SYSMA HOLDINGS LIMITED

ANNUAL REPORT 2020

CONTENTS

CORPORATE PROFILE

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

In the past 34 years, the Group has built 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 approximately 160 bungalows in Singapore.

Sysma Holdings has successfully launched and sold three private residential projects in Singapore: 28 RC Suites, 8M Residences and Charlton 18.

In FY2019, Sysma Holdings diversified to the United Kingdom by acquiring a 30% stake in Lascelles Park Limited, a property development company.

In FY2020, Sysma Holdings acquired KH Engineering Limited and its subsidiaries, as well as KH Instrumentation Pte Ltd, (collectively, the "KH Group"). KH Group provides services related to foundation works and soil investigation, treatment, and soil stabilisation in Singapore.

Sysma had also invested in Elite Logistics Fund, a Singapore Domicile Unit Trust Fund that invests, owns, and manages assets in the logistics sector in the United Kingdom and European Union, particularly in Poland.

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

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 2020 ("FY2020").

BUSINESS IMPACT OF COVID-19 PANDEMIC

Singapore's construction industry was one of the hardest-hit sectors of the economy because of the COVID-19 pandemic and the lockdown measures implemented by the Singapore Government, contracting by 97.1 percent from the first to the second quarter of 2020[1]. Despite government measures to soften the financial impact of COVID-19, the Group's business was still affected. Our revenue in the second half of the financial year decreased by S$7.9 million (excluding contribution from newly acquired entities) compared to first half of the financial year. A more detailed review of the financial performance is presented in the Financial and Operations Review section of this Annual Report.

The Group's building construction business continued to remain stable in FY2020, as it focused on timely execution and delivery of its order book which amounted to S$69.0 million as at 31 July 2020. In FY2020, the Group secured contracts worth approximately S$15.8 million including projects secured by the newly acquired "KH Group" namely, KH Engineering Limited and its subsidiaries, and KH Instrumentation Pte Ltd, post completion in February 2020.

The Group's total revenue increased to S$33.8 million from S$30.3 million in the financial year ended 31 July 2019 ("FY2019") and we were able to report a net profit of S$1.2 million for FY2020.

The Group continues to maintain its 30% stake in Lascelles Park Limited, a property development company in the United Kingdom. We will market the three remaining commercial units in 28 RC Suites and continue to explore local and overseas projects with suitable partners and strategic investors.

In June 2020, the Group invested approximately €6.3 million (approximately S$10 million) in Elite Logistics Fund, a Singapore Domicile Unit Trust Fund ("Trust") managed by Elite Partners Capital Pte Ltd. The Trust invests, owns, and manages assets in the logistics sector in the United Kingdom and European Union, particularly in Poland. The Trust recently acquired a warehouse In Poland for over €30 Million (approximately S$48.6 Million) from a subsidiary of Singapore sovereign fund GIC[2]. The Group will continue to explore suitable investment opportunities which will enhance shareholders' value.

1 https://www.straitstimes.com/singapore/projected-construction-demand-revised-downwards-by-10-billion-for-this-year-some-pickup
2 https://www.businesstimes.com.sg/real-estate/elite-partners-acquires-poland-warehouse-for-more-than-30m-euros-from-gic-unit

Given the prevailing COVID-19 pandemic and the current business environment, the Group has decided not to recommend a dividend in respect of FY2020.

LOOKING AHEAD: HARNESSING OUR DIVERSE STRENGTHS

The financial year ending 31 July 2021 ("FY2021") will continue to be a challenging year for all of us as government support and grants is expected to end and the resulting higher costs are expected to negatively impact the Group's bottom line. While the Group's construction works have largely restarted with the required COVID-19 safety measures, the pace of work is not expected to reach pre COVID-19 levels in the short term.

Moving forward, the Group's management will continue to be prudent and pay careful attention to structural and secular trends arising from the current business environment. With our healthy balance sheet and cash reserves; our track record of over 34 years in the construction business; our market reputation as a trusted builder of Good Class Bungalows ("GCBs") and high-end landed properties; and the capabilities of the KH Group, we will position ourselves for future opportunities in growth sectors to generate returns and enhance shareholder value.

ACKNOWLEDGEMENTS

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

I would like to thank our past Board member Mr Heng Yeow Meng for his contribution as Director during his tenure of service.

In addition, I would like to welcome on board Mr Teo Boon Tieng as Independent Non-Executive Director, and Chairman of the Audit Committee.

I would like to express our sincere thanks and appreciation to the Temasek volunteers, doctors, nurses and caregivers who were looking after all our workers to help us get back to work in a safe manner.

The Board will continue to actively monitor and take necessary steps to mitigate the impact of the COVID-19 pandemic on the businesses of the Group.

I am confident that together, with the hard work of the management and staff, and the invaluable counsel and guidance provided by my fellow Directors, we will overcome as one Sysma family.

Thank you.

SIN SOON TENG
EXECUTIVE CHAIRMAN & GROUP CEO

BOARD OF DIRECTORS

MR. SIN SOON TENG, 75, is the Executive Chairman, Group CEO and founder of Sysma Holdings. He was first appointed to the Board on 28 March 2012. With more than five decades of experience in the construction industry under his belt, he is responsible for setting the strategic direction and driving growth in the Group. Prior to the founding of Sysma Construction Pte Ltd in 1986, Mr. Sin started his career as a quantity survey apprentice with a consultant firm. In 1966, he joined Building Construction (M) Sdn Bhd as a quantity surveyor and was later promoted to contract manager in 1971. Subsequent to this, he jointly set up Building Engineering Enterprise Pte Ltd as Executive Director in 1976 where he was in charge of all construction and contract management. He obtained a Diploma in Building from the Singapore Polytechnic in 1972 and is a fellow member of the Singapore Institute of Building.

MR. SIN EE WUEN, 42, is our Executive Director and Deputy CEO. He joined our Group in May 2014 as a Corporate Development Manager where he was responsible for monitoring, researching and developing sales and marketing intelligence in the property sector. As property development director in Oct 2015, he oversaw the sales of our developments. Promoted to Deputy Chief Executive Officer in October 2017, he is responsible for investments, strategic planning, implementation of the Group's Property Development Business and assists the Group CEO. Mr Sin served as a Pilot for the Republic of Singapore Air Force from 2000 to 2014. He obtained a Diploma in Computer Information Systems from Singapore Polytechnic in 1999.

MR. CHEN TIMOTHY TECK-LENG @ CHEN TECK LENG, 66, is our Lead Independent Director, and was appointed to the Board on 1 December 2015. He has more than three decades of management experience in banking, insurance, investment funds, and corporate advisory work. He held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia, and Sun Life Financial Inc. He was formerly the General Manager, China for Sun Life Financial Inc., and the President and CEO of Sun Life Everbright Life Insurance Company in China. Mr. Chen currently sits on the boards of several SGX-listed companies. He is an Independent Director for Yangzijiang Shipbuilding (Holdings) Ltd., Boldtek Holdings Ltd and Tye Soon Limited. His directorship held over the past 3 years in other listed companies including XinRen Aluminum Holdings Ltd, Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. and TMC Education Corporation Ltd. He earned his Bachelor of Science degree from University of Tennessee, and his Master of Business Administration degree from Ohio State University. He received his Certified Corporate Director (ICD. D) designation from the Canadian Institute of Corporate Directors and attended the Executive Management Program of Harvard Business School.

MR. RICHARD TAN KHENG SWEE, 44 is our Independent Director and was appointed to the Board on 2 May 2018. He has more than a decade of experience in legal practice as a corporate and commercial lawyer and is currently a Partner of RHTLaw Asia LLP, a Singapore law firm. His practice includes advising and representing companies in a wide range of commercial transactions in relation to asset acquisitions, initial public offerings and other fund-raising exercises, mergers and acquisitions, restructuring exercises, corporate advisory and compliance involving both listed and private companies. Prior to Mr. Tan's current appointments, he previously 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 Catalist. Mr. Tan obtained a Bachelor of Laws (Honours) from the National University of Singapore in 2003 and a Bachelor of Science (Honours) from the University of Melbourne, Australia, in 2000. He is an Advocate & Solicitor of the Supreme Court of Singapore, a Barrister & Solicitor of the Supreme Court of Victoria, Australia and a Solicitor of the High Court of Australia.

MR. TEO BOON TIENG, 57 is our Independent Director and was appointed to the Board on 6 July 2020. He is also the Chairman of Audit Committee and member of Remuneration Committee and Nomination 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. In the past, he has served as an independent director and Chairman of the Audit Committee of Multi-Con Systems Limited from 2005 to March 2009 and Swee Hong Limited from December 2015 to September 2020. He graduated from NUS 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).

EXECUTIVE OFFICERS

MOHAMED AMANULLAH, 44, is our Chief Financial Officer. He joined our Group in July 2018 and is responsible for overseeing the financial and management accounting, compliance and taxation matters. Prior to joining our Group, he was the Group CFO of Geomotion (Singapore) Pte Ltd from September 2017 to July 2018. Mr Amanullah's work experience in listed companies include working as Chief Financial Officer of Swee Hong Limited, listed on the Main Board of the SGX-ST from May 2015 to May 2017 during which he also served as the Company's Acting CEO from February to August 2016. He also served as Financial Controller of 3Cnergy Limited, listed on the Catalist Board of the SGX-ST, from July 2013 to May 2015. Mr Amanullah is a Fellow Chartered Certified Accountant ("FCCA"), registered with the Association of Chartered Certified Accountants in the United Kingdom, and a Chartered Accountant, CA (Singapore), registered with the Institute of Singapore Chartered Accountants; and a member of Singapore Institute of Directors. He holds a bachelors' degree in applied accounting and an MBA from University of Melbourne. He has more than 15 years' experience in accounting and finance in the legal, social welfare, civil engineering and real estate industries.

MR. ANG SENG HENG, 62, joined our Group in 1987 and is our Head of Operations. He served on the Board as Executive Director from March 2012 to November 2019. He is responsible for the overall planning of manpower and resources for the various projects undertaken by our Group and is also in charge of liaising with client representatives, regulatory authorities and consultants which our Group is involved in. Mr Ang has over four decades of experience in the construction industry. On 1 January 2015, Mr. Ang was appointed a director of North Shore Investments Pte Ltd, a subsidiary company of our Group. He obtained a Diploma in Civil Engineering from the Singapore Polytechnic in 1978 and a Diploma in Industrial Management from the Singapore Polytechnic in 1985.

Mr. CHONG KIM GUAN, 63, 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, 63, joined our Group in 1987 as a Quantity Surveyor and Office Manager and is currently our Administration Director. She is responsible for overseeing all administrative and human resource matters in our Group. Ms. Ng was appointed a director of Gcap Properties Pte Ltd and Sysma Construction Pte Ltd, being subsidiary companies of our Group with effect from 24 July 2013 and 1 January 2015 respectively. She obtained a Diploma in Building from the Singapore Polytechnic in 1977, a Diploma in Industrial Management from the Singapore Polytechnic in 1984 and a degree in Bachelor of Business in Business Administration from Singapore Institute of Management – Royal Melbourne Institute of Technology in 1992.

MR. YAP CHIN LEONG, 42, joined our Group in February 2020 following the successful acquisition of KH Engineering Limited and its subsidiaries and KH Instrumentation Pte Ltd (Collectively "KH Group"). Mr. Yap is the Managing Director of KH Group and is responsible for 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 in June 2005.

MS. LEE MAY LING, 53, 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 revenue increased to S$33.8 million from S$30.3 million in FY2019, primarily due to S$4.4 million in revenue contributed by the KH Group that we acquired in February 2020.

The increase in cost of sales was mainly attributable to the corresponding increase in revenue from KH Group, which amounted to S$2.9 million. Also contributing was the increase in net provisions made for defective works and foreseeable losses of S$0.3 million and increase in provision for liquidated damages of S$0.5 million relating to one construction project. This was offset by the decrease of S$1.0 million from the property development segment as no sales were made in the year.

Consequently, we registered a gross profit margin of 16.0% in FY2020 vs 19.1% in FY2019. The decrease is due to the COVID-19 circuit breaker measures resulting in temporary closure of construction sites, which affected the progress of projects while the Company continued to incur costs such as, amongst others, manpower, equipment, and construction site maintenance.

The increase in other income in FY2020 was mainly due to the increase in government grant income of S$1.9 million, and a net foreign exchange gain of S$1.1 million due to favourable movement of the US dollar against the Singapore dollar. This was offset by a decrease in interest income of S$0.5 million, mainly due to decrease in fixed deposit balances in the year.

Other operating expenses also increased, chiefly due to the contribution by the KH Group. This was offset by the application of SFRS(I) 16 and the reclassification of some of the costs for leases under finance costs. The newly acquired KH Group also added to the increase in administrative expenses.

