders Relationships**

### **Engagement with Stakeholders**

The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations as provided in the Group's 2022 Sustainability Report. The Company has regularly engaged its stakeholders through various channels to ensure that the business interests of the Group are aligned with those stakeholders, to understand and address the concerns so as to improve its services and products standards, as well as to sustain business operations for long-term growth. The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information and news are regularly conveyed to the stakeholders via SGXNet.

Additionally, the Company maintains a corporate website at [www.sysma.sg](http://www.sysma.sg) to communicate and engage with stakeholders through the contact information of the Company which can be found on the website.

## **6. DEALINGS IN SECURITIES**

The Company has adopted an internal compliance code which prohibits dealings in the Securities of the Company by Directors and officers while in possession of price-sensitive information. The Company, its Directors and officers should not deal in the Company's securities on short-term considerations and are prohibited from dealing in the securities of the Company during the period beginning one month before the announcement of the half-year and full-year financial results respectively, and ending on the date of the announcement of the results. To facilitate compliance, reminders via electronic mail are issued to all directors and staff prior to the applicable trading black-outs period.

## CORPORATE GOVERNANCE REPORT

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

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

### 7. MATERIAL CONTRACTS

Save for the service agreement between the Company and the Executive Chairman and Group CEO as disclosed above as well as the interested person transactions as mentioned below, there were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the Executive Chairman and Group CEO, any Director, or controlling shareholders, either still subsisting as at 31 July 2022 or if not then subsisting, entered during the period under review.

### 8. INTERESTED PERSONS TRANSACTIONS

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules and there were no interested person transactions of S\$100,000 or more entered into during FY2022.

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

The total amount of non-sponsor fees paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2022 was S\$5,000.

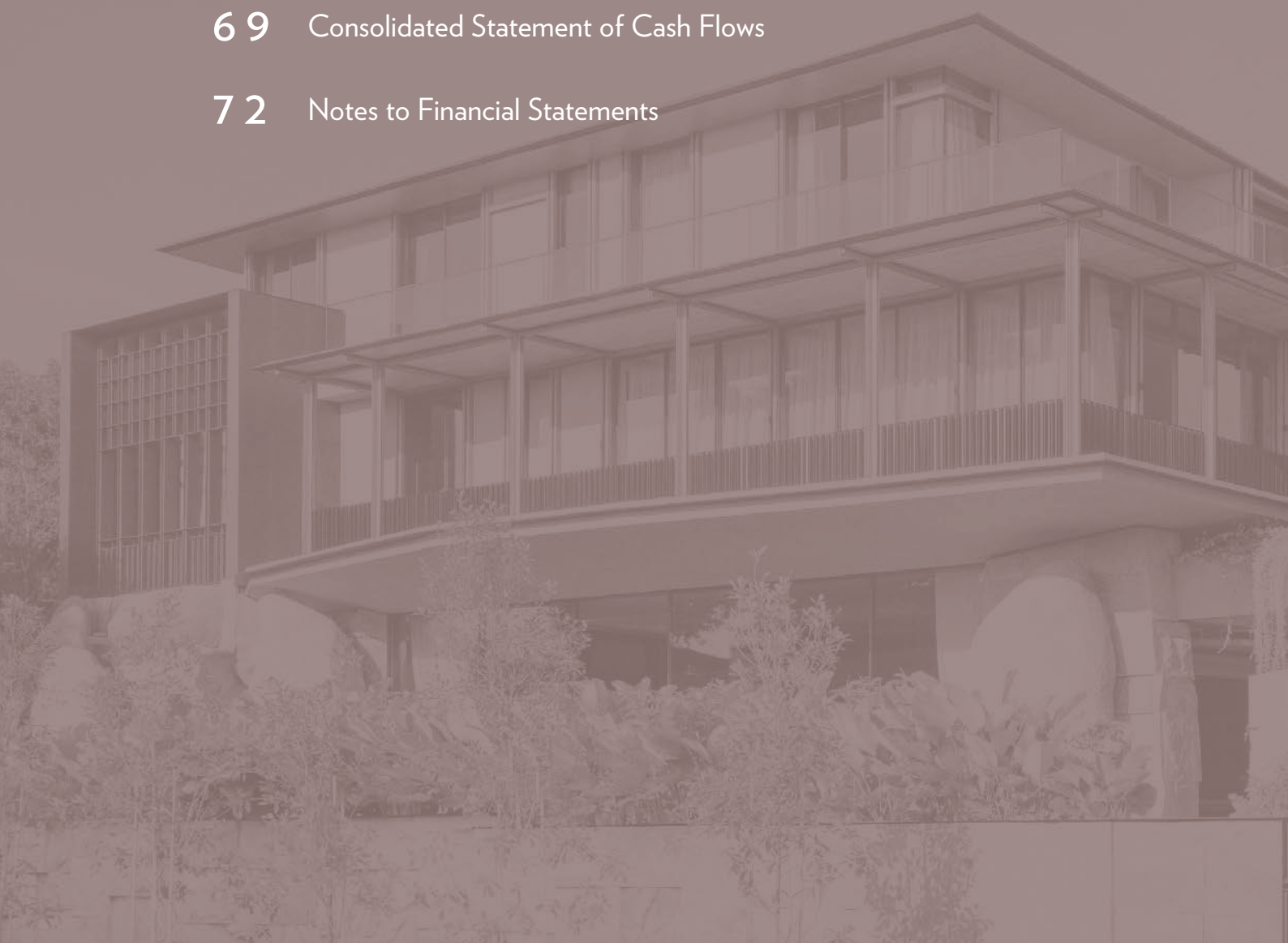
### 10. STATEMENT OF COMPLIANCE

The Board confirms that for FY2022 and save as expressly disclosed herein, the Company has adhered to the principles and provisions as set out in the Code 2018.

Due to the COVID-19 restriction orders in Singapore, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM for FY2022 in accordance with the Order. Minutes of the AGM to be held on 18 November 2022 will be published on the SGXNet and also on the Company's corporate website within one (1) month after the AGM date.

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# DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2022.

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 64 to 132 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at July 31, 2022, and financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

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

Sin Soon Teng  
Sin Ee Wuen  
Richard Tan Kheng Swee  
Teo Boon Tieng  
Lim Kheng Hock

## 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.

## 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 1967 except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
<u>The Company</u> (Ordinary shares)				
Sin Soon Teng	-	-	166,600,000	166,600,000
Sin Ee Wuen	8,703,500	8,703,500	-	-

#### Ultimate holding company

#### Xiang Investment Pte Ltd (Ordinary shares)

Sin Soon Teng	8,000	8,000	-	-
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By virtue of Section 7 of the Singapore Companies Act 1967, Mr Sin Soon Teng is deemed to have an interest in all the related corporations of the Company.

The directors' interests in the shares of the Company as at August 21, 2022 were the same as at July 31, 2022.

### 4 SHARE SCHEME

#### The Sysma Performance Share Plan 2012 (The "Sysma PSP 2012")

- (i) The Sysma PSP 2012 was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on July 5, 2012.
- (ii) The Sysma PSP 2012 is administered by the Awards Committee.
- (iii) The Sysma PSP 2012 expired on July 4, 2022, upon attaining the maximum 10-year duration.

## DIRECTORS' STATEMENT

### 4 SHARE SCHEME (CONT'D)

- (iv) A participant's award under the Sysma PSP 2012 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.
- (v) Awards granted under the Sysma PSP 2012 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 Sysma PSP 2012, and the length of the vesting period(s) is determined on a case-by-case basis.
- (vi) The total number of new shares which may be issued or shares which may be delivered pursuant to award granted under the Sysma PSP 2012, 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 Sysma PSP 2012; and
  - b. all shares, options, or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued capital of the Company (excluding treasury shares) on that day preceding the relevant date of award.

At the end of the reporting period, no awards have been granted under the Sysma PSP 2012.

#### The Sysma Performance Share Plan 2021 (The "Sysma PSP 2021")

- (i) The Sysma PSP 2021 was approved and adopted by the shareholders of the Company at an Extraordinary General Meeting held on November 26, 2021.
- (ii) The Sysma PSP 2021 is administered by the Remuneration Committee ("Committee").
- (iii) A participant's award under the Sysma PSP 2021 will be determined at the absolute discretion of the Committee, which shall take into account criteria including (but not limited to) the Participant's rank, overall job performance, years of service, potential for future development, contribution to the success of the Group, the performance targets or conditions and/or performance periods to be set, the extent of effort and resourcefulness required to achieve the performance targets or conditions and/ or service conditions within the performance periods and/or service periods, capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group.
- (iv) Awards may only be vested or released and consequently any Shares and or cash comprised in such awards shall only be delivered upon the Committee being satisfied that the Participant has achieved or fulfilled the relevant performance target(s), performance conditions, service conditions and/or such other conditions such as vesting period(s) applicable for the release of the award and/ or all or any of the shares and/or cash to which that award relates, and/or upon the Committee being satisfied that due recognition should be given for good work performance and/ or significant contribution to the Company.

## DIRECTORS' STATEMENT

### 4 SHARE SCHEME (CONT'D)

- (v) The total number of new shares which may be issued or shares which may be delivered pursuant to award granted under the Sysma PSP 2021, 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 Sysma PSP 2012;
  - b. all awards granted under the Sysma PSP 2021; and
  - c. all shares, options, or awards granted under any other share scheme of the Company then in force, shall not exceed 15% of the issued capital of the Company (excluding treasury shares) on that day preceding the relevant date of award.

At the end of the reporting period, no awards have been granted under the Sysma PSP 2021.

### 5 SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under option*

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

## DIRECTORS' STATEMENT

### 6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, was chaired by Mr Teo Boon Tieng, an independent director. The Audit Committee also includes Mr Richard Tan Kheng Swee, and Mr Lim Kheng Hock, all independent directors. The Audit Committee has met twice during the year under review, and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- b) The Group's financial and operating results and accounting policies;
- c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;
- d) The semi-annual announcements as well as related press releases on the results and financial position of the Company and the Group;
- e) Interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- f) The co-operation and assistance given by the management to the Group's external auditors; and
- g) The re-appointment of the external auditors of the Group.

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

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



## DIRECTORS' STATEMENT

### 7 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....  
Sin Soon Teng

.....  
Sin Ee Wuen

October 25, 2022

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYSMA HOLDINGS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Sysma Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at July 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 132.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at July 31, 2022 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYSMA HOLDINGS LIMITED

### Key Audit Matters

### How the matter was addressed in the audit

#### Impairment of goodwill

The aggregated goodwill of \$4,908,318 constituted 4.2% of the Group's total assets as at July 31, 2022. The Group is required to annually test goodwill for impairment. This assessment requires the exercise of significant judgement about future market conditions, including growth rates and discount rates, particularly those affecting the business of KH Engineering Limited, Kian Hock Engineering Pte. Ltd. and Kian Hock Piling Pte. Ltd., KH Instrumentation Pte. Ltd. and Dae Sung Construction Pte. Ltd.

The key assumptions to the impairment test are disclosed in Note 13 to the financial statements.

Management has assessed that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at July 31, 2022.