Finance cost increases were attributable to the application of SFRS(I) 16 and from the newly acquired KH Group, which includes interest expenses on bank loans. The income tax expense saw a marginal decrease of S$0.1 million with contribution from the newly acquired KH Group being offset by the tax rebates from the Singapore 2020 Budget.

As a result of all the above, our net profit increased by S$0.4 million. For the financial year ended 31 July 2020, the Group reported a net profit of S$1.2 million, compared to the net profit of S$0.8 million recorded in the financial year ended 31 July 2019.

STATEMENT OF FINANCIAL POSITION

Decrease in cash and cash equivalents was mainly due to net cash outflow from operating activities of S$0.5 million, net cash outflow from investing activities of S$20.6 million and net cash outflow from financing activities of S$3.9 million.

Properties held for sale increased by S$0.1 million due to increase in valuation. Current contract assets reduced due to decrease in unbilled receivables and release of retention sums during the financial year. This is offset by addition of contract assets from the newly acquired KH Group.

Increase in non-current assets was mainly due to the acquisition of KH Group, which resulted in S$4.4 million in goodwill, contributed to the S$21.1 million increase in property plant and equipment, the recognition of S$0.5 million of investment property and a S$1 million in non-current contract assets.

Non-current assets were further increased by the investment in financial asset measured at fair value through profit and loss of S$10.3 million, the application of SFRS(I) 16, which resulted in the recognition of S$0.3 million in right of use assets (net of depreciation) an increase of S$3.6 million in

FINANCIAL AND OPERATIONS REVIEW

non-current retention receivables and the reclassification of S$1.8 million bond receivables from associates to non-current due to an extension of bond maturity date.

Current liabilities increased mainly due to the additions from the newly acquired KH Group which includes contract liabilities, bank loans, lease liabilities and income tax payable. The application of SFRS(I) 16 also contributed to the increase in lease liabilities.

Non-current tax liabilities increased mainly due to the additions from the newly acquired KH Group in S$4.5 million of bank loans. There was also an increase in lease liabilities of S$0.5 million due to contribution from the new entities and the application of SFRS(I) 16, increase in other payables of S$2.8 million due to deferred payments related to the acquisition of the new entities, increase in non-current retention payables of S$1.2 million, as well as the recognition of deferred tax liabilities amounting to S$2.5 million, contributed by both existing and new entities.

STATEMENT OF CASHFLOWS

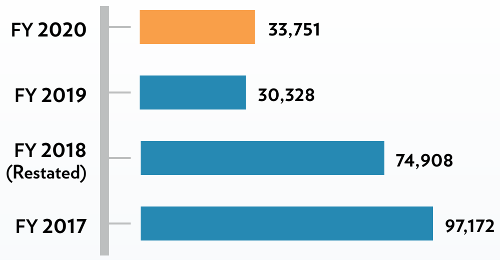
Net cash used in operating activities in FY2020 was approximately S$0.5 million, mainly due to operating cash inflow of approximately S$3.4 million before changes in working capital, decrease in receivables and contracts assets of S$4.1 million, decrease in trade and other payables and contract liabilities of S$8.7 million, tax paid of S$1.3 million, offset by government grant income of S$1.9 million.

Net cash used in investing activities in FY2020 was approximately S$20.6 million mainly due to the investment in financial asset of S$10.3 million, acquisition of subsidiaries amounting to S$9.8 million, purchase of plant and equipment of S$1.1 million, offset by interest income of S$0.6 million.

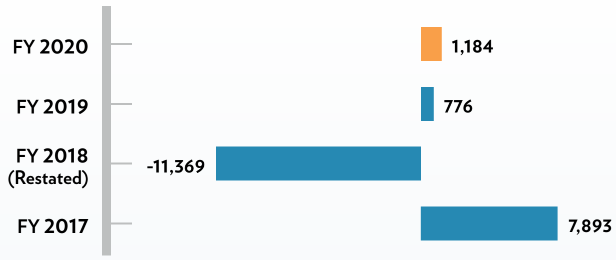
Net cash used in financing activities in FY2020 was approximately S$3.9 million, which was mainly due to dividend payment of S$2.5 million, repayment of lease liabilities of S$0.9 million, repayment of bank loans of S$0.3 million, and interest payments of S$0.2 million. The Group recorded a net decrease in cash and cash equivalents of approximately S$25.0 million in FY2020 as compared to a decrease of S$8.0 million in FY2019.

GROUP FINANCIAL HIGHLIGHTS

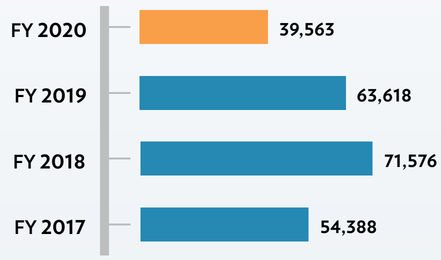
REVENUE
(S$'000)



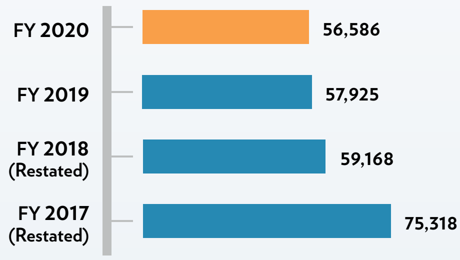
PROFIT/(LOSS) AFTER TAX
(S$'000)



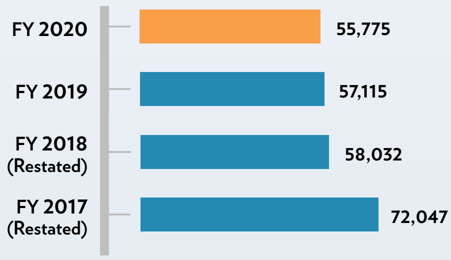
CASH & CASH EQUIVALENTS
(S$'000)



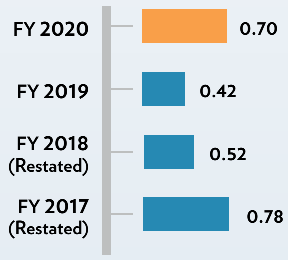
NET ASSETS
(S$'000)



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



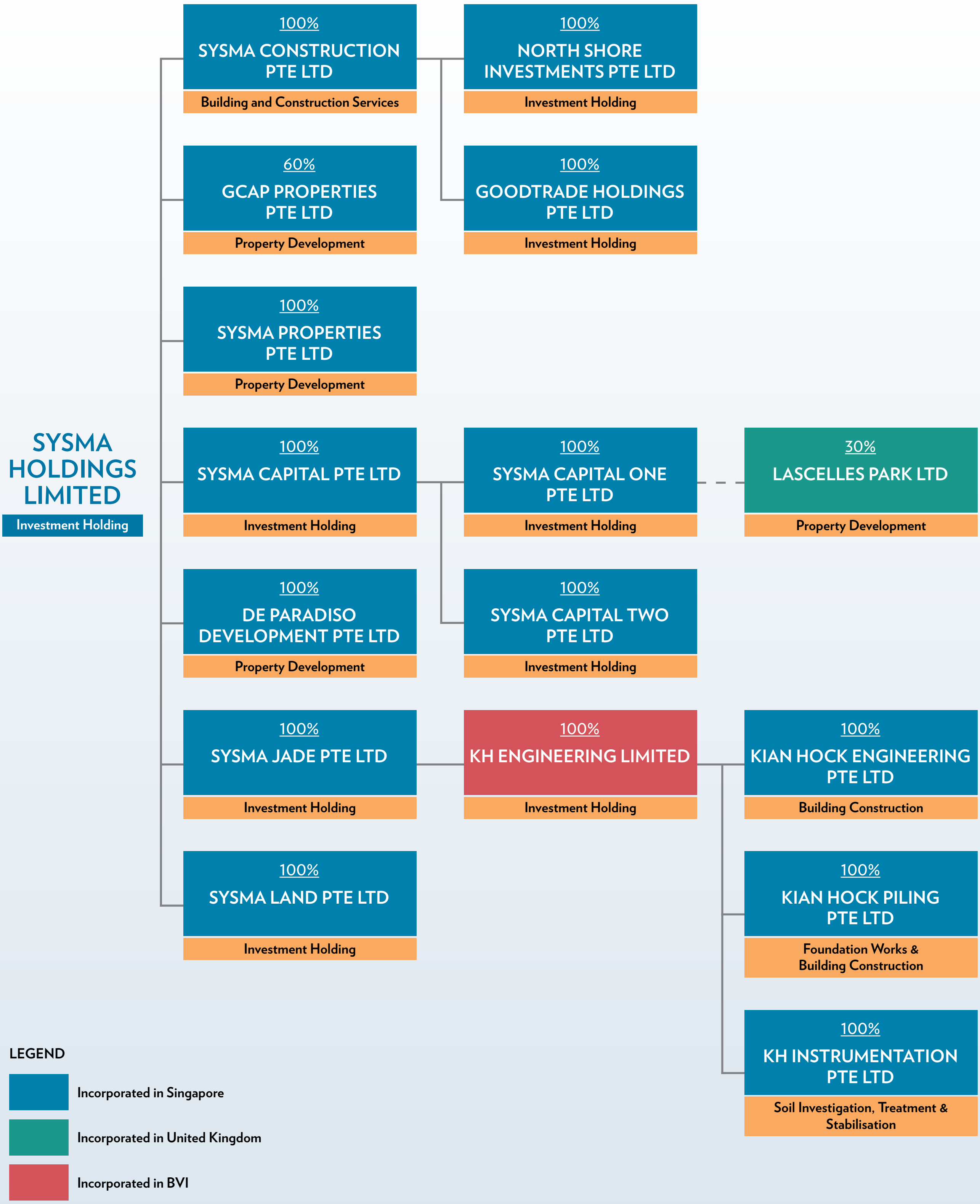
TOTAL DEBT/ TOTAL EQUITY RATIO



		2017 (Restated)	2018 (Restated)	2019	2020
Revenue	(S$'000)	97,172	74,908	30,328	33,751
Profit/(Loss) After Tax	(S$'000)	7,893	(11,369)	776	1,184
Cash & Cash Equivalents	(S$'000)	54,388	71,576	63,618	39,563
Net Assets	(S$'000)	75,318	59,168	57,925	56,586
Equity Attributable to Owners of the Company	(S$'000)	72,047	58,032	57,115	55,775
Total Debt/Total Equity Ratio		0.78	0.52	0.42	0.70

GROUP STRUCTURE

as at 31 July 2020



CORPORATE INFORMATION

BOARD OF DIRECTORS

Sin Soon Teng
(Executive Chairman and Group CEO)

Sin Ee Wuen
(Executive Director and Deputy CEO)

Chen Timothy Teck-Leng @ Chen Teck Leng
(Lead Independent Director)

Richard Tan Kheng Swee
(Independent Director)

Teo Boon Tieng
(Independent Director) (Appointed 6 July 2020)

JOINT COMPANY SECRETARIES

Pan Mi Keay, ACIS
Lee Wei Hsiung, ACIS

REGISTERED OFFICE

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

SHARE REGISTRAR

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

SPONSOR

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

AUDITORS

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Partner-in-charge:
Aw Xin-Pei
(Appointed with effect from the financial year ended 31 July 2019 and two years that he has been in-charge)

BANKERS

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

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

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

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

Sustainability Report

1. About this Report

Sysma Holdings Limited ("Sysma", together with its subsidiaries, collectively known as the "Group", or "We") present this sustainability report which outlines our approach in integrating sustainability into our policies, structure, management and operations. It highlights the environmental, social and governance ("ESG") aspects of our Group's global developments and operations. This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option and its reporting principles, and Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"). We have chosen to adopt the GRI Sustainability Standards, a globally recognised framework which allows for comparison of our current year performance over prior year's performance.

2. Scope of this Report

This report covers the sustainability performance of our operations in Singapore for the full financial year from 1 August 2019 to 31 July 2020 ("FY2020"). This sustainability report summarises our Group's sustainable business operations whilst providing information on ESG and economic practices that are material to Sysma's business and key stakeholders. Where applicable, data from previous financial years have been included for comparison and to show our performance over time. We have not sought external assurance for this report and we may consider doing so in future sustainability reporting. We relied on internal data monitoring and verification to ensure accuracy of disclosure.

3. Report Contact and Feedback

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

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

4. Sustainability Approach

4.1. Corporate Governance

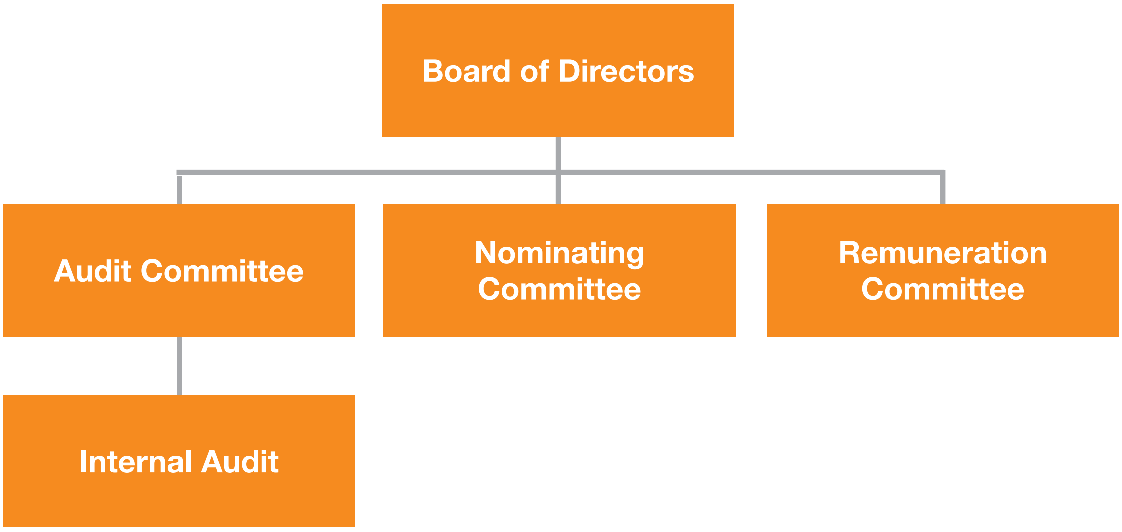
As our priorities in the sustainability efforts remain to deliver sustainable growth and to protect our stakeholders' interest, our Group is committed in putting in place effective and robust compliance and governance regimes to ensure accountability and transparency in conducting our business. We are pleased to confirm that for FY2020, our Group has substantially complied with the principles and/or provisions as set out in the Code of Corporate Governance 2018 (the "Code") issued on 6 August 2018, as well as guidelines from Code of Corporate Governance 2012 ("Code 2012") which are still in effect as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("Catalist Rules").

4.2. Board Statement

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

4. Sustainability Approach (Cont'd)

4.3. Governance Framework 2020



4.4. Conflict of Interest

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

On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. Directors with conflicting interest will abstain from voting and deliberating in the subject matter. Our Group has established a COI Policy to help inform our Directors about the general principles relating to conflict of interests, as well as to guide our Directors in identifying, disclosing and managing conflict situations. The policy further serves to emphasise our commitment to ethics and good corporate governance, for the protection of stakeholders' interest. In FY2020, the Board have performed the COI declaration.

4.5. Whistle-blowing Policy

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

4.6. Risk Management and Internal Controls

Our Board, supported by the Audit Committee, oversees our Group's system of internal control and risk management. The Audit Committee's primary role is to assist the Board in ensuring the integrity of financial reporting and adequacy and effectiveness of our internal controls. Our Group's risk management and internal control system focuses on our financial, operational, compliance and information technology controls. Assessments including risk assessment and control self-assessment were also conducted by the Management to identify key risk areas and to mitigate them accordingly. The Board has also reviewed our risk register detailing the risk ratings and impacts of changes in business environment to ensure our risk management and internal control system are adequate, effective and up to date in FY2020.

4. Sustainability Approach (Cont'd)

4.7. Supply Chain Management

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

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

4.8. Stakeholder Engagement

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

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

Key stakeholders	Engagement activities	Key concerns
Customers	• Ongoing progress meetings • Feedback channels including contractor's performance assessment form, ongoing communications via email or phone • After-sales service	• Top notch customer service quality and timely project deliverables • Competitive pricing
Sub-contractors/ Suppliers	• Supplier evaluation • Regular engagement with sub-contractors/ suppliers through face-to-face meetings, emails and phones calls	• Compliance with terms and conditions of purchasing policies and procedures • Maintain ethical standards
Employees	• Annual performance appraisal • Regular employee feedback sessions • Training courses • Regular employee engagement	• Staff rights and welfare • Personal development • Conducive working environment
Shareholders	• Annual general meeting • Investor relation materials announcements published on corporate website • Announcements published on SGXNET whenever required by the Catalist Rules	• Business strategy and direction • Economic performance
Regulators	• Participate in regular consultation discussions with key regulatory bodies • Occasional official visits • Industry forums	• Opportunities for business collaboration and investment • Setting industry benchmarks

4. Sustainability Approach (Cont'd)

4.9. Material Sustainability Topics

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

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

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

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

Revew & Validate – The material topics are reviewd and validated by the Board annually to ensure that the topics remain relevant and material

With the four-step materiality assessment process, we have identified the material ESG factors for our Sustainability Reporting. The identified material ESG factors from last financial year are still relevant to the Group and there's no change in FY2020. Details of the ESG topics are summarised in table below:

Material Topic	Mapped GRI Standards	Description	Key Stakeholders in Concern	Reference
1. Economic Performance (economic aspect)	GRI 201 – Economic Performance	Our economic performance, the value generated and distributed to communities where our business operates.	All stakeholders	• Page 16
2. Anti-corruption (governance aspect)	GRI 205 – Anti-Corruption	Our practices to comply with anti-corruption law and regulations and to demonstrate our adherence to integrity, governance, and responsible business practices.	All stakeholders	• Page 17
3. Employee (social aspect)	GRI 401 – Employment	Our approach to employment or job creation, that is, our approach to hiring, recruitment, retention and related practices, and the working conditions our Group provides.	Employees, Government and Regulators	• Pages 17 to 20
4. Training and Education (social aspect)	GRI 404 – Training and Education	Our approach ensuring all employees are trained and enhance their skillsets. Performance and career development reviews to facilitate continued employability are issues of interest to our stakeholders.	Employees, Government and Regulators	• Pages 20 to 21

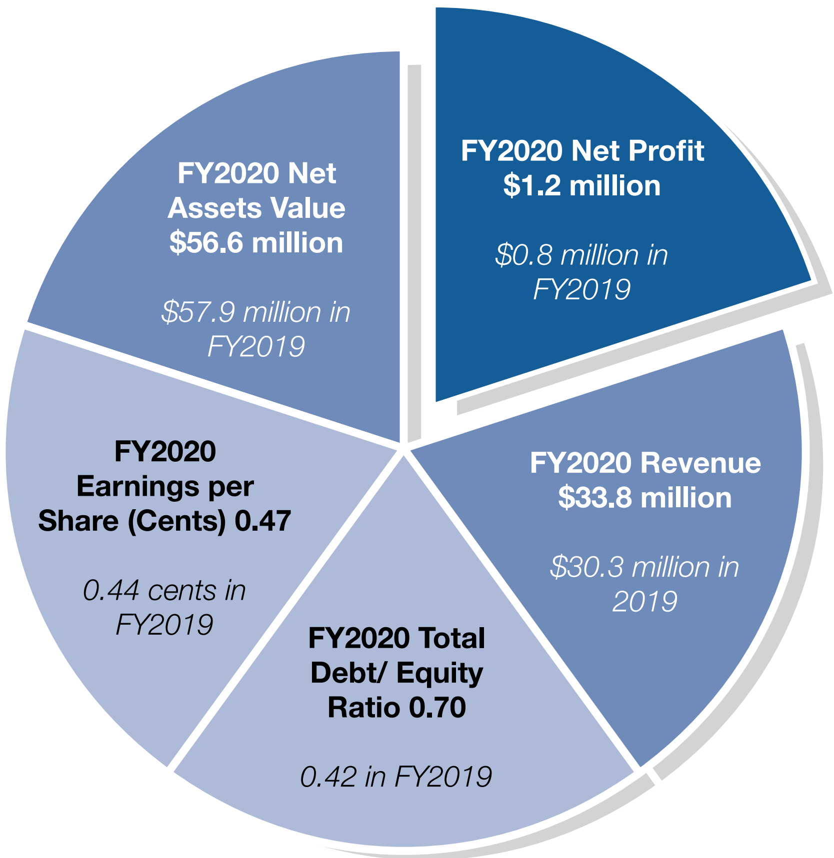
5. Economic Performance

The Group had acquired new entities, being KH Engineering Limited and its subsidiaries and KH Instrumentation Pte Ltd (collectively, the "KH Group") in FY2020. Our acquisition of KH Group, a specialised sub-contractor in earth retaining system works and soil monitoring, was deemed as a strategic fit which could assist the Group in expanding clientele network and contributing positive financial impact to the Group. In addition, the Group continues to maintain its 30% stake in Lascelles Park Limited, a property development company in the United Kingdom.

Despite the slowing economy and challenging property market, we continue to maintain our competitive edge and deliver sustainable growth. In FY2020, our Group managed to secure contracts worth approximately S$15.8 million including projects secured by the newly acquired KH Group post completion in February 2020. Our revenue in FY2020 of approximately S$33.8 million was S$3.5 million or 11.6% higher than the revenue of approximately S$30.3 million in FY2019. It was mainly due to the revenue contributed by the newly acquired KH Group, which amounted to S$4.4 million.

In view of the COVID-19 pandemic in year 2020, the Group has been adversely impacted by the circuit breaker measures imposed by the Singapore Government to contain the transmission of COVID-19 as majority of works were halted at construction sites save for essential services. Consequently, the Group's revenue in the second half of the financial year decreased by S$7.9 million (excluding contribution from newly acquired entities) compared to first half of the financial year as a result. For a detailed breakdown of our FY2020 financial performance, please refer to the Financial and Operations Review section of this Annual Report.

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



6. Anti-corruption

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

6.1. Code of Conduct

The code of conduct covers areas from workplace to business conduct including policies and procedures on anti-bribery, conflicts of interest, donations and sponsorships. It is effectively communicated to the Board and all employees through the internal shared drive.

6.2. Whistle-blowing Policy

In our call to advocate good governance within our Group, we continue to review our whistle-blowing policy to ensure it clearly define the process and reporting channels, by which reports can be made in confidence and without fear of reprisal. Details of the whistle-blowing policy and arrangements are communicated to our employees through our staff e-Portal, emails and meetings. All concerns raised are reviewed by our Group's Audit Committee ("AC") periodically to conduct independent investigation and adequate resolution. All whistle-blowing reports will continue to be addressed by the AC Chairman.

Our Group is pleased to announce that there are no incidents of corruption and wrongdoings being reported on our employees or business (including employee misconduct and conflict of interest) in FY2020. We aim to maintain this record in FY2021 and continue adhering to the existing policies and procedures.

7. Our Employees

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

7.1. Employment Practices

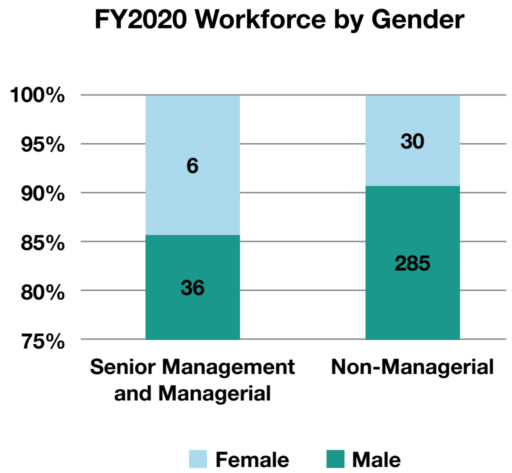
Our management has put in place integrated human capital strategies and policies to enhance our Group's ability to attract top talent. The management also complies with the Singapore's labour laws and Employment Act, and support the nation's WorkRight initiative in accordance with the Employment Act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

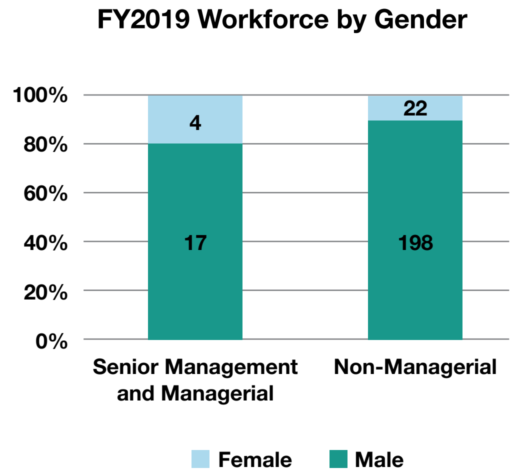
7. Our Employees (Cont'd)