These procedures included:

- engaged internal valuation specialists to evaluate the appropriateness of the discount rate, contributory asset charge, attrition rate, remaining useful lives and long-term growth rates used in the Discounted cash flow ("DCF") by comparing the expectations to those prepared by management;
- challenging the cash flow forecasts prepared by management, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews to prior year's forecasts against actual results; and
- stress testing key assumptions, assessing the impact on the recoverable amounts based on sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered.

We have also assessed and reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

#### Provisions

The Group is involved in construction projects and records provisions for such projects. Management's estimates are based on terms as set out in the letter of award or contracts or management's experience.

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

Significant assumptions are required in estimating the provisions. In making these estimates, the Group relies on past experience. The carrying amount of provisions is disclosed in Note 20 to the financial statements.

We have performed procedures by obtaining the supporting documents used by management to assess the provisions made. We reviewed the basis of provisions for projects, including understanding and challenging management's assumptions. We have also evaluated the adequacy of the disclosure of provisions made in Note 20.

## *INDEPENDENT AUDITOR'S REPORT*

TO THE MEMBERS OF SYSMA HOLDINGS LIMITED

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SYSMA HOLDINGS LIMITED

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

# *INDEPENDENT AUDITOR'S REPORT*

TO THE MEMBERS OF SYSMA HOLDINGS LIMITED

## **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Aw Xin-Pei.

Deloitte & Touche LLP  
Public Accountants and  
Chartered Accountants  
Singapore

October 25, 2022

# STATEMENTS OF FINANCIAL POSITION

July 31, 2022

Note	Group		Company		
	2022	2021	2022	2021	
	\$	\$	\$	\$	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	44,207,590	29,893,799	23,439,919	5,858,019
Trade and other receivables	8	8,362,651	7,431,747	4,484,996	5,711,835
Contract assets	9	9,601,940	4,377,807	-	-
Properties held for sale	10	3,468,728	3,468,728	-	-
Total current assets		65,640,909	45,172,081	27,924,915	11,569,854
<b>Non-current assets</b>					
Property, plant and equipment	11	24,452,645	22,799,532	-	-
Investment property	12	-	514,286	-	-
Goodwill	13	4,908,318	4,908,318	-	-
Intangible assets	14	366,000	549,000	-	-
Investments in subsidiaries	15	-	-	34,501,771	37,380,771
Investment in associate	16	-	1	-	-
Financial assets at fair value through profit or loss	17	20,049,331	23,742,108	20,049,331	23,742,108
Other receivables	8	-	1,855,125	681,142	975,538
Contract assets	9	1,946,072	6,065,269	-	-
Total non-current assets		51,722,366	60,433,639	55,232,244	62,098,417
<b>Total assets</b>		<b>117,363,275</b>	<b>105,605,720</b>	<b>83,157,159</b>	<b>73,668,271</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables	18	18,036,684	18,009,012	17,670,782	10,401,326
Contract liabilities	19	4,071,024	4,706,793	-	-
Provisions	20	5,633,656	5,674,288	-	-
Lease liabilities	21	1,642,106	1,406,365	-	-
Bank loans	22	2,413,800	1,362,044	-	-
Income tax payable		1,623,925	1,289,911	68,744	74,903
Total current liabilities		33,421,195	32,448,413	17,739,526	10,476,229
<b>Non-current liabilities</b>					
Trade and other payables	18	382,620	2,642,899	-	-
Lease liabilities	21	2,528,130	1,446,824	-	-
Bank loans	22	12,373,644	8,141,832	-	-
Deferred tax liabilities	23	1,810,769	1,691,843	-	-
Total non-current liabilities		17,095,163	13,923,398	-	-

See accompanying notes to financial statements.

## STATEMENTS OF FINANCIAL POSITION

July 31, 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Capital, reserves and non-controlling interest</b>					
Share capital	24	45,538,251	45,538,251	45,538,251	45,538,251
Treasury shares	25	(1,120,185)	(1,120,185)	(1,120,185)	(1,120,185)
Merger reserve		(3,517,117)	(3,517,117)	-	-
Equity reserve		(844,016)	(844,016)	-	-
Accumulated profits		21,170,011	18,370,636	20,999,567	18,773,976
Equity attributable to owners of the Company		61,226,944	58,427,569	65,417,633	63,192,042
Non-controlling interest		5,619,973	806,340	-	-
Total equity		66,846,917	59,233,909	65,417,633	63,192,042
<b>Total liabilities and equity</b>		<b>117,363,275</b>	<b>105,605,720</b>	<b>83,157,159</b>	<b>73,668,271</b>

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended July 31, 2022

	Note	Group	
		2022	2021
		\$	\$
<b>Revenue</b>	26	52,303,685	55,854,981
Cost of sales		(40,804,539)	(48,620,245)
<b>Gross profit</b>		11,499,146	7,234,736
Other income	27	11,053,716	4,901,303
Other operating expenses		(4,027,148)	(3,216,385)
Administrative expenses		(8,697,753)	(5,644,807)
Finance costs	28	(438,371)	(321,293)
<b>Profit before tax</b>	29	9,389,590	2,953,554
Income tax expense	30	(1,559,992)	(305,924)
<b>Profit for the year, representing total comprehensive income for the year</b>		<u>7,829,598</u>	<u>2,647,630</u>
<b>Profit attributable to:</b>			
Equity holders of the Company		6,584,604	2,652,410
Non-controlling interest		1,244,994	(4,780)
		<u>7,829,598</u>	<u>2,647,630</u>
<b>Basic and diluted earnings per share (cents)</b>	31	<u>2.61</u>	<u>1.05</u>

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2022

Group	Share capital	Treasury shares	Merger reserve	Equity reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at August 1, 2020	45,538,251	(1,120,185)	(3,517,117)	(844,016)	15,718,226	55,775,159	811,120	56,586,279
<i>Profit (Loss) for the year, representing total comprehensive income (loss) for the year</i>	-	-	-	-	2,652,410	2,652,410	(4,780)	2,647,630
Balance at July 31, 2021	45,538,251	(1,120,185)	(3,517,117)	(844,016)	18,370,636	58,427,569	806,340	59,233,909
<i>Profit for the year, representing total comprehensive income for the year</i>	-	-	-	-	6,584,604	6,584,604	1,244,994	7,829,598
<i>Transactions with owners, recognised directly in equity</i>								
<i>Non-controlling interest arising from issuance of subsidiaries' shares</i>	-	-	-	-	-	-	4,088,639	4,088,639
<i>Dividend paid (Note 35)</i>	-	-	-	-	(3,785,229)	(3,785,229)	-	(3,785,229)
<i>Return of capital to non-controlling interest</i>	-	-	-	-	-	-	(520,000)	(520,000)
Balance at July 31, 2022	45,538,251	(1,120,185)	(3,517,117)	(844,016)	21,170,011	61,226,944	5,619,973	66,846,917

See accompanying notes to financial statements.

## STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2022

<u>Company</u>	Share capital \$	Treasury shares \$	Accumulated profits \$	Total \$
Balance at August 1, 2020	45,538,251	(1,120,185)	867,866	45,285,932
<i>Profit for the year, representing total comprehensive income for the year</i>	-	-	17,906,110	17,906,110
Balance at July 31, 2021	45,538,251	(1,120,185)	18,773,976	63,192,042
<i>Profit for the year, representing total comprehensive income for the year</i>	-	-	6,010,820	6,010,820
<i>Dividend paid (Note 35), representing transaction with owners, recognised directly in equity</i>	-	-	(3,785,229)	(3,785,229)
Balance at July 31, 2022	45,538,251	(1,120,185)	20,999,567	65,417,633

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2022

	Group	
	2022	2021
	\$	\$
<b>Operating activities</b>		
Profit before tax	9,389,590	2,953,554
Adjustments for:		
Depreciation of property, plant and equipment	5,596,201	5,739,902
Depreciation of investment property	15,714	15,714
Amortisation of intangibles	183,000	61,000
Addition /(Reversal) of provisions	31,648	(435,509)
Provision for liquidated damages	734,000	-
Net foreign exchange losses /(gains) from non-operating cashflows	396,090	(110,645)
Finance costs	438,371	321,293
Interest income	(240,533)	(257,796)
Net provision /(write-back) of loss allowance – trade receivables	272,170	(22,820)
Net (write-back) /provision of loss allowance – other receivables	(556,975)	263,268
Government grant income	(1,278,461)	(3,202,650)
Government grant expense	-	5,607
Net gain on disposal of property, plant and equipment	(456,292)	(135,822)
Gain on disposal of investment property	(51,428)	-
Gain on disposal of investment in associate	(18,605)	-
Gain on disposal of financial asset measured at fair value through profit or loss	(5,829,484)	-
Net fair value gain on financial asset measured at fair value through profit or loss	(1,249,431)	-
Operating cash flow before movements in working capital changes	7,375,575	5,195,096
Trade and other receivables	(1,105,426)	(1,963,576)
Contract assets	(1,104,936)	(1,116,520)
Trade and other payables	1,823,447	(375,282)
Contract liabilities	(1,369,769)	881,155
Cash generated from operations	5,618,891	2,620,873
Net grant income received	1,130,391	3,316,526
Income tax paid	(1,107,052)	(1,317,253)
Net cash generated from operating activities	5,642,230	4,620,146

See accompanying notes to financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2022

	Group	
	2022	2021
	\$	\$
<b>Investing activities</b>		
Interest received	98,653	58,327
Proceeds from disposal of property, plant and equipment	663,400	143,342
Proceeds from disposal of investment property	550,000	-
Proceeds from disposal of investment in associate	18,058	-
Proceeds from redemption of bond receivable from associate	2,455,859	-
Proceeds from disposal of financial asset measured at fair value through profit or loss	15,524,693	-
Purchase of property, plant and equipment (Note A)	(4,271,011)	(2,590,540)
Acquisition of subsidiaries (Note 34)	-	(1,441,861)
Investment in financial asset measured at fair value through profit or loss	(5,000,000)	(13,462,000)
Net cash generated from /(used in) investing activities	10,039,652	(17,292,732)
<b>Financing activities</b>		
Repayment of bank borrowings	(1,516,432)	(555,403)
Drawdown of loan	6,800,000	5,000,000
Repayment of lease liabilities	(1,983,839)	(1,244,192)
Return of capital to non-controlling interest	(520,000)	-
Dividends paid	(3,785,229)	-
Interest paid	(362,591)	(196,916)
Increase in pledged deposits	(20,757)	(1,561)
Net cash (used in) /generated from financing activities	(1,388,848)	3,001,928
Net increase /(decrease) in cash and cash equivalents	14,293,034	(9,670,658)
Cash and cash equivalents at beginning of year	28,898,314	38,568,972
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>43,191,348</b>	<b>28,898,314</b>

Note A:

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$4,271,011 (2021: \$2,590,540) of which \$2,603,678 (2021: \$1,920,081) were acquired by means of hire purchases.