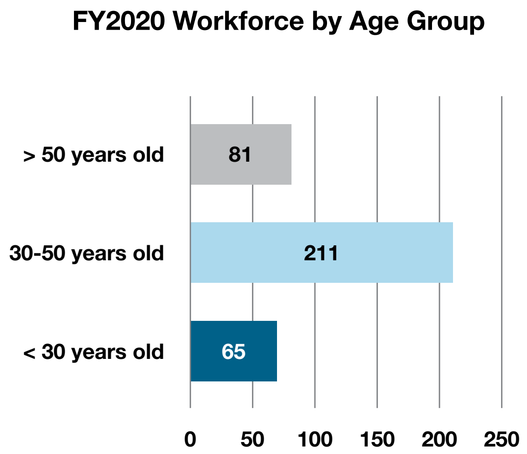
7.2. Diversity and Equal Opportunities

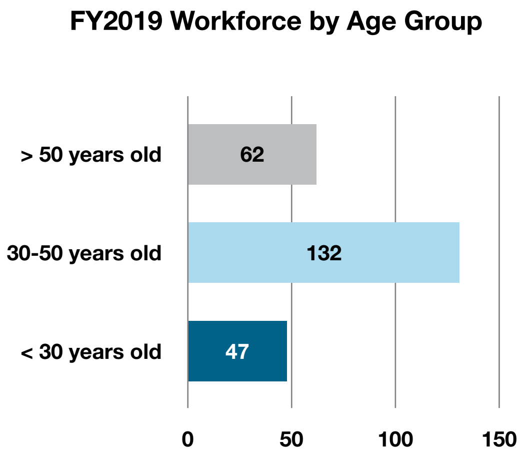
We embrace diversity by hiring talents from various backgrounds and cultures based on meritocracy and provide unbiased opportunities to all of our employees. By implementing the aforementioned practices, we managed to maintain a diverse workforce in terms of age, gender and skill set. Our workforce has substantially increased, from 241 employees in FY2019 to 357 employees in FY2020. During the financial year, the female and male employees constitute 10.1% (FY2019: 10.8%) and 89.9% (FY2019: 89.2%) respectively. In addition, 18.2% of our employees (FY2019: 19.5%) are below 30 years old, 59.1% (FY2019: 55.7%) are between age 30 to 50 years old and 22.7% (FY2019: 25.7%) are above 50 years old.

Details of our workforce by gender and age in FY2019 and FY2020 are as follows:





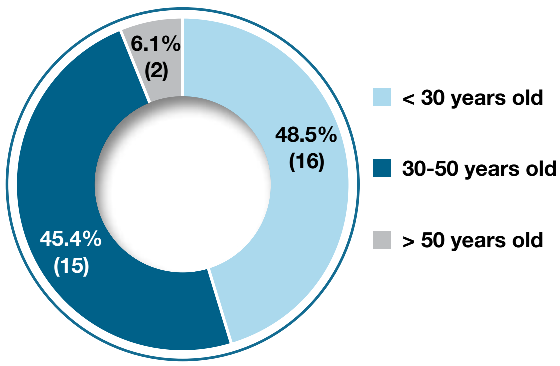




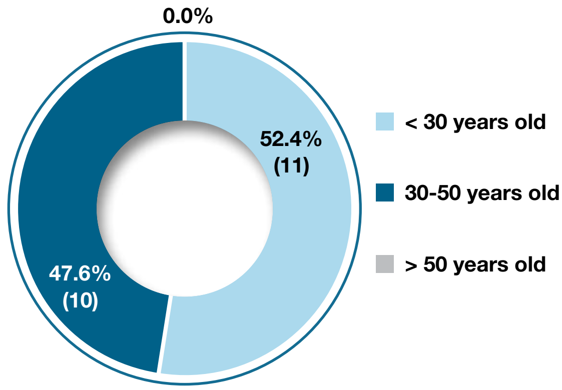
7. Our Employees (Cont'd)

7.2. Diversity and Equal Opportunities (Cont'd)

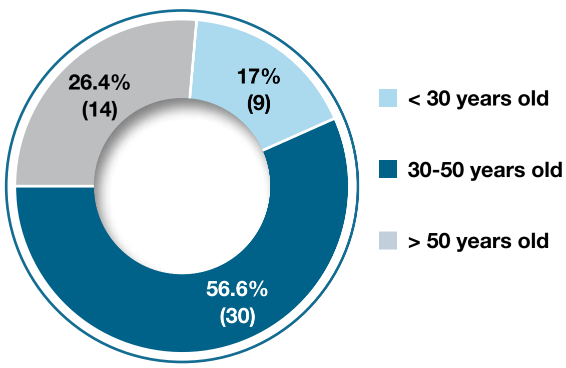
Number of New Hires by Age Group in FY2020



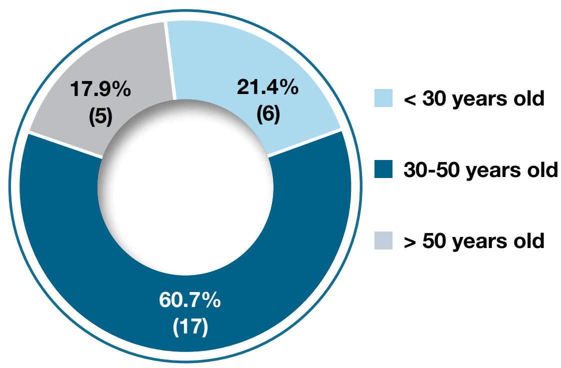
Number of New Hires by Age Group in FY2019



Number of Resignees by Age Group in FY2020



Number of Resignees by Age Group in FY2019



7.3. Employees' Benefits and Welfare

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

Government-paid maternity and paternity leave is extended to all eligible employees in Singapore. In FY2020, 6 (FY2019: 4) female and 8 (FY2019: 7) male employees were entitled to parental leave. During the same financial period, 6 (FY2019: 4) female and 8 (FY2019: 7) male employees returned to work after parental leave ended and were still continuing to thrive at work for 12 months after returning from parental leave.

Sysma conducts annual staff appraisal in December to evaluate the performance of employees based on which, salary increments and year-end bonuses are decided, as well as to motivate employees to work towards achieving their self-development goals. A total of 17 managerial employees and 181 non-managerial staff received letters of increment and bonus in FY2020.

7. Our Employees (Cont'd)

7.3. Employees' Benefits and Welfare (Cont'd)

In FY2020, in order to get our employees engaged and motivated at work, we have successfully organised regular department or company-wide events, including Birthday Celebrations, Dinner & Dance 2020, Christmas Lunch, etc to promote positive bonding between management and employees prior to the outbreak of COVID-19.

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

The Group managed to maintain zero non-compliance with relevant laws and regulations in FY2020 and we aim to maintain the same for FY2021.

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

7.4. Training and Education

Sysma is committed in developing our employees through training and continuous development programs to build a competitive and sustainable workforce. The Human Resource ("HR") Department works closely with the management to identify learning needs of employees based on the employment category and thereafter, design suitable training programs. Orientation briefings and internal guidance are conducted for new joiners and other in-house trainings are conducted on an as-needed basis by the Senior Operation Executives for existing employees. Employees are also sent for varied external trainings, workshops and seminars in areas of construction works, safety, finance and accounting, taxation, to aid in their career development and to update the existing skill sets. Courses attended by employees include Safe Management Officers Course For Construction, Occupational First Aid Course, Coretrade Supervisor course, COVID-19 Safe training (BCA), Impacts to Business Valuation in times of uncertainties, etc.

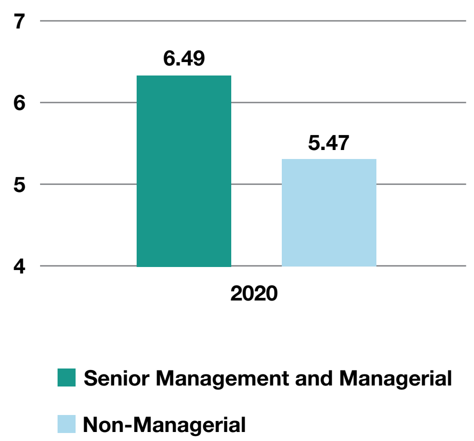
In FY2020, a total of 1,994 hours of trainings were provided to 63.6% of the total workforce including employees and foreign workers, which is an average of 5.6 hours per employee/ foreign worker. The trainings were carried out through virtual means amidst of circuit breaker period. A breakdown of average training hours by gender and employee category are detailed as follows:

7. Our Employees (Cont'd)

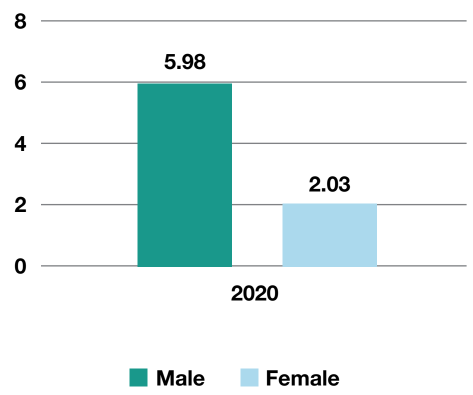
7.4. Training and Education (Cont'd)

Moving forward, we will strive to maintain a diverse and relevant career development programs such as leadership and supervisory, customer service trainings and safety courses for our employees.

Average training hours of employees by employee category in FY2020



Average training hours of employees by gender in FY2020



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Corporate Governance Report

The Board of Directors (the "Board") of Sysma Holdings Limited (the "Company") is committed to achieving and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). The Group has substantially complied with the principles and/or provisions as set out in the Code of Corporate Governance 2018 (the "Code 2018") issued on 6 August 2018, as well as guidelines from Code of Corporate Governance 2012 ("Code 2012") which are still in effect as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("Catalist Rules"). Sound corporate governance process and system ensure stability and long-term sustainability of the businesses and performance of the Group, greater transparency, accountability and integrity of the Group, protecting and enhancing the interests of its shareholders, maximization of long-term shareholders' value as well as strengthening investors' confidence in its management and financial reporting.

The main corporate governance practices, process and activities with specific reference to the underlying principles and provisions of the Code 2018 and Code 2012 adopted by the Group for the financial year ended 31 July 2020 ("FY2020") are outlined below. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code and which sets out best practice standards for companies. Where there are deviations from the Code 2018 and Code 2012, appropriate explanations are provided in the relevant sections below.

1. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Board Composition

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

Sin Soon Teng	-	Executive Chairman and Group Chief Executive Officer ("Group CEO")
Sin Ee Wuen	-	Executive Director and Deputy Chief Executive Officer
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Lead Independent Director
Richard Tan Kheng Swee	-	Independent Director
Teo Boon Tieng	-	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 FY2020 and the attendance of the Directors at the meetings are stated below. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circular resolutions in writing for the Directors' approval together with supporting memoranda, enabling the Directors to make informed decisions. The Company's Constitution (the "Constitution") allows for meetings to be held through telephone and/or video-conference.

Board Meetings and Attendance

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Total number of meetings held	2	2	1	2
Number of meetings attended by respective directors				
Sin Soon Teng	2	2*	1*	2
Sin Ee Wuen	2	2*	1*	2*
Chen Timothy Teck-Leng @ Chen Teck Leng	2	2	1	2
Heng Yeow Meng Michael(1)	1	1	-	-
Richard Tan Kheng Swee	2	2	1	2
Teo Boon Tieng(2)	1	1	1	1*

*By Invitation

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

(1) Mr Heng Yeow Meng Michael resigned as Independent Non-Executive Director with effect from 30 June 2020. He had relinquished his position as Chairman of the Audit Committee as well as a member of the Remuneration Committee and Nominating Committee with effect from the same date.

(2) Mr Teo Boon Tieng ("Mr Teo") had been appointed as an Independent Non-Executive Director with effect from 6 July 2020. He had also been appointed as Chairman of the Audit Committee as well as a member of the Remuneration and Nominating Committees with effect from the same date.

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

Role of the Board

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

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

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

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

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

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

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

(vii) evaluate performance of the Management;

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

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

(x) set the Company's values and standards (including ethical standards), setting appropriate tone-from-the-top and desired organizational culture, ensuring proper accountability within the Group and ensure that obligations to shareholders and other stakeholders are understood and met; and

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

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

Matters Requiring Board Approval

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

Delegation by the Board

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

Board Induction and Training

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

Mr Teo, having joined the Group as its Independent Non-Executive Director effective 6 July 2020 has been given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

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

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

In addition, briefings and updates for the Directors in FY2020 include the external auditors ("EA") having briefed 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 in the matters to be discussed are invited to attend the Board meetings.

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

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

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

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

Principle 2: Board Composition and Guidance

As at the date of this Annual Report, the Board comprises two (2) Executive Directors and three (3) Independent Directors. The Company endeavours to maintain a strong and independent element on the Board. Three (3) of the Directors are independent, thereby fulfilling the Code's requirements for FY2020 that the Independent Directors should make up at least majority of the Board, where, inter alia, the Chairman of the Board and the Group CEO is the same person.

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

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

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

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

Review of Directors' Independence

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

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

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

Duration of Independent Directors' Tenure

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

Board Composition, Size and Diversity

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

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

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

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

Board Renewal

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

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

Directors' Multiple Board Representations

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

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

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

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

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

The NC and Board are satisfied that sufficient time and attention were given by the Directors to the affairs of the Company during FY2020, notwithstanding that they hold Directorships in other listed companies and have other principal commitments, and will continue to do so in the financial year ending 31 July 2021. The NC and the Board are of the view that multiple board representations may be beneficial as these widen the experience of the Directors and broaden the perspective of the Directors and the Board.

Non-Executive Director Meetings in Absence of Management

For FY2020, the Non-Executive Directors have had informal communications such as telephone calls, emails with each other without Key Management Personnel. The Non-Executive Directors did not have formal meetings in the absence of Management except during Audit committee meetings when they meet the internal auditor and external auditor without management presence.

Principle 3: Chairman and Group Chief Executive Officer

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

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

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

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

The Chairman:

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

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

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

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

(e) ensures effective communication with shareholders;

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

(g) facilitates the effective contribution of Non-Executive Directors in particular; and

(h) promotes high standards of corporate governance.

Lead Independent Director

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

Led by the Lead Independent Director, the Independent Directors will meet in the absence of the other directors and/or Management as and when circumstances warrant. In FY2020, the Independent Directors have had informal communications such as telephone calls, emails with each other in the absence of the other directors and Management.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee

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

Chen Timothy Teck-Leng @ Chen Teck Leng	-	Chairman
Sin Soon Teng	-	Member
Richard Tan Kheng Swee	-	Member
Teo Boon Tieng	-	Member

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

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

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

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

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

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

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

(g) deciding on how the Board's performance is to be evaluated and proposing objective performance criteria, subject to the approval by 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 selecting all Board members. Newly appointed Directors will subject themselves to re-election by shareholders at the AGM immediately following their appointment and, thereafter, they are subject to the One-Third Rotation Rule.

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

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

Re-Election of Incumbent Directors

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

Sin Ee Wuen	-	retiring pursuant to Regulation 107 of the Company's Constitution;
Chen Timothy Teck-Leng @ Chen Teck Leng	-	retiring pursuant to Regulation 107 of the Company's Constitution; and
Teo Boon Tieng	-	retiring pursuant to Regulation 117 of the Company's Constitution.

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

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

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

The detailed information of these directors, including information as required under Appendix 7F of the Catalist Rules can be found on pages 142 to 151 of this Annual Report..

Directors' Key Information

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

Name	Positions	Date of first appointment	Date of last re-election
Sin Soon Teng	Executive Chairman and Group CEO	28 March 2012	16 November 2018
Sin Ee Wuen	Executive Director and Deputy CEO	19 September 2018	16 November 2018
Chen Timothy Teck-Leng @ Chen Teck Leng	Lead Independent Director	1 December 2015	16 November 2018
Richard Tan Kheng Swee	Independent Director	2 May 2018	16 November 2018
Teo Boon Tieng	Independent Director	6 July 2020	-

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

Performance Review

The Non-Executive Directors regularly review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, Non-Executive Directors meet without the presence of Management and/or the Executive Directors; and thereafter, the Lead Independent Director provides feedback to the Chairman. A formal review of the Board's and Board Committees' performances will be undertaken collectively and individually by the Board annually. The NC will also review the Board's performance informally with inputs from the Group CEO and Executive Directors. The evaluation exercise is carried out annually by way of a Board and Board Committees' Assessment Checklists, which is circulated to the Board members for completion. The completed Assessment Checklists were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and to determine the actions required to improve the corporate governance of the Company and effectiveness of the Board and Board Committees as a whole. The evaluation process for FY2020 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 FY2020. There was no external facilitator appointed for evaluation of the performances of the Board and Board Committees for FY2020.

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

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

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
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Member
Teo Boon Tieng	-	Member

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

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

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

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

Remuneration Consultant

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Group's relative performance to the industry and the performance of the individual Directors. Where such expert is appointed, the Company shall disclose the names and firms of the remuneration consultants herein, and include a statement on whether the remuneration consultants have any relationships with the Company that will affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2020. The service of an external remuneration consultant will be sought as and when necessary.

Remuneration Policy and Performance Conditions

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

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

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

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

Service Agreements

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

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

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

Directors and Key Management Personnel Remuneration

The following table shows the remuneration of the Directors, Key Management Personnel as well as employees who are immediate family members of the Directors, Group CEO and Deputy CEO or Substantial Shareholders, whose remunerations exceed S$100,000 for FY2020.

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

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Directors					
S$750,000 to S$1,000,000					
Sin Soon Teng	-	85	14	1	100
S$250,001 to S$500,000					
Sin Ee Wuen[(1)]	-	82	13	5	100
Ang Seng Heng[(2)]	-	83	13	4	100
Below S$250,000					
Chen Timothy Teck-Leng @ Chen Teck Leng	100	-	-	-	100
Richard Tan Kheng Swee	100	-	-	-	100
Teo Boon Tieng[(3)]	100	-	-	-	100
Heng Yeow Meng Michael[(4)]	100	-	-	-	100
Key Management Personnel					
S$250,001 to S$500,000					
Chong Kim Guan	-	83	14	3	100
Ng Lay Khim	-	82	14	4	100
Below S$250,000					
Brian Yap Chin Leong[(5)]	-	96	-	4	100
Lee May Ling	-	78	13	9	100
Mohamed Saleem Mohamed Amanullah	-	79	13	8	100

Remuneration Bands and Name	Fees (%)	Salary (%)	Bonus (%)	Others (%)	Total (%)
Immediate family member of Executive Chairman, Group CEO and Substantial Shareholder whose remunerations exceeded S$100,000					
Not Applicable					

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

(2) Mr Ang Seng Heng retired at the previous AGM as Executive Director with effect from 28 November 2019.

(3) Mr Teo Boon Tieng had been appointed as Independent Non-Executive Director with effect from 6 July 2020.

(4) Mr Heng Yeow Meng Michael resigned as Independent Non-Executive Director with effect from 30 June 2020.

(5) Mr Brian Yap Chin Leong joined in February 2020 following the successful acquisition of KH Engineering Limited and its subsidiaries and KH Instrumentation Pte Ltd (Collectively "KH Group").

The Board confirms there are only five (5) Key Management Personnel for FY2020 and the aggregate amount of the total remuneration paid to the five (5) Key Management Personnel (who are not Directors or CEO) was approximately S$1,136,500 in FY2020.

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

Sysma Performance Share Plan

The Company has a performance share plan under the Sysma Performance Share Plan (the "Share Plan") which was approved by shareholders on 5 July 2012. The committee which administers the Share Plan in accordance with the rules of the Share Plan ("Awards Committee") comprises members of the RC, the names of which are set out in page 35 of this Annual Report. Additionally, the RC reviews whether Executive Directors (who are not controlling shareholders) and Key Management Personnel should be eligible for awards under the Share Plan.

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

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

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

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

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

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

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

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

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

3. ACCOUNTABILITY AND AUDIT

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

Accountability

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

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

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

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

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

Risk Management and Internal Controls

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

Internal Audit

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Group engaged Nexia TS Risk Advisory Pte. Ltd. ("Internal Auditor") to assist the Board and AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. Risk Management Assessment as well as Control Self-Assessment were conducted by the Management with the assistance of the Internal Auditor. The key risk areas which have been identified continue to be analysed, monitored and mitigated accordingly. In connection, the Group has developed a register of risks detailing their respective risk ratings and impacts to ensure that the Group's risk management and internal control system are adequate and effective in FY2020.

Adequacy and Effectiveness of Internal Controls

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

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, and risk management systems, are adequate and effective in FY2020.

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

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

Group CEO and CFO Assurances

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

Audit Committee

The AC comprises the following Independent Directors:

Teo Boon Tieng	-	Chairman
Chen Timothy Teck-Leng @ Chen Teck Leng	-	Member
Richard Tan Kheng Swee	-	Member

Qualification and Independence of Audit Committee

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

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

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

Authority of Audit Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Meetings between Audit Committee and Auditors

The AC has met with the external auditors, Deloitte & Touche LLP and the internal auditors, Nexia TS Risk Advisory Pte. Ltd., in the absence of the Management in FY2020 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 FY2020. The aggregate amount of fees paid to the external auditors of the Company and subsidiaries for audit services was S$285,000 (100%) for the financial year ended 31 July 2020.

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

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

Whistle-Blowing Policy

The AC has incorporated a whistle blowing policy into the Company's internal control procedures to provide a channel for staff to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and for appropriate follow-up action, all whistle blowing reports will be addressed to the Chairman of the AC. Details of the whistle blowing policy have been made available to all employees 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 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 FY2020.

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 2020 as well as the Auditors' Reports thereon. Interested person transactions of the Group in FY2020 have also been reviewed by the AC. Every member of the AC shall abstain from voting on any resolutions in respect of matters in which he is or may be interested in.

Key Audit Matters:

The Audit Committee considered a number of key matters during the financial year ended 31 July 2020 taking into account all instances the views of the Company's external auditor.

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

Significant matters considered	How the issues were addressed by the AC
Purchase price allocation ("PPA")	The AC considered the PPA arrived based on valuation from independent specialist. The PPA process involves significant judgements to determine the appropriate valuation methodologies, judgement and estimation. The AC considered the reasonableness of the significant judgements and estimation involved in the identification of intangible assets, valuation of tangible and intangible assets,. The auditors have included PPA as a key audit matter in the auditor's report for the financial year ended 31 July 2020. This is on page 57 of the annual report.

Significant matters considered	How the issues were addressed by the AC
Impairment review of goodwill	The AC considered the key judgement and reasonableness of assumptions made in management's assessment of the Impairment test of goodwill which included future market conditions, including growth rates and discount rates, particularly those affecting the business of KH Engineering Limited and KH Instrumentation Pte Ltd. The key assumptions to the impairment test are disclosed in Note 13 to the financial statements. The AC also reviewed the reasonableness of Management's assessment that there is no impairment of goodwill as the recoverable amount is higher than the carrying value as at 31 July 2020. The auditors have included Impairment of goodwill as a key audit matter in the auditor's report for the financial year ended 31 July 2020. This is on page 58 of the annual report.
Provisions	The AC considered the key judgement and assumptions made in management's approach to estimating the provisions for all construction projects taking into consideration management's past experiences in determining the adequacy of such provisions. The AC reviewed Management's estimation process, as well as the involvement of management personnel with suitable knowledge and experience, and was satisfied that these were appropriate. The auditors have included the accounting for construction contracts as a key audit matter in the auditor's report for the financial year ended 31 July 2020. This is on page 58 of the annual report.

Internal Audit

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

The internal auditor's primary line of reporting is to the AC Chairman although the internal auditor would also report administratively to the Group CEO and Group 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 that the internal audit function is independent, effective and adequately resourced for FY2020.

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

4. SHAREHOLDERS RIGHTS AND ENGAGEMENT WITH SHAREHOLDER

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

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

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

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

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

The Chairman of the Board and Board Committees are present and available to address questions from shareholders at general meetings. All Directors attended the annual general meeting in respect of FY2019 and extraordinary general meeting of the Company both held on 28 November 2019.

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

The Company does not publish minutes of general meetings on its corporate website as contemplated by the Code. There are potential adverse implications, including commercial and legal implications, for the Company if the minutes of general meetings are published to the public at large. The Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11 of the Code, as between themselves, shareholders are treated fairly and equitably by the Company.

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

Dividend Policy

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

The Board has not proposed dividend payment to shareholders for FY2020.

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. 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 2020 Sustainability Report, the Company has regularly engaged its stakeholders through various channels to ensure that the business interests of the Group are aligned with those stakeholders, to understand and address the concerns so as to improve services and products standards, as well as to sustain business operations for long-term growth. The Company takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information and news are regularly conveyed to the stakeholders through SGXNet.

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

6. DEALINGS IN SECURITIES

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

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

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

7. MATERIAL CONTRACTS

Save for the service agreements between the Company and the Executive Directors as disclosed above as well as the interested person transaction disclosed below, there were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the Group CEO, any Director, or controlling shareholders, either still subsisting as at 31 July 2020 or if not then subsisting, entered during the period under review.

8. INTERESTED PERSONS TRANSACTIONS

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules and there were no interested person transactions of S$100,000 or more entered into during FY2020.

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 FY2020 was S$25,000.

10. STATEMENT OF COMPLIANCE

The Board confirms that for FY2020 and save as expressly disclosed herein, the Company has adhered to the principles and provisions as set out in the Code.

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 FY2020 in accordance with the COVID-19 (Temporary Measures) Act 2020 and 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”), as set out in the second column of the First Schedule of the Order. Minutes of the AGM to be held on 27 November 2020 will be published on the SGXNET and also at the Company’s corporate website within one (1) month after the AGM date.