See accompanying notes to financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2022

### Reconciliation of liabilities arising from financing activities

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

<u>Group</u>	Lease liabilities (Note 21) \$	Bank borrowings (Note 22) \$
At August 1, 2020	1,502,412	5,059,279
Non-cash changes		
- Acquisition of subsidiaries (Note 34)	255,868	-
- New lease liabilities	2,362,581	-
- Accrued interest	75,229	98,207
Financing cash flow	(1,244,192)	4,444,597
Interest paid	(98,709)	(98,207)
At August 1, 2021	2,853,189	9,503,876
Non-cash changes		
- New lease liabilities	3,361,027	-
- Early termination of lease liabilities	(60,102)	-
- Accrued interest	129,296	233,256
Financing cash flow	(1,983,839)	5,283,568
Interest paid	(129,335)	(233,256)
At July 31, 2022	<u>4,170,236</u>	<u>14,787,444</u>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 1 GENERAL

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

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

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended July 31, 2022 were authorised for issue by the Board of Directors on October 25, 2022.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2, leasing transactions that are within the scope of SFRS(I) 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 or value in use in SFRS(I) 1-36.

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.

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**ADOPTION OF NEW AND REVISED STANDARDS** - On August 1, 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/ revised SFRS(I) pronouncements does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

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

Effective for annual periods beginning on or after January 1, 2022

- Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

**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;



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I) Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

At the acquisition date, the identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

#### Classification of financial assets

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

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

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Amortised cost and effective interest method

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

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

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

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

### Impairment of financial assets

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Significant increase in credit risk

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

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

### Definition of default

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

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

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

### Credit-impaired financial assets

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

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

### Write-off policy

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Measurement and recognition of expected credit losses

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

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

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

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

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

### Derecognition of financial assets

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

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial liabilities and equity

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities subsequently measured at amortised cost

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

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

#### Derecognition of financial liabilities

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

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



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Offsetting arrangements

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

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

#### LEASES

##### The Group as lessee

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

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

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

#### The Group as lessor

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

Furniture and fittings	5 years
Office equipment	5 years
Works vehicles	4 to 10 years
Machinery	3 to 10 years
Steel items	5 years
Leasehold properties and building improvements	1 to 45 years (over the remaining lease terms)

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Customer contracts	3-4 years (over remaining contractual terms)
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An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL** - At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

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

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

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



# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

**REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Group recognises revenue when it transfers control of a product or service to a customer.

### Construction contracts

Revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of contract value of work performed to date certified by independent architects/customers relative to the estimated total contract value. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

### Sale of properties held for sale

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

### 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.

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates 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 the tax expected to be payable or recoverable on 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, and is accounted for using the liability method. 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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 each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

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

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

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents 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.

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### ***Critical judgements in applying the Group's accounting policies***

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

### ***Key sources of estimation uncertainty***

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

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period is disclosed in Note 13 to the financial statements.

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

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

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

#### Valuation of properties held for sale

The properties held for sale are held at the lower of the cost and net realisable value. The net realisable value is determined based on assessment by an independent professional valuer. The valuation process involves significant judgements to determine the appropriate valuation methodologies and adjustments to comparable property prices when using the direct comparison method.

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

#### Provisions

The Group is involved in construction projects and records provisions for projects. Management's estimates are based on terms as set out in the letter of award or contracts or management's experience. Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Significant assumptions are required in estimating the provisions. In making these estimates, the Group relies on past experience. The carrying amount of provisions is disclosed in Note 20 to the financial statements.

#### Calculation of loss allowance

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

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

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

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

### 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

#### a) *Categories of financial instruments*

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Financial assets</b>				
Financial assets at amortised cost	51,664,034	38,356,174	28,583,029	12,523,839
Financial assets at fair value through profit or loss	20,049,331	23,742,108	20,049,331	23,742,108
	<u>71,713,365</u>	<u>62,098,282</u>	<u>48,632,360</u>	<u>36,265,947</u>
<b>Financial liabilities</b>				
Lease liabilities	4,170,236	2,853,189	-	-
Financial liabilities at amortised cost	32,725,979	29,232,166	17,586,012	10,320,839
	<u>36,896,215</u>	<u>32,085,355</u>	<u>17,586,012</u>	<u>10,320,839</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

Company

#### Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets \$	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position \$	(c) = (a) - (b) Net amounts of financial assets presented in the statement of financial position \$
Other receivables			
- as at July 31, 2022	11,643,019	(6,499,909)	5,143,110
- as at July 31, 2021	26,579,317	(19,913,497)	6,665,820

#### Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities \$	(b) Gross amounts of recognised financial assets set off in the statement of financial position \$	(c) = (a) - (b) Net amounts of financial liabilities presented in the statement of financial position \$
Other payables			
- as at July 31, 2022	22,272,527	(6,499,909)	15,772,618
- as at July 31, 2021	29,469,470	(19,913,497)	9,555,973

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.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

#### c) *Financial risk management policies and objectives*

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

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

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

##### (i) Foreign exchange risk management

The Group operates principally in Singapore dollars. Foreign currency exchange rate risk derived mainly from unquoted equities denominated in United States ("US") dollars and Euro, bank balances denominated in United States dollars and Japanese yen ("JPY"), and a bond receivable denominated in Pound sterling.

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

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
United States dollar	23,816,357	13,537,405	23,811,016	13,534,800
Japanese yen	24,201	-	-	-
Euro	-	10,207,308	-	10,207,308
Pound sterling	-	1,855,125	-	-

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

If the relevant foreign currency weakens/strengthens by 5% against the Singapore dollar, profit before tax will decrease/increase by:

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
United States dollar impact	1,190,818	676,870	1,190,551	676,740
Japanese yen impact	1,210	-	-	-
Euro impact	-	510,365	-	510,365
Pound sterling impact	-	92,756	-	-

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

#### (ii) Interest rate risk management

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

#### *Interest rate sensitivity*

The primary source of the Group's interest rate risk relates to its bank borrowings (Note 22).

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the financial year ended July 31, 2022 would decrease/increase by \$21,391 (2021: \$32,459). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

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

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

As at July 31, 2022 and July 31, 2021, the carrying amounts of financial assets and contract assets as stated in the statements of financial position and the exposure to calls on corporate guarantees below, represents the Group's and Company's maximum exposure to credit risk without taking into account the value of any collateral which can reduce the exposure.

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



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

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

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

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

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

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

##### (iv) Credit risk management

The Group has concentration of credit risk relating to cash and cash equivalents that are held with 8 (2021: 9) financial institutions and constitutes approximately 60% (2021: 46%) of the financial assets of the Group.

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

Bank balances and fixed deposits are held with reputable financial institutions. The Group carries out construction work for private sectors. Credit risks are taken into consideration in the decision to participate in tenders for construction contracts.

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

# NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

#### (v) Liquidity risk management

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

#### *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
	%	\$	\$	\$	\$	\$
<u>Group</u>						
<b>July 31, 2022</b>						
Non-interest bearing	-	17,555,915	382,620	-	-	17,938,535
Fixed interest rate instruments	3.00	1,517,174	7,128,970	-	(601,702)	8,044,442
Variable interest rate instruments	1.68	1,246,701	4,863,946	1,020,677	(388,322)	6,743,002
Lease liabilities (fixed rate)	3.10	1,753,331	2,641,593	-	(224,688)	4,170,236
		<u>22,073,121</u>	<u>15,017,129</u>	<u>1,020,677</u>	<u>(1,214,712)</u>	<u>36,896,215</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

##### (v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<u>Group</u>						
<b>July 31, 2021</b>						
Non-interest bearing	-	17,085,391	2,642,899	-	-	19,728,290
Fixed interest rate instruments	2.25	1,058,241	4,232,963	-	(291,204)	5,000,000
Variable interest rate instruments	1.49	668,811	3,051,744	2,001,902	(1,218,581)	4,503,876
Lease liabilities (fixed rate)	3.53	1,495,374	1,507,667	-	(149,852)	2,853,189
		<u>20,307,817</u>	<u>11,435,273</u>	<u>2,001,902</u>	<u>(1,659,637)</u>	<u>32,085,355</u>

##### Company

Financial liabilities of the Company as at July 31, 2022 and July 31, 2021 are repayable on demand and classified as current.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

##### (v) Liquidity risk management (cont'd)

##### Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	\$	\$	\$	\$	\$
<u>Group</u>						
<b>July 31, 2022</b>						
Non-interest bearing	-	50,647,792	-	-	-	50,647,792
Fixed interest rate instruments	0.11	1,016,653	-	-	(411)	1,016,242
		<u>51,664,445</u>	<u>-</u>	<u>-</u>	<u>(411)</u>	<u>51,664,034</u>
<b>July 31, 2021</b>						
Non-interest bearing	-	35,505,564	-	-	-	35,505,564
Fixed interest rate instruments	5.98	996,126	2,223,838	-	(369,354)	2,850,610
		<u>36,501,690</u>	<u>2,223,838</u>	<u>-</u>	<u>(369,354)</u>	<u>38,356,174</u>
<u>Company</u>						
<b>July 31, 2022</b>						
Non-interest bearing	-	26,907,413	-	-	-	26,907,413
Fixed interest rate instruments	3.25	1,034,205	689,470	-	(48,059)	1,675,616
		<u>27,941,618</u>	<u>689,470</u>	<u>-</u>	<u>(48,059)</u>	<u>28,583,029</u>
<b>July 31, 2021</b>						
Non-interest bearing	-	11,548,301	975,538	-	-	12,523,839

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

##### (vi) Fair value of financial assets and financial liabilities

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

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

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

#### d) *Capital management policies and objectives*

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

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

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

### 5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

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

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 6 RELATED PARTY TRANSACTIONS

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

As at July 31, 2022, the directors provided performance guarantees of \$2,099,750 (2021: \$2,099,750) to third parties in relation to the Group's performance obligations.

During the year, the Group did not enter into any significant transactions with related parties.

#### *Compensation of directors and key management personnel*

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

	Group	
	2022	2021
	\$	\$
Short-term benefits	4,274,336	2,640,038
Post-employment benefits	105,266	98,158
	<u>4,379,602</u>	<u>2,738,196</u>

### 7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash on hand	5,096	7,148	-	-
Cash at bank	43,186,252	28,891,166	23,439,919	5,858,019
Fixed deposits	1,016,242	995,485	-	-
	<u>44,207,590</u>	<u>29,893,799</u>	<u>23,439,919</u>	<u>5,858,019</u>
Less: Pledged bank deposits	(1,016,242)	(995,485)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>43,191,348</u>	<u>28,898,314</u>	<u>23,439,919</u>	<u>5,858,019</u>

Cash and cash equivalents comprise cash held by the Group.