Financial Contents

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2020.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 62 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at July 31, 2020, 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
Chen Timothy Teck-Leng @ Chen Teck Leng
Richard Tan Kheng Swee
Teo Boon Tieng (Appointed on July 6, 2020)

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

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

3 DIRECTORS' INTEREST IN SHARES AND DEBENTURES

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

Name of directors and companies in which interests are held	Shareholdings registered in name of directors: At beginning of year	Shareholdings registered in name of directors: At end of year	Shareholdings in which directors are deemed to have an interest: At beginning of year	Shareholdings in which directors are deemed to have an interest: At end of year
The Company				
(Ordinary shares)				
Sin Soon Teng	-	-	166,600,000	166,600,000
Ang Seng Heng				
(Resigned on November 28, 2019)	15,400,000	-	-	-
Sin Ee Wuen	8,703,500	8,703,500	-	-
Ultimate holding company				
Xiang Investment Ltd				
(Ordinary shares)				
Sin Soon Teng	8	8	-	-

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

The directors' interests in the shares of the Company as at August 21, 2020 were the same as at July 31, 2020.

4 SHARE SCHEME

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

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

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

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

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

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

a. all awards granted under the Share Plan; and

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

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

5 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under option

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

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all non-executive directors, was chaired by Mr Heng Yeow Meng Michael until his resignation on June 30, 2020. Mr Teo Boon Tieng, an independent director, was appointed as the audit committee chairman on July 6, 2020. The Audit Committee also includes Mr Chen Timothy Teck-Leng @ Chen Teck Leng and Mr Richard Tan Kheng Swee, both independent directors. The Audit Committee has met 2 times during the year under review, and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

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

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

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

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

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

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

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

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

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

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 29, 2020

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, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 130.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at July 31, 2020 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	How the matter was addressed in the audit

Purchase price allocation ("PPA") and impairment review of goodwill
 	
Purchase price allocation
 	
The PPA is subject to significant judgement and estimation in the following areas (where applicable):
 	
• identification of intangible assets;
 	
• valuation of tangible and intangible assets (including goodwill); and
 	
• determination of the amortisation period for the identified intangible assets.
 	
There is significant judgement involved in determining the PPA as well as the value allocated to intangible assets and other identifiable assets and liabilities.
	We have performed the following procedures:
	
	• reviewed sale and purchase agreement and ascertained whether the acquisition date determined by management is in accordance with SFRS(I) 3 *Business Combination*;
	
	• evaluated the design and implementation of the relevant controls over the PPA process; and
	
	• in respect of the PPA performed by the management's specialist in the assessment of the identifiable assets acquired and liabilities assumed on the acquisition including the resultant goodwill on acquisition, we performed the following:
	
	    ○ evaluated the qualifications, independence and objectivity of the valuer and considered the scope of their work;
	
	    ○ engaged our internal valuation specialists to review and assess the appropriateness of the valuation methodology, key assumptions and parameters used which affect the fair value estimates; and
	
	    ○ assessed the reasonableness of the other key assumptions used.

Key Audit Matters	How the matter was addressed in the audit
Impairment of goodwill The aggregated goodwill of $4.43 million constituted 4.6% of the Group's total assets as at July 31, 2020. 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. and KH Instrumentation 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, 2020.	These procedures included: • engaged internal valuation specialists to evaluate the appropriateness of the Discounted cash flow ("DCF") and the reasonableness of the expectations for the key macro economic assumptions used in the impairment analysis, in particular the discount rate and long term growth rates by comparing the expectations to those prepared by management; • challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews to prior year's forecasts against actual results; and • assessing the impact on the recoverable amounts based on sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered. We have also assessed and reviewed the adequacy and appropriateness of the disclosures made in the financial statements.
Provisions The Group is involved in construction projects and records provisions for such projects. Management's estimates are based on terms as set out in the letter of award or contracts or management's experience. Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Significant assumptions are required in estimating the provisions. In making these estimates, the Group relies on past experience. The carrying amount of provisions is disclosed in Note 20 to the financial statements.	We have performed procedures by obtaining the supporting documents used by management to assess the provisions made. We reviewed the basis of provisions for projects, including understanding and challenging management's assumptions. We have also evaluated the adequacy of the disclosure of provisions made in Note 20.

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 29, 2020

Statements of Financial Position

July 31, 2020

	Note	Group		Company	
		2020	2019	2020	2019
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	7	39,562,896	64,610,806	2,158,730	34,277,273
Trade and other receivables	8	4,823,927	4,822,987	4,393,073	7,796,484
Contract assets	9	4,428,545	8,389,140	-	-
Properties held for sale	10	3,468,728	3,350,000	-	-
Total current assets		52,284,096	81,172,933	6,551,803	42,073,757
Non-current assets					
Property, plant and equipment	11	22,113,479	646,961	-	-
Investment property	12	530,000	-	-	-
Goodwill	13	4,427,235	-	-	-
Investments in subsidiaries	14	-	-	38,198,929	8,186,211
Investment in associate	15	1	1	-	-
Financial assets at fair value through profit or loss	16	10,290,429	-	10,290,429	-
Other receivables	8	1,798,062	-	967,412	-
Contract assets	9	4,581,406	-	-	-
Deferred tax asset	17	-	202,442	-	-
Total non-current assets		43,740,612	849,404	49,456,770	8,186,211
Total assets		96,024,708	82,022,337	56,008,573	50,259,968
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	18	15,466,551	16,392,478	7,879,616	2,852,370
Contract liabilities	19	3,509,033	517,107	-	-
Provisions	20	6,383,935	6,139,745	-	-
Lease liabilities	21	833,056	-	-	-
Finance leases	21	-	303,346	-	-
Bank loans	22	526,115	-	-	-
Income tax payable		959,754	551,245	26,701	163,013
Total current liabilities		27,678,444	23,903,921	7,906,317	3,015,383
Non-current liabilities					
Trade and other payables	18	4,034,428	-	2,816,324	-
Lease liabilities	21	669,356	-	-	-
Finance leases	21	-	192,476	-	-
Bank loans	22	4,533,164	-	-	-
Deferred tax liabilities	17	2,523,037	-	-	-
Total non-current liabilities		11,759,985	192,476	2,816,324	-

See accompanying notes to financial statements.

Statements of Financial Position

July 31, 2020

		Group		Company	
	Note	2020	2019	2020	2019
		$	$	$	$
Capital, reserves and non-controlling interest					
Share capital	23	45,538,251	45,538,251	45,538,251	45,538,251
Treasury shares	24	(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		15,718,226	17,058,412	867,866	2,826,519
Equity attributable to owners of the Company		55,775,159	57,115,345	45,285,932	47,244,585
Non-controlling interest		811,120	810,595	-	-
Total equity		56,586,279	57,925,940	45,285,932	47,244,585
Total liabilities and equity		96,024,708	82,022,337	56,008,573	50,259,968

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended July 31, 2020

	Note	Group 2020 $	Group 2019 $
Revenue	25	33,750,881	30,328,387
Cost of sales		(28,352,165)	(24,531,472)
Gross profit		5,398,716	5,796,915
Other income	26	4,689,770	2,491,717
Other operating expenses		(2,927,131)	(2,780,595)
Administrative expenses		(4,279,379)	(3,223,136)
Finance costs	27	(294,054)	(24,510)
Share of losses of associate	15	-	(49)
Profit before tax	28	2,587,922	2,260,342
Income tax expense	29	(1,404,097)	(1,483,629)
Profit for the year, representing total comprehensive income for the year		1,183,825	776,713
Profit attributable to:			
Equity holders of the Company		1,183,300	1,101,671
Non-controlling interest		525	(324,958)
		1,183,825	776,713
Basic and diluted earnings per share (cents)	30	0.47	0.44

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended July 31, 2020

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, 2018	45,538,251	(1,120,185)	(3,517,117)	(844,016)	17,975,530	58,032,463	1,135,553	59,168,016
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	-	-	-	-	1,101,671	1,101,671	(324,958)	776,713
Dividend paid (Note 34), representing transaction with owners, recognised directly in equity	-	-	-	-	(2,018,789)	(2,018,789)	-	(2,018,789)
Balance at July 31, 2019	45,538,251	(1,120,185)	(3,517,117)	(844,016)	17,058,412	57,115,345	810,595	57,925,940
Profit for the year, representing total comprehensive income for the year	-	-	-	-	1,183,300	1,183,300	525	1,183,825
Dividend paid (Note 34), representing transaction with owners, recognised directly in equity	-	-	-	-	(2,523,486)	(2,523,486)	-	(2,523,486)
Balance at July 31, 2020	45,538,251	(1,120,185)	(3,517,117)	(844,016)	15,718,226	55,775,159	811,120	56,586,279

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended July 31, 2020

Company	Share capital $	Treasury shares $	Accumulated profit (losses) $	Total $
Balance at August 1, 2018	45,538,251	(1,120,185)	(1,033,375)	43,384,691
Dividend paid (Note 34), representing transaction with owners, recognised directly in equity	-	-	(2,018,789)	(2,018,789)
Profit for the year, representing total comprehensive income for the year	-	-	5,878,683	5,878,683
Balance at July 31, 2019	45,538,251	(1,120,185)	2,826,519	47,244,585
Dividend paid (Note 34), representing transaction with owners, recognised directly in equity	-	-	(2,523,486)	(2,523,486)
Profit for the year, representing total comprehensive income for the year	-	-	564,833	564,833
Balance at July 31, 2020	45,538,251	(1,120,185)	867,866	45,285,932

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended July 31, 2020

	Group	
	2020	2019
	$	$
Operating activities		
Profit before tax	2,587,922	2,260,342
Adjustments for:		
Depreciation of property, plant and equipment	2,290,784	420,049
Addition / (reversal) of provisions	312,105	(3,005,819)
Provision for liquidated damages	469,000	-
Finance costs	294,054	24,510
Interest income	(859,239)	(1,391,737)
(Write-back)/ write-down of properties held for sale to net realisable value	(118,728)	118,728
Write-back of loss allowance	(39,926)	-
Recovery of written off receivables	(26,026)	-
Loss allowance - other receivables	344,483	-
Government grant income	(1,883,868)	-
Government grant expense	8,410	-
Share of losses of associate	-	49
(Gain)/ loss on disposal of property, plant and equipment	(93)	369
Operating cash flow before movements in working capital changes	3,378,878	(1,573,509)
Trade and other receivables	2,602,743	93,502
Contract assets	1,482,386	493,157
Properties held for sale	-	990,232
Trade and other payables	(7,429,324)	(1,732,849)
Contract liabilities	(1,225,122)	(55,965)
Cash used in operations	(1,190,439)	(1,785,432)
Net grant income received	1,938,861	-
Income tax paid	(1,292,995)	(2,749,987)
Net cash used in operating activities	(544,573)	(4,535,419)
Investing activities		
Interest received	550,949	1,205,119
Proceeds from disposal of property, plant and equipment	93	-
Purchase of property, plant and equipment (Note A)	(1,054,976)	(293,424)
Bond receivable from associate	-	(1,750,193)
Acquisition of subsidiaries (Note 33)	(9,840,041)	-
Investment in associate	-	(50)
Investment in financial asset measured at fair value through profit or loss	(10,290,429)	-
Net cash used in investing activities	(20,634,404)	(838,548)

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended July 31, 2020

	Group 2020	Group 2019
	$	$
Financing activities		
Repayment of bank borrowings	(257,622)	-
Repayment of lease liabilities	(936,535)	(544,751)
Dividends paid	(2,523,486)	(2,018,789)
Interest paid	(151,290)	(24,510)
(Increase)/ decrease in pledged deposits	(1,282)	3,948
Net cash used in financing activities	(3,870,215)	(2,584,102)
Net decrease in cash and cash equivalents	(25,049,192)	(7,958,069)
Cash and cash equivalents at beginning of year	63,618,164	71,576,233
Cash and cash equivalents at end of year	38,568,972	63,618,164

Note A:

During the year, the Group acquired property, plant and equipment with an aggregate cost of $1,431,616 (2019: $293,424) of which $Nil (2019: $Nil) were acquired by means of lease liabilities.

Reconciliation of liabilities arising from financing activities

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

Group	Finance leases (Note 21)	Lease liabilities (Note 21)	Bank borrowings (Note 22)
	$	$	$
At August 1, 2018	1,040,573	-	-
Financing cash flow	(544,751)	-	-
Interest paid	(24,510)	-	-
Non-cash changes			
- Accrued interest	24,510	-	-
At July 31, 2019	495,822	-	-
Application of SFRS(I) 16	(495,822)	934,021	-
At August 1, 2019	-	934,021	-
Non-cash changes			
- Acquisition of subsidiaries (Note 33)	-	1,239,070	5,316,901
- New lease liabilities	-	265,856	-
- Accrued interest	-	80,689	70,601
Financing cash flow	-	(936,535)	(257,622)
Interest paid	-	(80,689)	(70,601)
At July 31, 2020	-	1,502,412	5,059,279

See accompanying notes to financial statements.