Pledged bank deposits have an original maturity of twelve months or less, an average interest rate of 0.11% (2021: 0.10%) per annum and are pledged against banking facilities.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables from third parties	7,331,758	7,063,517	-	-
Less: Loss allowance	(681,448)	(987,080)	-	-
	6,650,310	6,076,437	-	-
Other receivables from third parties	249,956	90,535	-	-
Other receivables from subsidiaries (Note 5)	-	-	3,467,494	6,665,820
Loan receivable from a subsidiary	-	-	1,675,616	-
Bond receivable from associate	-	2,178,145	-	-
Accrued interest from bond receivable	-	284,731	-	-
Government grant receivables	-	159,137	-	-
Tender deposits	138,101	129,993	-	-
Deposits	468,853	310,285	-	-
Prepayments	238,433	178,658	23,028	21,553
Advance to suppliers	667,774	486,702	-	-
	1,763,117	3,818,186	5,166,138	6,687,373
Less: Loss allowance - other receivables	(50,776)	(607,751)	-	-
	1,712,341	3,210,435	5,166,138	6,687,373
Total trade and other receivables	8,362,651	9,286,872	5,166,138	6,687,373
<u>Analysed as:</u>				
Current	8,362,651	7,431,747	4,484,996	5,711,835
Non-current	-	1,855,125	681,142	975,538
	8,362,651	9,286,872	5,166,138	6,687,373

Movement of loss allowance:

	Group	
	2022	2021
	\$	\$
Balance at beginning of year	1,594,831	1,394,180
Acquisitions through business combinations	-	71,356
Net provision /(write-back) of loss allowance during the year	272,170	(22,820)
Amount written off	(577,802)	(111,153)
Net (write-back) /provision of loss allowance – other receivables during the year	(556,975)	263,268
Balance at end of year	732,224	1,594,831

The average credit period is 45 days (2021: 45 days). No interest is charged on the outstanding balance. Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL).

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 8 TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

Bond receivable from associate was fully redeemed in 2022.

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

<u>July 31, 2022</u>	Expected credit loss	Estimated total gross carrying	Lifetime ECL	Total
	rate	amount at default		
	%	\$	\$	\$
Current (not past due)	*	2,757,229	-	2,757,229
1 to 90 days past due	*	3,551,726	(11,021)	3,540,705
91 to 180 days past due	*	516,557	(327,149)	189,408
181 to 360 days past due	74	389,994	(289,559)	100,435
More than 360 days past due	46	116,252	(53,719)	62,533
		<u>7,331,758</u>	<u>(681,448)</u>	<u>6,650,310</u>

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

\* The credit loss rate is assessed as negligible.

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



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 8 TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

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

Based on the Group's historical credit loss experience with the relevant counterparties, as well as available forward-looking information, the Group has assessed the expected credit loss rate on other receivables in 2022 to be insignificant.

### 9 CONTRACT ASSETS

	Group	
	2022	2021
	\$	\$
Retention monies on contract work	7,378,882	8,546,461
Unbilled receivables	4,169,130	1,896,615
	<u>11,548,012</u>	<u>10,443,076</u>
<u>Analysed as:</u>		
Current	9,601,940	4,377,807
Non-current	1,946,072	6,065,269
	<u>11,548,012</u>	<u>10,443,076</u>

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

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 10 PROPERTIES HELD FOR SALE

	Group	
	2022	2021
	\$	\$
Properties held for sale	3,468,728	3,468,728

Particulars of the properties held for sale wholly owned by the Group as at July 31, 2022 and July 31, 2021 are as follows:

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

In 2022, the Group has pledged the properties held for sale to secure a bank loan as disclosed in Note 22.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 11 PROPERTY, PLANT AND EQUIPMENT

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

Group	Furniture and fittings	Office equipment	Works vehicles	Machinery	Leasehold properties and building improvements	Steel items	Total
	\$	\$	\$	\$	\$	\$	\$
Cost:							
At August 1, 2020	274,980	905,433	1,583,365	10,231,973	4,235,972	12,365,190	29,596,913
Acquired on acquisition of subsidiaries (Note 34)	1,363	965	-	1,180,923	-	-	1,183,251
Additions	829	105,072	-	292,973	-	2,191,666	2,590,540
Disposals	(188)	(22,310)	(202,898)	(1,630,461)	-	(690,568)	(2,546,425)
Reclassification	-	-	1,941,213	1,095,212	-	-	3,036,425
At July 31, 2021	276,984	989,160	3,321,680	11,170,620	4,235,972	13,866,288	33,860,704
Additions	21,160	83,739	1,067,147	326,963	564,501	2,207,501	4,271,011
Write-off	-	-	-	-	-	(433,638)	(433,638)
Disposals	(2,785)	(32,577)	(927,039)	(978,710)	-	-	(1,941,111)
Reclassification	-	-	166,879	-	-	-	166,879
At July 31, 2022	295,359	1,040,322	3,628,667	10,518,873	4,800,473	15,640,151	35,923,845
Accumulated depreciation:							
At August 1, 2020	240,513	526,418	1,231,682	8,940,095	1,101,672	3,302,549	15,342,929
Depreciation	23,316	112,348	139,818	595,047	167,376	2,815,617	3,853,522
Eliminated on disposals	(160)	(22,262)	(195,454)	(857,920)	-	(690,568)	(1,766,364)
Reclassification	-	-	1,941,213	1,090,432	-	-	3,031,645
At July 31, 2021	263,669	616,504	3,117,259	9,767,654	1,269,048	5,427,598	20,461,732
Depreciation	7,255	129,570	303,813	599,581	266,233	1,403,763	2,710,215
Eliminated on disposals	(2,747)	(32,577)	(927,039)	(771,640)	-	-	(1,734,003)
Reclassification	-	-	101,959	-	-	-	101,959
At July 31, 2022	268,177	713,497	2,595,992	9,595,595	1,535,281	6,831,361	21,539,903
Carrying amount:							
At July 31, 2022	27,182	326,825	1,032,675	923,278	3,265,192	8,808,790	14,383,942
At July 31, 2021	13,315	372,656	204,421	1,402,966	2,966,924	8,438,690	13,398,972

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's right-of-use assets:

Group	Office equipment	Works vehicles	Machinery	Leasehold properties and building improvements	Land use rights	Total
	\$	\$	\$	\$	\$	\$
Cost:						
August 1, 2020	16,304	2,849,468	2,641,486	2,619,400	6,261,977	14,388,635
Acquired on acquisition of subsidiaries (Note 34)	-	21,202	-	233,004	-	254,206
Additions	32,986	374,049	2,285,587	485,397	-	3,178,019
Disposals	(16,304)	(34,097)	-	-	-	(50,401)
Reclassification	-	(1,941,213)	(1,095,212)	-	-	(3,036,425)
At July 31, 2021	32,986	1,269,409	3,831,861	3,337,801	6,261,977	14,734,034
Additions	-	33,778	2,569,900	1,075,042	-	3,678,720
Disposals	-	(63,606)	-	(90,158)	-	(153,764)
Reclassification	-	(166,879)	-	-	-	(166,879)
At July 31, 2022	32,986	1,072,702	6,401,761	4,322,685	6,261,977	18,092,111
Accumulated depreciation:						
August 1, 2020	14,402	2,383,034	1,658,758	1,108,647	1,364,299	6,529,140
Depreciation	5,183	326,245	691,897	478,729	384,326	1,886,380
Eliminated on disposals	(16,304)	(34,097)	-	-	-	(50,401)
Reclassification	-	(1,941,213)	(1,090,432)	-	-	(3,031,645)
At July 31, 2021	3,281	733,969	1,260,223	1,587,376	1,748,625	5,333,474
Depreciation	6,597	146,041	1,694,905	714,011	324,432	2,885,986
Eliminated on disposals	-	(63,606)	-	(30,487)	-	(94,093)
Reclassification	-	(101,959)	-	-	-	(101,959)
At July 31, 2022	9,878	714,445	2,955,128	2,270,900	2,073,057	8,023,408
Carrying amount:						
At July 31, 2022	23,108	358,257	3,446,633	2,051,785	4,188,920	10,068,703
At July 31, 2021	29,705	535,440	2,571,638	1,750,425	4,513,352	9,400,560

The Group's total plant and equipment:

Group	Furniture and fittings	Office equipment	Works Vehicles	Machinery	Leasehold properties and building improvements	Land use Rights	Steel items	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount:								
At July 31, 2022	27,182	349,933	1,390,932	4,369,911	5,316,977	4,188,920	8,808,790	24,452,645
At July 31, 2021	13,315	402,361	739,861	3,974,604	4,717,349	4,513,352	8,438,690	22,799,532

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

The Group has pledged land use rights and buildings with a carrying amount of \$8,592,048 (2021: \$8,651,037) to secure bank loans as disclosed in Note 22.

### 12 INVESTMENT PROPERTY

	Group	
	2022	2021
	\$	\$
<b>Cost and carrying amount:</b>		
Balance at beginning of year	530,000	530,000
Disposal	(530,000)	-
Balance at end of year	-	530,000
<b>Accumulated depreciation:</b>		
Balance at beginning of year	15,714	-
Depreciation	15,714	15,714
Eliminated on disposal	(31,428)	-
Balance at end of year	-	15,714
<b>Carrying amount:</b>		
Balance at beginning of year	514,286	530,000
Balance at end of year	-	514,286

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

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

The investment property listed above was used for commercial purposes.

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

The property rental income from the Group's investment property are leased out under operating leases, amounted to \$Nil (2021: \$3,550) during the year. Direct operating expenses arising on the investment property amounted to \$Nil (2021: \$1,763).

The investment property was disposed off on July 25, 2022.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 13 GOODWILL

	Group
	\$
<b>Cost and carrying amount:</b>	
At August 1, 2020	4,427,235
Arising on acquisition of subsidiaries (Note 34)	481,083
At July 31, 2021 and July 31, 2022	<u>4,908,318</u>

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

	Group	
	2022	2021
	\$	\$
<b>Construction services</b>		
KH Engineering Limited, Kian Hock Engineering Pte. Ltd. and Kian Hock Piling Pte. Ltd. ("KHE") (single CGU)	2,268,223	2,268,223
Dae Sung Construction Pte. Ltd. ("DSC") (single CGU)	481,083	481,083
<b>Instrumentation service</b>		
KH Instrumentation Pte. Ltd. ("KHI") (single CGU)	2,159,012	2,159,012
	<u>4,908,318</u>	<u>4,908,318</u>

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

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

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

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

The growth rates used to extrapolate the cash flows of KHE and KHI are -5.6% and 2.7% respectively for FY2023 (FY2021:-13.5% and -24.8% respectively for FY2022) and, 3% and 5% respectively for subsequent years (FY2021: growth rates used for subsequent years were 5% and 5% respectively). This does not exceed the long-term growth rate for the relevant markets.

The growth rate used to extrapolate the cash flows of DSC is 0.1% for FY2023 (FY2021: 23.5% for FY2022), 6% for FY2024 and FY2025, and 5% for FY2026 and FY2027 (FY2021: growth rates used for subsequent years was 5%). This does not exceed the long-term growth rate for the relevant markets.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 13 GOODWILL (CONT'D)

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

- (a) The rate used to discount the cash flows from KHE is 8.0% (2021: 8.0%).
- (b) The rate used to discount the cash flows from KHI is 8.0% (2021: 8.0%).
- (c) The rate used to discount the cash flows from DSC is 8.0% (2021: 8.0%).

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

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

### 14 INTANGIBLE ASSETS

	Group	
	2022	2021
	\$	\$
<b>Cost:</b>		
Balance at beginning of year	610,000	-
Acquired on acquisition of a subsidiary	-	610,000
Balance at end of year	<u>610,000</u>	<u>610,000</u>
<b>Amortisation:</b>		
Balance at beginning of year	61,000	-
Amortisation for the year	183,000	61,000
Balance at end of year	<u>244,000</u>	<u>61,000</u>
<b>Carrying amount:</b>		
Balance at end of year	<u>366,000</u>	<u>549,000</u>

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	\$	\$
Unquoted equity shares, at cost	16,197,120	16,977,120
Deemed capital investment	31,833,559	31,833,559
Impairment loss	(13,528,908)	(11,429,908)
	<u>34,501,771</u>	<u>37,380,771</u>

Management is of the view that the amount due from subsidiaries of \$31,833,559 (2021: \$31,833,559) represents deemed capital investment in a subsidiary as there is no contractual obligation for repayment by the subsidiary.

Movement in the impairment loss:

	Company	
	2022	2021
	\$	\$
At beginning of year	11,429,908	10,611,750
Allowance made during the year	2,099,000	988,000
Write-back of allowance during the year	-	(169,842)
At end of year	<u>13,528,908</u>	<u>11,429,908</u>

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

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held by the Group		Principal activity
		2022	2021	
		%	%	
<u>Held by the Company</u>				
Sysma Construction Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Building and construction services
Sysma Land Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
Sysma Properties Pte. Ltd. <sup>(1)(2)</sup>	Singapore	100	100	Property development
De Paradiso Development Pte. Ltd. <sup>(1)(3)</sup>	Singapore	100	100	Property development



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held by the Group		Principal activity
		2022	2021	
		%	%	
<u>Held by the Company (cont'd)</u>				
Gcap Properties Pte. Ltd. <sup>(1)(2)</sup>	Singapore	60	60	Property development
Sysma Capital Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
Sysma Jade Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
<u>Held by Sysma Construction Pte. Ltd.</u>				
Goodtrade Holdings Pte. Ltd. <sup>(1)(3)</sup>	Singapore	100	100	Investment holding
North Shore Investments Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
<u>Held by Sysma Capital Pte. Ltd.</u>				
Sysma Capital Two Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
Sysma Capital One Pte. Ltd. <sup>(1)</sup>	Singapore	100	100	Investment holding
<u>Held by Sysma Jade Pte. Ltd.</u>				
KH Engineering Limited	British Virgin Islands	80	100	Investment holding
<u>Held by KH Engineering Limited</u>				
Kian Hock Engineering Pte. Ltd. <sup>(1)</sup>	Singapore	80	100	Building and construction services
Kian Hock Piling Pte. Ltd. <sup>(1)</sup>	Singapore	80	100	Building and construction services
KH Instrumentation Pte. Ltd. <sup>(1)</sup>	Singapore	72	100	Building and construction services
<u>Held by Kian Hock Engineering Pte Ltd</u>				
Dae Sung Construction Pte. Ltd. <sup>(1)</sup>	Singapore	80	100	Building and construction services

<sup>(1)</sup> Audited by Deloitte & Touche LLP, Singapore.

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

<sup>(3)</sup> As at April 19, 2022, these subsidiaries have commenced voluntary liquidation.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Principal activity	Place of Incorporation and operation	Number of wholly-owned subsidiaries	
		2022	2021
Investment holding	Singapore	7	8
Building and construction services	Singapore	1	5
Property development	Singapore	2	2
		<u>10</u>	<u>15</u>

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interest		(Loss) Profit attributable to non-controlling interest		Accumulated non-controlling interest	
		2022	2021	2022	2021	2022	2021
		%	%	\$	\$	\$	\$
Kian Hock Piling Pte. Ltd. KH Instrumentation Pte. Ltd.	Singapore	20	-	823,968	-	823,968	-
	Singapore	28	-	<u>438,444</u>	-	<u>838,444</u>	-

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Kian Hock Piling Pte. Ltd.	KH Instrumentation Pte. Ltd.
	2022	2022
	\$	\$
Current assets	13,588,490	4,050,266
Non-current assets	3,452,687	986,060
Current liabilities	(5,366,698)	(1,118,031)
Non-current liabilities	(2,641,750)	(593,872)
Total equity	<u>9,032,729</u>	<u>3,324,423</u>
Equity attributable to:		
Owner of the company	7,226,183	2,393,585
Non-controlling interest	1,806,546	930,838
Revenue	18,330,407	4,903,069
Profit for the year, representing total comprehensive income for the year	4,119,838	1,565,872
Total comprehensive income attributable to:		
Owner of the company	3,295,870	1,127,428
Non-controlling interest	823,968	438,444
Net cash inflow (outflow) from:		
Operating activities	3,157,295	1,599,562
Investing activities	(92,011)	(70,349)
Financing activities	416,744	(246,283)
Net cash inflow	<u>3,482,028</u>	<u>1,282,930</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 16 INVESTMENT IN ASSOCIATE

	Group	
	2022	2021
	\$	\$
Cost of investment in associate	-	50
Share of post-acquisition losses	-	(49)
	-	1

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

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

In 2022, the Group disposed the 30% equity interest in LPL. As a result of the disposal, LPL has ceased to be an associate of the Group.

### 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2022	2021
	\$	\$
Investment in unquoted equities (Level 3)		
- Issuer A	-	10,207,308
- Issuer B	15,094,331	13,534,800
Investment in quoted equities (Level 1)		
- Issuer C	4,955,000	-
	20,049,331	23,742,108

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

The fair value of the investment in Issuer A's unquoted equities has been assessed by reference to valuations performed by independent valuer having appropriate recognised professional qualification. The fair values have been estimated based on the Group's share of the net asset value of the investee, which approximates its fair value as at the end of the reporting period. The investee's main assets are investment properties comprising of logistics hubs which are leased to external parties. For the investment in Issuer B's unquoted equities acquired in 2021, fair value is estimated using valuation that arose from the subsequent round of external financing as a proxy.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

The fair value of the investment in Issuer C's quoted equities acquired during the year is based on its value as reflected on the Singapore Exchange (SGX) where it is listed.

During the year, a full redemption of units was effected by Issuer A. Principal amounting to approximately €6.4 million was redeemed and disbursed to the Company together with cash distributions of approximately €3.8 million.

There has been a net increase in the fair value of these financial assets of S\$1,249,431 in 2022 (2021: Nil). All other changes in carrying amounts are due to movements in exchange rate and the acquisition of additional financial assets.

### 18 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade payables to third parties	11,078,580	11,225,549	-	-
Other payables to subsidiaries (Note 5)	-	-	15,772,618	9,555,973
Other payables to third parties	240,285	3,204,939	2,425	14,109
Goods and Services Tax payables	442,138	578,073	84,770	76,347
Deposits received from tenants	66,683	38,590	-	-
Rental advances received from tenants	3,816	3,526	-	-
Deferred government grant income	34,815	342,022	-	4,140
Accruals for operating expenditure	6,552,987	5,259,212	1,810,969	750,757
	<u>18,419,304</u>	<u>20,651,911</u>	<u>17,670,782</u>	<u>10,401,326</u>
<u>Analysed as:</u>				
Current	18,036,684	18,009,012	17,670,782	10,401,326
Non-current	382,620	2,642,899	-	-
	<u>18,419,304</u>	<u>20,651,911</u>	<u>17,670,782</u>	<u>10,401,326</u>

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 (2021: 60 days). No interest is charged on the outstanding balance.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 19 CONTRACT LIABILITIES

	Group	
	2022	2021
	\$	\$
Amounts received in advance <sup>(i)</sup>	1,717,789	1,940,241
Deferred revenue <sup>(ii)</sup>	1,017,235	2,164,552
Provision for liquidated damages	1,336,000	602,000
	<u>4,071,024</u>	<u>4,706,793</u>

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

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

The Group's revenue recognised that was included in the contract liability balance at the beginning of the period is \$3,358,827 (2021: \$285,849).

### 20 PROVISIONS

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

	Group	
	2022	2021
	\$	\$
At beginning of year	5,674,288	6,383,935
Addition (Reversal) during the year	31,648	(435,509)
Utilisation during the year	(72,280)	(274,138)
At end of year	<u>5,633,656</u>	<u>5,674,288</u>

Provision includes:

- (i) Provision for defective works and warranty amounting to \$5,427,988 (2021: \$5,369,685), which represents management's best estimate of the cost of work to be carried out for construction contracts based on the past experience and assessment for each project;
- (ii) Provision for foreseeable losses of \$205,668 (2021: \$84,603), which includes management's best estimate of the future costs that the Group is presently obligated to make under a non-cancellable onerous contract, less revenue expected to be earned; and
- (iii) Provision for back charge of \$Nil (2021: \$220,000).

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 21 LEASE LIABILITIES

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

	Group	
	2022	2021
	\$	\$
Maturity analysis:		
Year 1	1,753,331	1,495,374
Year 2	1,170,319	882,411
Year 3	731,386	344,496
Year 4	615,045	155,793
Year 5	124,843	124,967
Year 6 onwards	-	-
	<u>4,394,924</u>	<u>3,003,041</u>
Less: Unearned interest	(224,688)	(149,852)
	<u>4,170,236</u>	<u>2,853,189</u>
Analysed as:		
Current	1,642,106	1,406,365
Non-Current	2,528,130	1,446,824
	<u>4,170,236</u>	<u>2,853,189</u>

### 22 BANK BORROWINGS

	Group	
	2022	2021
	\$	\$
Bank loans	14,787,444	9,503,876
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,413,800)	(1,362,044)
Amount due for settlement after 12 months	<u>12,373,644</u>	<u>8,141,832</u>

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

- (a) Bank loan 1 – On March 23, 2012, the subsidiary drew a loan. The remaining balance as at year end was \$352,408 (2021: \$384,655). The interest rate for 2022 was 1.78% per annum till May 2022 and 5.655% for June 2022 (2021: 1.78% per annum). From July 1, 2022 the interest rate would be 1.72% per annum (2021: the prevailing 3 months SIBOR plus 4.00% per annum). The loan is repayable on a monthly repayment and matures on March 23, 2032.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 22 BANK BORROWINGS (CONT'D)

- (b) Bank loan 2 - On July 25, 2018, the subsidiary drew a loan. The remaining balance as at year end was \$3,289,018 (2021: \$3,803,882). The interest rate for 2022 was 1.78% per annum till July 24, 2022 and 2.32% per annum from thereon (2021: 1.78% per annum till July 24, 2022, and the prevailing 3-month SIBOR plus 4.00% per annum from thereon). The loan is repayable on a monthly repayment and matures on July 25, 2028.
- (c) Bank loan 3 - On August 30, 2019, the subsidiary drew a loan. The remaining balance as at year end was \$301,576 (2021: \$315,339). The interest rate for 2022 was 2.78% per annum for August 2021, 6.50% per annum for September and October 2021, 2.72% per annum for November 2021 and 1.70% per annum from thereon (2021: 2.78% per annum till August 2021, and the bank's prevailing commercial property rate per annum from thereon). The loan is repayable on a monthly repayment and matures on August 30, 2039.
- (d) Bank loan 4 - On July 1, 2021, the Group drew a loan of \$5,000,000, which bears an interest rate of 2.25% per annum (2021: 2.25% per annum). The loan is repayable on a monthly repayment and matures on July 31, 2026. The remaining balance as at year end was \$4,044,442 (2021: \$5,000,000).
- (e) Bank loans 5 and 6 - On March 24, 2022, the Group drew two loans of \$2,000,000 each, both of which bears an interest of 3.75% per annum. The loans are repayable on monthly repayments and mature on March 23, 2027. The total remaining balance as at year end was \$4,000,000.
- (f) Bank loan 7 - On July 28, 2022, the Group drew a loan of \$2,800,000. The remaining balance as at year end was \$2,800,000. The interest rate for 2022 was 1.55% per annum for the first year, 1.75% per annum for the second year, and 1.75% plus the bank's 3-month cost of funds per annum from thereon. The loan is repayable on a monthly repayment and matures on July 27, 2027.