1 GENERAL

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

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

The principal activities of the subsidiaries are disclosed in Note 14 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, 2020 were authorised for issue by the Board of Directors on October 29, 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On August 1, 2019, 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, except as discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is August 1, 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT 4.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before August 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SFRS(I) 1-17 and SFRS(I) INT 4.

The group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after August 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets.*

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Impact on lessee accounting (cont'd)

Former finance leases

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from August 1, 2019.

(c) Impact on lessor accounting

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on August 1, 2019 is 8.3%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at July 31, 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	Group
	$
Operating lease commitments at July 31, 2019	611,416
Less: Short-term leases and leases of low value assets	(112,145)
Less: Effect of discounting the above amounts	(61,072)
Add: Finance lease liabilities recognised under SFRS(I) 16 at July 31, 2019	495,822
Lease liabilities recognised at August 1, 2019	934,021

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Consequently, right-of-use assets of $0.4 million were recognised on August 1, 2019.

During the year, property, plant and equipment previously held under finance lease applying SFRS(I) 1-17, which amounted to S$0.3 million (net of accumulated depreciation), have been reclassified to 'right-of-use assets' under SFRS(I) 16 at date of initial application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) 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 transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Financial assets and financial liabilities are initially measured at fair value. 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 financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

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").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amortised cost and effective interest method

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

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

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

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

Impairment of financial assets

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

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

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, 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. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant increase in credit risk

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

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

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

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

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group also considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Definition of default

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

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

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

Credit-impaired financial assets

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

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

Write-off policy

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement and recognition of expected credit losses

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

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

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

Leases (Before August 1, 2019)

The Group as lessor

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

The Group as lessee

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (From August 1, 2019)

The Group as lessee

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Depreciation is charged 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessor

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

ASSOCIATE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The requirements of SFRS(I) 9 *Financial Instruments* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. The carrying amount of the investment is reduced by the amount of impairment loss. Impairment loss is reversed to the extent that the recoverable amount of the investment subsequently increases.

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

GOVERNMENT GRANT - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. 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. Government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $4,427,235 (2019: $Nil) after an impairment loss of $Nil (2019: $Nil) was recognised during the financial year.

Valuation of properties

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.

Investment property

The investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is carried at cost less accumulated depreciation and impairment losses. 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 amount of the investment property is disclosed in Note 12 to the financial statements.

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	
	2020	2019	2020	2019
	$	$	$	$
Financial assets				
Financial assets at amortised cost	45,919,811	69,255,251	7,498,716	42,062,960
Financial assets at fair value through profit or loss	10,290,429	-	10,290,429	-
	56,210,240	69,255,251	17,789,145	42,062,960
Financial liabilities				
Lease liabilities	1,502,412	495,822	-	-
Payables, at amortised cost	24,560,258	16,392,478	10,695,940	2,852,370
	26,062,670	16,888,300	10,695,940	2,852,370

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

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

Company

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) - (b) Net amounts of financial assets presented in the statement of financial position
	$	$	$
Trade and other receivables			
- as at July 31, 2020	9,513,281	(4,197,462)	5,315,819
- as at July 31, 2019	15,545,382	(7,899,905)	7,645,477

Financial liabilities

Type of financial liability	(a) Gross amounts of recognised financial liabilities	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position	(c) = (a) - (b) Net amounts of financial assets presented in the statement of financial position
	$	$	$
Trade and other payables			
- as at July 31, 2020	14,119,075	(4,197,462)	9,921,613
- as at July 31, 2019	10,055,876	(7,899,905)	2,155,971

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

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

c) *Financial risk management policies and objectives*

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

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

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

(i) Foreign exchange risk management

The Group operates principally in Singapore dollars. Foreign currency exchange rate risk derived mainly from fixed deposits denominated in United States dollars, unquoted equities denominated in Euro and a bond receivable denominated in Pound sterling.

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

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
United States dollar	2,614	15,080,750	-	7,983,872
Euro	10,290,429	-	10,290,429	-
Pound sterling	1,798,062	1,817,803	-	-

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

If the US dollar were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $131 (2019: profit before tax will decrease/increase by $754,037) and the Company's profit before tax will decrease/increase by $Nil (2019: $399,194).

If the Euro were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $514,521 (2019: $Nil) and the Company's profit before tax will decrease/increase by $514,521 (2019: $Nil).

If the Pound sterling were to weaken/strengthen by 5% against the Singapore dollar, Group's profit before tax will decrease/increase by $89,903 (2019: $90,890) and the Company's profit before tax will decrease/increase by $Nil (2019: $Nil).

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

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

(ii) Interest rate risk management

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

Interest rate sensitivity

The primary source of the Group's interest rate risk relates to its interest bearing fixed deposit (Note 7), lease liabilities (Note 21) and 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, 2020 would decrease/increase by $16,300 (2019: $Nil). 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, 2020 and July 31, 2019, the carrying amounts of financial assets and contract assets as stated in the statements of financial position and the exposure to calls on corporate guarantees below, represents the Group's and Company's maximum exposure to credit risk without taking into account the value of any collateral which can reduce the exposure.

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

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

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

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

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

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

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

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

(iv) Credit risk management

The Group has concentration of credit risk relating to cash and cash equivalents that constitutes approximately 69% (2019: 92%) of the financial assets of the Group that is held with 8 (2019: 9) financial institutions.

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

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

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2020

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

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

(v) Liquidity risk management

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

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

The Group has been adversely impacted during the circuit-breaker period as majority of works halted at construction sites, save for essential services. The financial impact of COVID-19 was partially mitigated by the government's budgetary measures in support of the economy and specific sectors, including construction. Government support and grants are expected to end soon and the higher costs are expected to negatively impact the Group's bottom line.

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

Liquidity risk analysis

Non-derivative financial liabilities

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

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

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

(v) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
July 31, 2020						
Non-interest bearing	-	15,466,551	4,034,428	-	-	19,500,979
Variable interest rate instruments	2.66	664,262	3,050,643	2,669,121	(1,324,747)	5,059,279
Lease liabilities (fixed rate)	3.55	862,468	686,193	7,136	(53,385)	1,502,412
		16,993,281	7,771,264	2,676,257	(1,378,132)	26,062,670
July 31, 2019						
Non-interest bearing	-	16,392,478	-	-	-	16,392,478
Finance lease liabilities (fixed rate)	3.22	313,740	200,552	-	(18,470)	495,822
		16,706,218	200,552	-	(18,470)	16,888,300
Company						
July 31, 2020						
Non-interest bearing	-	7,879,616	2,816,324	-	-	10,695,940
		7,879,616	2,816,324	-	-	10,695,940

Financial liabilities of the Company as at July 31, 2019 are repayable on demand and classified as current.

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

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

(v) Liquidity risk management (cont'd)

Non-derivative financial assets

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$	$	$	$	$
Group						
July 31, 2020						
Non-interest bearing	-	28,869,094	-	-	-	28,869,094
Investment in unquoted equities	-	-	10,290,429	-	-	10,290,429
Fixed interest rate instruments	2.12	15,265,305	2,343,892	-	(558,480)	17,050,717
		44,134,399	12,634,321	-	(558,480)	56,210,240
Company						
July 31, 2020						
Non-interest bearing	-	5,803,111	967,412	-	-	6,770,523
Investment in unquoted equities	-	-	10,290,429	-	-	10,290,429
Fixed interest rate instruments	0.29	728,216	-	-	(23)	728,193
		6,531,327	11,257,841	-	(23)	17,789,145

All financial assets of the Group and Company as at July 31, 2019 are repayable on demand and classified as current.

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

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

(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 the security as a proxy of fair value. Other significant unobservable inputs utilized by management includes the net tangible assets of the underlying fund.

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

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

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

6 RELATED PARTY TRANSACTIONS

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

As at July 31, 2020, the directors provided performance guarantees of $2,099,750 (2019: $2,273,250) to third parties in relation to the Group's performance obligations.

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

	2020	2019
	$	$
Revenue earned relating to a construction contract from a director	290,746	2,694,369

Compensation of directors and key management personnel

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

	Group	
	2020	2019
	$	$
Short-term benefits	2,571,868	2,444,531
Post-employment benefits	95,115	83,045
	2,666,983	2,527,576

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Cash on hand	5,004	5,004	-	-
Cash at bank	24,305,237	11,582,552	1,430,537	4,943,542
Fixed deposits	15,252,655	53,023,250	728,193	29,333,731
	39,562,896	64,610,806	2,158,730	34,277,273
Less: Pledged bank deposits	(993,924)	(992,642)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	38,568,972	63,618,164	2,158,730	34,277,273

Cash and cash equivalents comprise cash held by the Group and short-term unpledged bank deposits with an original maturity of twelve months or less and an average interest rate of 1.12% (2019: 2.52%) per annum.

Pledged bank deposits have an original maturity of twelve months or less, an average interest rate of 1.70% (2019: 1.27%) per annum and are pledged against banking facilities.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables from third parties	3,794,513	2,424,908	-	-
Less: Loss allowance	(1,049,697)	(321,821)	-	-
	2,744,816	2,103,087	-	-
Other receivables from third parties	413,905	437,187	17	140,210
Other receivables from subsidiaries (Note 5)	-	-	5,315,819	7,645,477
Bond receivable from associate	2,067,981	1,750,193	-	-
Accrued interest from bond receivable	74,564	67,610	-	-
Government grant receivables	532,227	-	24,150	-
Tender deposits	81,329	142,177	-	-
Deposits	238,468	204,873	-	-
Prepayments	182,664	117,860	20,499	10,797
Advance to suppliers	630,518	-	-	-
	4,221,656	2,719,900	5,360,485	7,796,484
Less: Loss allowance	(344,483)	-	-	-
	3,877,173	2,719,900	5,360,485	7,796,484
Total trade and other receivables	6,621,989	4,822,987	5,360,485	7,796,484

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Analysed as:				
Current	4,823,927	4,822,987	4,393,073	7,796,484
Non-current	1,798,062	-	967,412	-
	6,621,989	4,822,987	5,360,485	7,796,484

Movement of loss allowance:

	Group	
	2020	2019
	$	$
Balance at beginning of year	321,821	321,821
Acquisitions through business combinations	809,141	-
Net write-back of loss allowance during the year	(39,926)	-
Amount written off	(41,339)	-
Loss allowance - other receivables during the year	344,483	-
Balance at end of year	1,394,180	321,821

The average credit period is 45 days (2019: 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).

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

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

Bond receivable from associate has maturity date of thirty six months (2019: twelve) with a fixed interest rate of 9.14% (2019: 10%).

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

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

July 31, 2019	Expected credit loss rate	Estimated total gross carrying amount at default	Lifetime ECL	Total
	%	$	$	$
Current (not past due)	*	2,012,204	-	2,012,204
1 to 90 days past due	*	44,916	-	44,916
91 to 180 days past due	*	45,967	-	45,967
181 to 360 days past due	*	-	-	-
More than 360 days past due	100	321,821	(321,821)	-
		2,424,908	(321,821)	2,103,087

* The weighted credit loss rate is assessed as negligible.

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

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.

8 TRADE AND OTHER RECEIVABLES (cont'd)

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

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

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

9 CONTRACT ASSETS

	Group	
	2020	2019
	$	$
Retention monies on contract work	6,790,478	6,015,998
Unbilled receivables	2,219,473	2,373,142
	9,009,951	8,389,140
Analysed as:		
Current	4,428,545	8,389,140
Non-current	4,581,406	-
	9,009,951	8,389,140

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 are classified as current as they are expected to be received within the Group's normal operating cycle.

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

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

10 PROPERTIES HELD FOR SALE

	Group	
	2020	2019
	$	$
Properties held for sale	3,468,728	3,350,000

In 2020, there was a write-back of properties held for sale to cost amounting to $118,728 as a result of increase in value (2019: write-down to net realisable value of $118,728 as a result of decrease in value).