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

- Legal mortgage of certain of the Group's property plant and equipment; and
- Corporate guarantee provided by the Company.

The bank loans 1 and 2 are also secured by:

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

The bank loan 4 is secured by:

- Corporate guarantee provided by the Company.



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 22 BANK BORROWINGS (CONT'D)

The bank loans 5 and 6 are secured by:

- Corporate guarantee provided by Kian Hock Piling Pte. Ltd. and Kian Hock Engineering Pte. Ltd. respectively; and
- Corporate guarantee provided by the Company.

The bank loan 7 is secured by:

- Legal mortgage of the Group's property held for sale;
- Legal assignment of the insurance policies and tenancy and rental lease agreements in respect of the above properties; and
- Corporate guarantee provided by the Company.

### 23 DEFERRED TAX

	Group	
	2022	2021
	\$	\$
Deferred tax liabilities	1,810,769	1,691,843

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

	Provisions	Accelerated tax depreciation	Deemed cost arising from PPA	Total
	\$	\$	\$	\$
<u>Group</u>				
At August 1, 2020	943,194	603,227	976,616	2,523,037
(Credit) Charge to profit or loss (Note 30)	(943,194)	172,158	(261,547)	(1,032,583)
Acquisition of subsidiaries (Note 34)	-	66,389	135,000	201,389
At July 31, 2021	-	841,774	850,069	1,691,843
Charge (Credit) to profit or loss (Note 30)	-	178,490	(59,564)	118,926
At July 31, 2022	-	1,020,264	790,505	1,810,769

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 24 SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		\$	
Issued and paid up:				
At the beginning and end of the year	261,000,000	261,000,000	45,538,251	45,538,251

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

### 25 TREASURY SHARES

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		\$	
At the beginning and end of the year	8,651,400	8,651,400	1,120,185	1,120,185

### 26 REVENUE

	Group	
	2022	2021
	\$	
Revenue from construction contracts over time	52,303,685	55,854,981

#### Transaction price allocated to the remaining performance obligations

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

	2022	2021
	\$	\$
Construction contracts	77,969,000	36,401,552

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

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

Management expects that the transaction price allocated to the unsatisfied contracts as of July 31, 2022 will be recognised as revenue over the next 5 (2021: 2) financial years.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 27 OTHER INCOME

	Group	
	2022	2021
	\$	\$
Interest income from banks	99,008	58,431
Interest income from bond receivable	141,526	199,365
Gain on disposal of property, plant and equipment	456,330	135,898
Rental income	136,081	441,935
Government grant income		
Foreign workers' levy rebates	616,640	471,100
Job Support Scheme ("JSS")	252,180	1,836,476
Cost Sharing under COVID-19 Temporary Measures Act	146,563	-
Building and Construction Authority's project-based support	64,464	728,002
Other grant income	198,614	167,072
Foreign exchange gain	-	120,966
Write-back of loss allowance	963,494	119,794
Fair value gain on financial assets measured at fair value through profit or loss	1,294,431	-
Gain on disposal of financial assets measured at fair value through profit or loss	5,829,484	-
Gain on disposal of investment in associate	18,605	-
Gain on disposal of investment property	51,428	-
Miscellaneous income	784,868	622,264
	<u>11,053,716</u>	<u>4,901,303</u>

In 2021, the Group received wage support for local employees under the JSS from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. JSS grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 20 months commencing from April 2020. JSS grant income of \$252,180 was recognised during the year (2021: \$1,836,476).

### 28 FINANCE COSTS

	Group	
	2022	2021
	\$	\$
Interest on bank borrowings	233,256	98,207
Interest on lease liabilities	129,296	75,229
Unwinding of discount on non-current payables	75,819	147,857
	<u>438,371</u>	<u>321,293</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 29 PROFIT BEFORE TAX

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

	Group	
	2022	2021
	\$	\$
Directors' fees	117,600	117,138
Directors' remuneration	1,023,646	924,989
Costs of defined contribution plans included in staff costs	903,629	851,792
Staff costs (including directors' remuneration)	20,537,826	15,625,026
Statutory audit fees paid to auditors of the Company	275,000	327,000
Government grant expense	-	5,607
Addition /(Write back) of provisions	31,648	(435,509)
Net provision /(write-back) of loss allowance – trade receivables	272,170	(22,820)
Net (write-back) /provision of loss allowance – other receivables	(556,975)	263,268

### 30 INCOME TAX EXPENSE

	Group	
	2022	2021
	\$	\$
Current:		
- Income tax	1,626,973	967,020
- Deferred tax (Note 23)	253,771	(172,707)
	1,880,744	794,313
Over provision in prior years		
- Income tax	(185,907)	(488,389)
- Deferred tax (Note 23)	(134,845)	-
	(320,752)	(488,389)
	1,559,992	305,924

Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable income for the financial year.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 30 INCOME TAX EXPENSE (CONT'D)

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

	Group	
	2022	2021
	\$	\$
Profit before tax	9,389,590	2,953,554
Income tax expense at statutory rate of 17%	1,596,230	502,104
Non-allowable items	1,657,577	288,701
Non-taxable items	(2,003,577)	(658,064)
Over provision of current tax in prior years	(320,752)	(488,389)
Adjustment to deferred tax liabilities	-	(83,318)
Exempt income	(108,894)	(88,107)
Tax incentives	(50,421)	(68,423)
Deferred tax benefits not recognised	644,370	713,447
Others	145,459	187,973
	<u>1,559,992</u>	<u>305,924</u>

As at the end of the reporting period, the Group has tax losses of approximately \$6,612,682 (2021: \$3,613,159) and deductible temporary differences of \$1,838,081 (2021: \$1,047,193), that are available for offset against future taxable profits of the companies in the Group in which the losses and deductible temporary differences arose for which no deferred tax asset is recognised due to uncertainty of recoverability. The use of these tax losses and deductible temporary differences is subject to the agreement of the tax authorities.

### 31 BASIC AND DILUTED EARNINGS PER SHARE

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

	Group	
	2022	2021
	\$	\$
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	<u>6,584,604</u>	<u>2,652,410</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>252,348,600</u>	<u>252,348,600</u>
	Cents	Cents
<b>Basic and diluted earnings per share</b>	<u>2.61</u>	<u>1.05</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 31 BASIC AND DILUTED EARNINGS PER SHARE (CONT'D)

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

### 32 OPERATING LEASE ARRANGEMENTS

#### The Group as lessee

As at July 31, 2022, the Group is committed to \$24,800 (2021: \$67,422) for short term leases and \$Nil (2021: \$Nil) for leases of low-value assets.

#### The Group as lessor

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

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

	Group	
	2022	2021
Maturity analysis of operating lease payments:	\$	\$
Year 1	68,563	76,313
Year 2	42,000	42,000
Year 3	-	42,000
	110,563	160,313

### 33 SEGMENT INFORMATION

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group under SFRS (I) 8 *Operating Segments*.

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

#### Construction

General builders and construction contractors and general engineering.

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 33 SEGMENT INFORMATION (CONT'D)

#### Property development

Development of residential and commercial projects.

#### Investment holding

Investment in quoted and unquoted equities.

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

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

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

	Building construction	Property development	Investment holding	Elimination	Group
2022	\$	\$	\$	\$	\$
<u>Revenue</u>					
External customers	52,303,685	-	-	-	52,303,685
Inter-segment	7,145,636	-	2,190,000	(9,335,636)	-
Total revenue	59,449,321	-	2,190,000	(9,335,636)	52,303,685

#### Results

##### Segment results:

Profit before tax	4,059,055	4,406	5,975,134	(649,005)	9,389,590
Income tax expense					(1,559,992)
Profit for the year					<u>7,829,598</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 33 SEGMENT INFORMATION (CONT'D)

	Building construction	Property development	Investment holding	Group	
	\$	\$	\$	\$	
<b>2022</b>					
<u>Assets and liabilities</u>					
Segment assets	62,632,496	231,231	54,499,548	117,363,275	
Segment liabilities	45,507,303	31,462	4,977,593	50,516,358	
<u>Other information</u>					
Depreciation of property, plant and equipment	(5,596,201)	-	-	(5,596,201)	
Net provisions	(31,648)	-	-	(31,648)	
Net loss allowance – trade receivables	(272,170)	-	-	(272,170)	
Net write-back of loss allowance – other receivables	-	-	556,975	556,975	
Net foreign exchange losses	(12,036)	-	(370,934)	(382,970)	
Government grant	1,272,821	-	5,640	1,278,461	
Net fair value gain on financial assets measured at fair value through profit or loss	-	-	1,249,431	1,249,431	
Finance costs	(360,920)	-	(77,451)	(438,371)	
Interest income	25,723	-	214,810	240,533	
Additions to non-current assets	7,949,731	-	-	7,949,731	
	Building construction	Property development	Investment holding	Elimination	Group
	\$	\$	\$	\$	\$
<b>2021</b>					
<u>Revenue</u>					
External customers	55,854,981	-	-	-	55,854,981
Inter-segment	6,335,586	-	45,010,000	(51,345,586)	-
Total revenue	62,190,567	-	45,010,000	(51,345,586)	55,854,981
<u>Results</u>					
Segment results:					
Profit (Loss) before tax	3,911,576	(1,016,720)	45,573,848	(45,515,150)	2,953,554
Income tax expense					(305,924)
Profit for the year					2,647,630



## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 33 SEGMENT INFORMATION (CONT'D)

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

#### Geographical information

The Group operates only in Singapore.

#### Information about major customer

Included in revenues arising from the building and construction segment of \$52.3 million (2021: \$55.9 million) is approximately \$6.5 million (2021: \$14.9 million) of revenue certified for the Group's largest customer in the year.

### 34 ACQUISITION OF SUBSIDIARIES

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

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

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 34 ACQUISITION OF SUBSIDIARIES (CONT'D)

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

	2021
	\$
Cash at banks	2,000,000
Deferred consideration	500,000
Total	<u>2,500,000</u>

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

#### Assets acquired and liabilities assumed at the date of acquisition

	2021
	\$
<b>Current assets</b>	
Cash and cash equivalents	558,139
Trade and other receivables	743,053
Contract assets	316,605
<b>Non-Current assets</b>	
Property, plant and equipment	1,437,457
Intangible assets	610,000
<b>Current liabilities</b>	
Trade and other payables	(554,572)
Contract liabilities	(316,605)
Lease liabilities	(55,344)
Tax payable	(308,903)
<b>Non-Current liabilities</b>	
Trade and other payables	(9,000)
Lease liabilities	(200,524)
Deferred tax liabilities	(201,389)
Net assets acquired	<u>2,018,917</u>

## NOTES TO FINANCIAL STATEMENTS

July 31, 2022

### 34 ACQUISITION OF SUBSIDIARIES (CONT'D)

#### Goodwill arising from acquisition

	2021
	\$
Consideration transferred	2,500,000
Less: Fair value of identifiable net assets acquired	<u>(2,018,917)</u>
Total	<u>481,083</u>

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

#### Net cash outflow on acquisitions of subsidiary

	2021
	\$
Consideration	2,500,000
Less: Deferred consideration	(500,000)
Less: Cash and cash equivalent balances acquired	<u>(558,139)</u>
Total	<u>1,441,861</u>

#### Impact of acquisitions on the results of the Group

Included in the consolidated statement of comprehensive income for 2021 is \$398,479 of losses and \$684,124 of revenue attributable to the additional business generated by the target.

### 35 DIVIDENDS

On November 26, 2021, a first and final one-tier tax exempt dividend of 0.5 (cents) per share amounting to \$1,261,743 in respect of the financial year ended July 31, 2021 was declared. On December 15, 2021, the dividend was paid to shareholders.

On March 14, 2022, an interim one-tier tax exempt dividend of 1.0 (cents) per share amounting to \$2,523,486 in respect of the financial year ended July 31, 2022 was declared. On March 31, 2022, the dividend was paid to shareholders.

# STATISTICS OF SHAREHOLDINGS

AS AT 14 OCTOBER 2022

## STATISTICS OF SHAREHOLDINGS AS AT 14 OCTOBER 2022

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

The Company does not have any subsidiary holdings

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 OCTOBER 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	19	6.37	262	0.00
100-1,000	28	9.40	21,133	0.01
1,001-10,000	56	18.79	351,100	0.14
10,001-1,000,000	181	60.74	21,705,005	8.60
1,000,001 and above	14	4.70	230,271,100	91.25
<b>TOTAL</b>	<b>298</b>	<b>100.00</b>	<b>252,348,600</b>	<b>100.00</b>

Note:

#: Based on 252,348,600 shares (excluding shares held as treasury shares) as at 14 October 2022.

## TWENTY LARGEST SHAREHOLDERS AS AT 14 OCTOBER 2022

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	XIANG INVESTMENT PTE LTD	166,600,000	66.02
2	ANG SENG HENG	15,400,000	6.10
3	LOI WIN YEN	10,500,000	4.16
4	SIN EE WUEN (XIAN YIWEN)	8,703,500	3.45
5	HONG LEONG FINANCE NOMINEES PTE LTD	8,620,300	3.42
6	CITIBANK NOMINEES SINGAPORE PTE LTD	5,329,743	2.11
7	DBS NOMINEES PTE LTD	2,876,100	1.14
8	RAFFLES NOMINEES (PTE) LIMITED	2,661,457	1.05
9	UOB KAY HIAN PTE LTD	2,242,700	0.89
10	KOH MAY LENG @ LOH MAY LENG	1,999,900	0.79
11	LIM HOCK TAI @ GAVIN	1,533,100	0.61
12	JAMES ALVIN LOW YIEW HOCK	1,479,700	0.59
13	HONG PIAN TEE	1,317,000	0.52
14	OCBC SECURITIES PRIVATE LTD	1,007,600	0.40
15	TAN HAI PENG MICHEAL	1,000,000	0.40
16	WEN NANFEI	1,000,000	0.40
17	NG KOK KEONG	995,700	0.39
18	LIM POH LUAN	949,600	0.38
19	SOH ENG TAI	919,000	0.36
20	NG SIEW KEOW	880,000	0.35
	<b>Total:</b>	<b>236,015,400</b>	<b>93.53</b>

Note:

#: Based on 252,348,600 shares (excluding shares held as treasury shares) as at 14 October 2022.

## STATISTICS OF SHAREHOLDINGS

AS AT 14 OCTOBER 2022

### SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 14 October 2022.

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

Notes:

(1) Xiang Investment Pte. Ltd. is an investment holding company incorporated in the Republic of Singapore on 2 September 2020. The shareholders of Xiang Investment Pte. Ltd. are Sin Soon Teng (88.9%) and Ng Lay Khim (11.1%). Sin Soon Teng is deemed to have a deemed interest in the Shares held by Xiang Investment Pte. Ltd. in the Company pursuant to Section 7 of the Companies Act.

\* Percentages are calculated based on the issued number of shares of the Company of 252,348,600 shares (excluding treasury shares and subsidiary holdings) as at 14 October 2022.

### TREASURY SHARES

Number of ordinary shares purchased and held in treasury shares as at 14 October 2022: 8,651,400

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

### PUBLIC FLOAT

As at 14 October 2022, approximately 23.98% of the issued ordinary shares of the Company was held in the hands of the public (based on information made available to the Company). Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Sysma Holdings Limited (the “Company”) will be convened and held by way of electronic means on Friday, 18 November 2022 at 10:00 a.m. to transact the following business:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2022 together with the Statement of Directors and the Independent Auditor’s Report thereon. **Resolution 1**
2. To approve the payment of Directors’ Fees of S\$120,000 for the financial year ending 31 July 2023, to be paid quarterly in arrears. (FY2022: S\$120,000) **Resolution 2**
3. To re-elect Mr Sin Ee Wuen, a Director who is retiring pursuant to Article 107 of the Company’s Constitution. **Resolution 3**  
[See Explanatory Note (i)]
4. To re-elect Mr Teo Boon Tieng, a Director who is retiring pursuant to Article 107 of the Company’s Constitution. **Resolution 4**  
[See Explanatory Note (i)]
5. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

## AS SPECIAL BUSINESS

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

### 6. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE **Resolution 6**

“THAT:

- (1) for the purposes of the Catalist Rules and the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
  - (a) on-market purchases transacted on the Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the Share Buyback (“**Market Purchases**”); and/or
  - (b) off-market purchases (“**Off-Market Purchase**”) effected pursuant to an equal access scheme which the Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act and the Constitution of the Company, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes;

## NOTICE OF ANNUAL GENERAL MEETING

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

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (a) the date on which the next annual general meeting of the Company (“**AGM**”) is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting;

(3) in this Resolution:

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

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

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

## NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

*[See Explanatory Note (ii)]*

### AS SPECIAL RESOLUTION

### Resolution 7

#### 7. AUTHORITY TO ALLOT AND ISSUE SHARES

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

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



## 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 and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time such authority was conferred, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from the exercise of share options which are outstanding or subsisting at the time such authority was conferred, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of the Shares;
- adjustments in accordance with sub paragraphs (a) and (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Listing Manual of the SGX-ST Section B: Rules of Catalist for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

*[See Explanatory Note (iv)]*

BY ORDER OF THE BOARD

Pan Mi Keay  
Company Secretary  
Singapore

27 October 2022

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Notes:

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

Mr Teo Boon Tieng, upon re-election as Director of the Company, remains as the Chairman of 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.

Detailed information of Mr Sin Ee Wuen and Mr Teo Boon Tieng can be found on page 4 of this Notice and under the “Board of Directors” section in the Company’s Annual Report 2022.

- (ii) Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting is held or is required by law to be held, to purchase or acquire up to 10% of the issued Shares of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of the Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company’s financial position, are set out in the Appendix to this Notice of Annual General Meeting.
- (iii) Special Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted) which the Directors may issue under this Resolution would not exceed 100% of the issued share capital of the Company whether on pro-rata or non pro-rata basis at the time of passing this Resolution. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

### Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this notice of AGM (the “Notice”) will not be sent to members.** This Notice will be published via an announcement on the SGX website at the URL: <https://www.sgx.com/securities/companyannouncements> and may be accessed at the Company’s website at the URL: [www.sysma.sg](http://www.sysma.sg).
2. **As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person.** Alternative arrangements relating to the conduct of the AGM, including:
  - (a) attending the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream on <https://conveneagm.sg/SysmaAGM2022> (“**Sysma AGM Website**”));
  - (b) submitting questions to the Chairman of the AGM in advance of the AGM, and addressing of substantial and relevant questions in advance of the AGM, or by submitting text-based questions through real-time electronic communication during the AGM; and

## NOTICE OF ANNUAL GENERAL MEETING

- (c) voting at the AGM (i) real-time remote electronic voting by the members or his/her/its duly appointed proxy(ies); or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM;

are set out in the Company's announcement accompanying this Notice dated 27 October 2022.

This announcement may be accessed at the Company's website at the URL: [www.sysma.sg](http://www.sysma.sg), and on the SGX website at the URL: <https://www.sgx.com/securities/company-announcements>.

3. Shareholders who wish to exercise their voting rights via electronic means at the AGM may:
- (a) (where such Shareholders are individuals) vote "live" via electronic means at the AGM or (whether such Shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on their behalf; or
- (b) (whether such Shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.

4. The accompanying proxy form for the AGM will not be sent out physically but will be announced together with this Notice and may be accessed at the Company's website at the URL: [www.sysma.sg](http://www.sysma.sg), and the SGX website at the the URL: <https://www.sgx.com/securities/company-announcements>.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, **latest by 9 November 2022 at 10.00 a.m.**

5. (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/ her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney. Where a member appoints more than a proxy, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and any second named proxy shall he deemed to be an alternate to the first named proxy.
- (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

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

## NOTICE OF ANNUAL GENERAL MEETING

7. The Proxy Form must be submitted to the Company in the following manner:
- (a) via the Sysma AGM Website, URL: <https://conveneagm.sg/SysmaAGM2022> using the electronic format available on the website; or
  - (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or
  - (c) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com),

in either case not less than 48 hours before the time appointed for the AGM, **latest by 16 November 2022 at 10.00 a.m.**

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

**Due to the current COVID-19 situation, shareholders are strongly encouraged to submit completed Proxy Forms electronically via email or the Sysma AGM Website.**

8. a) All members as well as investors who hold shares through relevant intermediaries (including CPF or SRS investors), who wish to follow the proceedings of the AGM through the Live AGM Webcast must pre-register online at Sysma AGM Website, URL: <https://conveneagm.sg/SysmaAGM2022>, to create an account, **not later than 15 November 2022 at 10.00 a.m.** (the "Registration Deadline").
- b) Shareholders will receive an email verification authenticating their status as Shareholders immediately upon pre-registration, along with the accompanying instructions on accessing the webcast or audio feed of the proceedings. Shareholders who do not receive an email 24 hours after pre-registration may contact technical support via email at [agm2022@sysma.sg](mailto:agm2022@sysma.sg) or [support@conveneagm.com](mailto:support@conveneagm.com).
9. Members must not forward the login details to join the Live AGM Webcast to another person who is not a member of the Company and/or who is not authorised to attend the Live AGM Webcast.
10. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the items on the agenda of the AGM by:-
- (a) Submitting questions to the Company in the following manner **by 5:00 p.m. on 4 November 2022 ("Deadline for Initial Questions")**:
    - i. via the Sysma AGM Website;
    - ii. if submitted electronically, be submitted via email to the Company at [agm2022@sysma.sg](mailto:agm2022@sysma.sg); or
    - iii. if submitted by post, be lodged at the Company's Registered Office Address, at 2 Balestier Road, #03-669 Balestier Hill Shopping Centre, Singapore 320002.

## NOTICE OF ANNUAL GENERAL MEETING

- (b) Submitting text-based questions through real-time electronic communication during the AGM within a prescribed time limit.

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

11. The Board of Directors and Management of the Company will endeavour to address all substantial and relevant questions received from members prior to the Deadline for Initial Questions by publishing the responses to those questions on SGXNet at the URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL: [www.sysma.sg](http://www.sysma.sg) prior to the AGM. Where substantial and relevant questions submitted by members are unable to be addressed prior to the AGM, the Company will address them during the AGM through the live audio-visual webcast and live audio-only stream.
12. Physical Annual Report 2022 will not be sent out and may be accessed at the Company's website at the URL: [www.sysma.sg](http://www.sysma.sg), Sysma AGM Website, and on the SGX website at the URL: <https://www.sgx.com/securities/annual-reports-related-documents>.
13. Minutes of the AGM to be held on 18 November 2022 will be published on the SGXNet and also at the Company's corporate website within one (1) month after the AGM date.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing 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

## NOTICE OF ANNUAL GENERAL MEETING

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

The following Directors are seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 18 November 2022 (“**AGM**”) (the “**Retiring Directors**”).

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

#### 1) Mr Sin Ee Wuen (“Mr Sin”)

Date of Appointment	19 September 2018
Date of last re-appointment	27 November 2020
Age	44
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Sin as the Executive Director and Deputy Chief Executive Officer was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience, and overall contribution since his appointment as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive.  Mr Sin is responsible for investments, strategic planning, and implementation of the Group’s Property Development Business and assists the Executive Chairman and Group CEO in the overall management of the Group’s business.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Deputy Chief Executive Officer.
Professional qualifications	Diploma in Computer Information Systems from Singapore Polytechnic.

## NOTICE OF ANNUAL GENERAL MEETING

Working experience and occupation(s) during the past 10 years	<p>(1) 2000 to 2014 - Category A Pilot For Republic of Singapore Air Force.</p> <p>(2) May 2014 - Corporate Development Manager of the Company. He is responsible to monitor, research and develop sales and marketing intelligence on emerging trends in property development industry.</p> <p>(3) Dec 2014 - Director of the principal subsidiaries of the Company, namely, Sysma Properties Pte Ltd, De Paradiso Development Pte Ltd and GCAP Properties Pte. Ltd.</p> <p>(4) Oct 2015 - 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.</p> <p>(5) Oct 2017 - Deputy Chief Executive Officer. He assists the Group Chief Executive Officer for the overall management of the Group's business and corporate development.</p>
Shareholding interest in the listed issuer and its subsidiaries	8,703,500 ordinary shares of Sysma Holdings Limited.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Son of Mr Sin Soon Teng, Executive Chairman and Group Chief Executive Officer
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

## NOTICE OF ANNUAL GENERAL MEETING

<p>Other Principal Commitments* Including Directorships#</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<p><u>Past</u></p> <ol style="list-style-type: none"> <li>1. International Cement Group Ltd.</li> <li>2. SL Capital Ventures Pte. Ltd.</li> <li>3. Compact Metal Industries Ltd.</li> </ol> <p><u>Present</u></p> <ol style="list-style-type: none"> <li>1. Sysma Construction Pte. Ltd.</li> <li>2. Sysma Jade Pte. Ltd.</li> <li>3. KH Engineering Ltd (BVI)</li> <li>4. Kian Hock Piling Pte. Ltd.</li> <li>5. Sysma Capital Pte. Ltd.</li> <li>6. Sysma Capital One Pte. Ltd.</li> <li>7. Sysma Capital Two Pte. Ltd.</li> <li>8. Blue Planet Environmental Solutions Pte. Ltd.</li> <li>9. De Paradiso Development Pte. Ltd. (dormant entity under Members Voluntary Liquidation)</li> <li>10. GCAP Properties Pte. Ltd. (dormant entity under Members Voluntary Liquidation)</li> <li>11. Sysma Properties Pte. Ltd. (dormant entity under Members Voluntary Liquidation)</li> <li>12. Xiang Holdings Pte. Ltd.</li> <li>13. Stam Capital Pte. Ltd.</li> </ol>	
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No



## NOTICE OF ANNUAL GENERAL MEETING

e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	<p>Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–</p> <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in</li> </ul> <p>Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No

## NOTICE OF ANNUAL GENERAL MEETING

k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>		N.A.

## NOTICE OF ANNUAL GENERAL MEETING

### 2) Teo Boon Tieng (“Mr Teo”)

Date of Appointment	6 July 2020
Date of last re-appointment	27 November 2020
Age	59
Country of principal residence	Singapore
The Board’s comments on this appointment  (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Teo as an Independent Director was recommended by the Nominating Committee, and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Audit Committee as well as a member of the Remuneration Committee and Nominating Committee.
Professional qualifications	Fellow of Institute of Singapore Chartered Accountants (ICSA)  Fellow of Association of Chartered Certified Accountants (ACCA, UK)
Working experience and occupation(s) during the past 10 years	1. Teo Boon Tieng & Co., Chartered Accountants Singapore (1997 to Present) - Partner  2. Ark Alliance LLP (2020 to Present) – Partner  3. TBT Business Solutions Pte Ltd (2012 to Present) - Director
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

## NOTICE OF ANNUAL GENERAL MEETING

<p>Other Principal Commitments* Including Directorships#</p> <p>Past (for the last 5 years)</p> <p>Present</p>	<p><u>Past</u></p> <p>Asia Capital Market Advisory Pte Ltd TBT Alliance Pte Ltd Civil Tech Holdings Ltd Swee Hong Limited TBT Consulting Pte Ltd</p> <p><u>Present</u></p> <p>TBT Business Solutions Pte Ltd Teo Boon Tieng &amp; Co. Ark Alliance LLP</p>	
a)	<p>Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No
b)	<p>Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	<p>Mr Teo Boon Tieng was an Independent Director and Chairman of the Audit Committee of Swee Hong Limited ("Swee Hong") from 2015 to 2020. Swee Hong's supplier had on 29 March 2019 filed a winding up application in the High Court of the Republic of Singapore against the company ("Winding Up Application") in respect of amounts owing pursuant to supplies purchased. The Winding Up Application was withdrawn by the supplier on 26 April 2019.</p>
c)	<p>Whether there is any unsatisfied judgment against him?</p>	No
d)	<p>Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No

## NOTICE OF ANNUAL GENERAL MEETING

e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j)	<p>Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–</p> <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in</li> </ul> <p>Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No

## NOTICE OF ANNUAL GENERAL MEETING

k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>		
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>		N.A.

**SYMA HOLDINGS LIMITED**Company Registration No. 201207614H  
(Incorporated in the Republic of Singapore)**PROXY FORM  
ANNUAL GENERAL MEETING****IMPORTANT:**

- The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of the Notice of AGM and Proxy Form will not be sent to members.** The Notice of AGM and Proxy Form will be published by electronic means via announcement on the SGX website at the URL: <https://www.sgx.com/securities/companyannouncements> and may be accessed at the Company's website at the URL: [www.sysma.sg](http://www.sysma.sg).
- As a precautionary measure due to the current COVID-19 situation in Singapore, a member will not be able to attend the AGM in person. Alternative arrangements relating to the conduct of the AGM, including:
  - attending the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream on <https://conveneagm.sg/SysmaAGM2022> ("Sysma AGM Website"));
  - submitting questions to the Chairman of the AGM in advance of the AGM, and addressing of substantial and relevant questions in advance of the AGM, or by submitting text-based questions through real-time electronic communication during the AGM; and
  - voting at the AGM (i) real-time remote electronic voting by the members or his/her/its duly appointed proxy(ies); or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM;
 are set out in the Company's announcement accompanying this Notice dated 27 October 2022. Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies).
- CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, latest by 9 November 2022 at 10.00 a.m.
- By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 27 October 2022.
- Please read the notes below which contain instructions on, inter alia, the appointment of proxy(ies) to attend, speak and vote on his/her/its behalf at the AGM.

I/We\*, \_\_\_\_\_ (Name)

\_\_\_\_\_ (NRIC/Passport No./Company Registration No.\*)

of \_\_\_\_\_ (Address)

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

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

and/or (delete where appropriate)

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

as \*my/our \*proxy/proxies to attend and vote for \*me/us on \*my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 18 November 2022 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. If no person is named in the space above, the Chairman of the AGM shall be \*my/our proxy to vote, for or against the Resolutions to be proposed at the AGM, as indicated below, for \*me/us and on \*my/our behalf at the AGM and at any adjournment thereof\*\*

No.	ORDINARY RESOLUTIONS	VOTING		ABSTAIN FROM VOTING**
		FOR **	AGAINST **	
<b>ORDINARY BUSINESS</b>				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2022, together with the Statement of Directors and the Independent Auditor's Report thereon.			
2.	To approve the payment of Directors' Fees of S\$120,000 for the financial year ending 31 July 2023, to be paid quarterly in arrears. (FY2022: S\$120,000)			
3.	To re-elect Mr Sin Ee Wuen as a Director under Article 107 of the Company's Constitution.			
4.	To re-elect Mr Teo Boon Tieng as a Director under Article 107 of the Company's Constitution.			
5.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.			
<b>SPECIAL BUSINESS</b>				
6.	To approve the proposed renewal of the Share Buyback Mandate.			
<b>SPECIAL RESOLUTION</b>				
7.	To authorise the allotment and issuance of shares pursuant to Section 161 of the Companies Act.			

\* Delete as appropriate

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

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

\_\_\_\_\_  
Signature(s) of member(s) or

Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF.**

## NOTES:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy (the "Proxy Form") will be deemed to relate to all the shares held by the member.
2. As a precautionary measure due to the current COVID-19 situation in Singapore, **a member will not be able to attend the AGM in person**. Alternative arrangements relating to the conduct of the AGM, including:
  - (a) attending the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream on Sysma AGM Website);
  - (b) submitting questions to the Chairman of the AGM in advance of the AGM, and addressing of substantial and relevant questions in advance of the AGM, or by submitting text-based questions through real-time electronic communication during the AGM; and
  - (c) voting at the AGM (i) real-time remote electronic voting by the members or his/her/its duly appointed proxy(ies); or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM;are set out in the Company's announcement accompanying this Notice dated 27 October 2022.
3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/ she/it may appoint a proxy/proxies to vote on his/her/its behalf at the AGM. A member may appoint the Chairman of the AGM to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, **latest by 9 November 2022 at 10.00 a.m.**
5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

*Fold along this line*

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## PROXY FORM

Affix  
Postage  
Stamp

The Share Registrar  
**SYSMA HOLDINGS LIMITED**  
Tricor Barbinder Share Registration Services  
80 Robinson Road  
#11-02  
Singapore 068898

*This flap for sealing*

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6. The Proxy Form must be submitted to the Company in the following manner:
  - a) via the Sysma AGM Website, URL: <https://conveneagm.sg/SysmaAGM2022> using the electronic format accessible available on the website; or
  - b) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or
  - c) if submitted electronically, be submitted via email to the Company's Share Registrar at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com).in either case not less than 48 hours before the time appointed for the AGM, **latest by 16 November 2022 at 10.00 a.m.**

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

**Due to the current COVID-19 situation, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email/or Sysma AGM Website, URL: <https://conveneagm.sg/SysmaAGM2022>.**
7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
10. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form (or any related attachment) if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.





**SYSMA HOLDINGS LIMITED**

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