Particulars of the properties held for sales wholly owned by the Group as at July 31, 2020 and July 31, 2019 are as follows:

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

11 PROPERTY, PLANT AND EQUIPMENT

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

Group	Furniture and fittings	Office equipment	Works Vehicles	Machinery	Leasehold properties and building improvements	Steel items	Total
	$	$	$	$	$	$	$
Cost:							
At August 1, 2018	207,031	358,485	2,360,477	2,344,530	1,192,300	-	6,462,823
Additions	1,350	278,974	-	13,100	-	-	293,424
Disposals	(700)	(26,887)	-	(32,000)	-	-	(59,587)
At July 31, 2019	207,681	610,572	2,360,477	2,325,630	1,192,300	-	6,696,660
Adoption of SFRS(I) 16	-	(16,304)	(2,360,477)	(856,812)	(547,287)	-	(3,780,880)
Acquired on acquisition of subsidiaries (Note 33)	62,686	159,379	1,418,565	8,202,002	4,141,142	12,347,439	26,331,213
Additions	9,826	187,246	164,800	561,153	94,830	413,761	1,431,616
Disposals	(5,213)	(35,460)	-	-	-	(396,010)	(436,683)
Write-off	-	-	-	-	(645,013)	-	(645,013)
At July 31, 2020	274,980	905,433	1,583,365	10,231,973	4,235,972	12,365,190	29,596,913
Accumulated depreciation:							
At August 1, 2018	130,604	277,676	1,777,224	2,311,064	1,192,300	-	5,688,868
Depreciation	26,890	68,521	296,061	28,577	-	-	420,049
Eliminated on disposals	(700)	(26,518)	-	(32,000)	-	-	(59,218)
At July 31, 2019	156,794	319,679	2,073,285	2,307,641	1,192,300	-	6,049,699
Adoption of SFRS(I) 16	-	(11,141)	(2,073,285)	(856,812)	(547,287)	-	(3,488,525)
Acquired on acquisition of subsidiaries (Note 33)	62,656	156,070	1,077,749	7,153,942	941,142	3,053,320	12,444,879
Depreciation	26,276	97,270	153,933	335,324	160,530	645,239	1,418,572
Eliminated on disposals	(5,213)	(35,460)	-	-	-	(396,010)	(436,683)
Eliminated on write-off	-	-	-	-	(645,013)	-	(645,013)
At July 31, 2020	240,513	526,418	1,231,682	8,940,095	1,101,672	3,302,549	15,342,929
Carrying amount:							
At July 31, 2020	34,467	379,015	351,683	1,291,878	3,134,300	9,062,641	14,253,984
At July 31, 2019	50,887	290,893	287,192	17,989	-	-	646,961

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group's right-of-use assets:

Group	Office equipment	Works Vehicles	Machinery	Leasehold properties and building improvements	Land use rights	Total
	$	$	$	$	$	$
Cost:						
August 1, 2019	16,304	2,360,477	856,812	985,486	-	4,219,079
Acquired on acquisition of subsidiaries (Note 33)	-	488,991	1,784,674	1,366,268	6,261,977	9,901,910
Additions	-	-	-	267,646	-	267,646
At July 31, 2020	16,304	2,849,468	2,641,486	2,619,400	6,261,977	14,388,635
Accumulated depreciation:						
August 1, 2019	11,141	2,073,285	856,812	547,287	-	3,488,525
Acquired on acquisition of subsidiaries (Note 33)	-	119,966	640,193	146,268	1,261,976	2,168,403
Depreciation	3,261	189,783	161,753	415,092	102,323	872,212
At July 31, 2020	14,402	2,383,034	1,658,758	1,108,647	1,364,299	6,529,140
Carrying amount:						
At July 31, 2020	1,902	466,434	982,728	1,510,753	4,897,678	7,859,495
At August 1, 2019	5,163	287,192	-	438,199	-	730,554

The Group's total property, 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, 2020	34,467	380,917	818,117	2,274,606	4,645,053	4,897,678	9,062,641	22,113,479
At July 31, 2019	50,887	290,893	287,192	17,989	-	-	-	646,961

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's property, plant and equipment includes an amount of $292,356 at July 31, 2019, secured in respect of assets held under finance leases as disclosed in Note 21.

The Group has pledged land use rights and buildings with a carrying amount of $9,237,438 (2019: $Nil) to secure bank loan as disclosed in Note 22.

12 INVESTMENT PROPERTY

	Group	
	2020	2019
Cost and carrying amount:	$	$
Balance at beginning of year	-	-
Acquisitions through business combinations	530,000	-
Balance at end of year	530,000	-

Details of the factory held by the Group as at July 31, 2020 are set out below:

Address of property	Tenure	Remaining tenure	Fair Value
1 Bukit Batok Crescent #09-18, Wcega Plaza, Singapore 658064	60 years	37 years	$530,000

The investment property listed above are 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 $13,543 during the year. Direct operating expenses arising on the investment property amounted to $881.

13 GOODWILL

	Group
	2020
	$
Cost and carrying amount:	
Arising on acquisition of subsidiaries (Note 33)	4,427,235

13 GOODWILL (cont'd)

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	
	2020	2019
	$	$
Construction services		
KH Engineering Limited, Kian Hock Engineering Pte. Ltd. and Kian Hock Piling Pte. Ltd. ("KHE") (single CGU)	2,268,223	-
Instrumentation service		
KH Instrumentation Pte. Ltd. ("KHI") (single CGU)	2,159,012	-
	4,427,235	-

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

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

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

The discount rates applied to the cash flows projections are derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts. The growth rates used to extrapolate the cash flows of KHE and KHI are 10% and 15% respectively, which does not exceed the long-term growth rate for the relevant markets. 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%.

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

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

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

14 INVESTMENTS IN SUBSIDIARIES

	Company 2020 $	Company 2019 $
Unquoted equity shares, at cost	16,977,120	16,977,119
Deemed capital investment	31,833,559	1,800,000
Impairment loss	(10,611,750)	(10,590,908)
	38,198,929	8,186,211

Management is of the view that the amount due from a subsidiary of $31,833,559 (2019: $1,800,000) represents deemed capital investment in a subsidiary as there is no contractual obligation for repayment by the subsidiary.

Movement in the impairment loss:

	Company 2020 $	Company 2019 $
At beginning of year	10,590,908	8,927,060
Allowance made during the year	169,842	1,663,848
Write-back of allowance during the year	(149,000)	-
At end of year	10,611,750	10,590,908

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 2020 %	2019 %	Principal activity
Held by the Company				
Sysma Construction Pte. Ltd. [1]	Singapore	100	100	Building and construction services
Sysma Land Pte. Ltd. [1]	Singapore	100	100	Investment holding
Sysma Properties Pte. Ltd. [1]	Singapore	100	100	Property development
De Paradiso Development Pte. Ltd. [1]	Singapore	100	100	Property development

14 INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2020 %	2019 %	Principal activity
Held by the Company (cont'd)				
Gcap Properties Pte. Ltd. [1]	Singapore	60	60	Property development
Sysma Capital Pte. Ltd. [1]	Singapore	100	100	Investment holding
Sysma Jade Pte. Ltd. [1]	Singapore	100	-	Investment holding
Held by Sysma Construction Pte. Ltd.				
Goodtrade Holdings Pte. Ltd. [1]	Singapore	100	100	Investment holding
North Shore Investments Pte. Ltd. [1]	Singapore	100	100	Investment holding
Held by Sysma Capital Pte. Ltd.				
Sysma Capital Two Pte. Ltd. (f.k.a East Development Pte. Ltd). [1]	Singapore	100	100	Investment holding
Sysma Capital One Pte. Ltd. (f.k.a Coastline Pte. Ltd). [1]	Singapore	100	100	Investment holding
Held by Sysma Jade Pte. Ltd.				
KH Engineering Limited	British Virgin Islands	100	-	Investment holding
Held by KH Engineering Limited				
Kian Hock Engineering Pte. Ltd. [1]	Singapore	100	-	Building and construction services
Kian Hock Piling Pte. Ltd. [1]	Singapore	100	-	Building and construction services
KH Instrumentation Pte. Ltd. [1]	Singapore	100	-	Building and construction services

[1] Audited by Deloitte & Touche LLP, Singapore.

14 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	
		2020	2019
Investment holding	Singapore	8	6
Building and construction services	Singapore	4	1
Property development	Singapore	2	2
		14	9

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interest		(Loss) Profit attributable to non-controlling interest		Accumulated non-controlling interest	
		2020	2019	2020	2019	2020	2019
		%	%	$	$	$	$
Gcap Properties Pte. Ltd.	Singapore	40	40	525	(324,958)	811,120	810,595

14 INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	Gcap Properties Pte. Ltd.	
	2020	2019
	$	$
Current assets	1,372,818	1,369,517
Current liabilities	(13,988)	(12,000)
Total equity	1,358,830	1,357,517
Equity attributable to:		
Owner of the company	815,298	814,510
Non-controlling interest	543,532	543,007
Revenue	-	-
Profit (Loss) for the year, representing total comprehensive income (loss) for the year	1,313	(812,396)
Total comprehensive income (loss) attributable to:		
Owner of the company	788	(487,438)
Non-controlling interest	525	(324,958)
Net cash inflow (outflow) from:		
Operating activities	2,311	(838,544)
Net cash inflow (outflow)	2,311	(838,544)

15 INVESTMENT IN ASSOCIATE

	Group	
	2020	2019
	$	$
Cost of investment in associate	50	50
Share of post-acquisition losses	(49)	(49)
	1	1

Details of the Group's associate at July 31, 2020 and July 31, 2019 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.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2020	2019
	$	$
Investment in unquoted equities (Level 3)	10,290,429	-

The investment is in a Singapore domiciled unit trust fund and represents less than 10% of the fund's subscribed units.

There have been no changes in the fair value of financial assets at fair value in 2020.

17 DEFERRED TAX

	Group	
	2020	2019
	$	$
Deferred tax assets	-	202,442
Deferred tax liabilities	(2,523,037)	-
	(2,523,037)	202,442

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

	Provisions	Accelerated tax depreciation	Deemed cost arising from PPA	Total
	$	$		$
Group				
At August 1, 2018	-	(48,881)	-	(48,881)
Credit to profit and loss (Note 29)	202,442	48,881	-	251,323
At July 31, 2019	202,442	-	-	202,442
Charge to profit or loss (Note 29)	(1,145,636)	(121,989)	-	(1,267,625)
Acquisition of subsidiaries (Note 33)	-	(481,238)	(976,616)	(1,457,854)
At July 31, 2020	(943,194)	(603,227)	(976,616)	(2,523,037)

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade payables to third parties	8,498,334	13,866,814	-	-
Other payables to subsidiaries (Note 5)	-	-	9,921,613	2,155,971
Other payables to third parties	6,137,817	394,819	77,278	88,753
Deposits received from tenants	38,660	65,490	-	-
Rental advances received from tenants	1,016	-	-	-
Deferred government grant income	593,380	-	47,438	-
Accruals for operating expenditure	4,231,772	2,065,355	649,611	607,646
	19,500,979	16,392,478	10,695,940	2,852,370

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Analysed as:				
Current	15,466,551	16,392,478	7,879,616	2,852,370
Non-current	4,034,428	-	2,816,324	-
	19,500,979	16,392,478	10,695,940	2,852,370

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

The average credit period on purchases of goods is 60 days (2019: 60 days). No interest is charged on the outstanding balance.

19 CONTRACT LIABILITIES

	Group	
	2020	2019
	$	$
Amounts received in advance (i)	1,646,097	20,107
Deferred revenue (ii)	1,260,936	-
Provision for liquidated damages	602,000	497,000
	3,509,033	517,107

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

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

The increase in contract liabilities was due to the acquisition of subsidiaries (Note 33).

19 CONTRACT LIABILITIES (cont'd)

The Group's revenue recognised that was included in the contract liability balance at the beginning of the period is $16,565 (2019: $62,888).

20 PROVISIONS

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

	Group	
	2020	2019
	$	$
At beginning of year	6,139,745	9,205,815
Addition (Reversal) during the year	312,105	(3,005,819)
Utilisation during the year	(67,915)	(60,251)
At end of year	6,383,935	6,139,745

Provision includes:

(i) Provision for defective works and warranty amounting to $5,739,542 (2019: $6,139,745), 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; and

(ii) Provision for foreseeable losses of $644,393 (2019: $Nil), 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.

21 LEASE LIABILITIES / FINANCIAL LEASES

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

	Group
	2020
	$
Maturity analysis:	
Year 1	862,468
Year 2	517,309
Year 3	140,204
Year 4	14,340
Year 5	14,340
Year 6 onwards	7,136
	1,555,797
Less: Unearned interest	(53,385)
	1,502,412
Analysed as:	
Current	833,056
Non Current	669,356
	1,502,412

21 LEASE LIABILITIES / FINANCIAL LEASES (cont'd)

The Group does not face a significant liquidity risk with regard to its financial leases.

	Group	
	Minimum lease payments	Present value of minimum lease payments
	2019	2019
	$	$
Amounts payable under finance leases:		
Current	313,740	303,346
Non-current	200,552	192,476
	514,292	495,822
Less: Future finance charges	(18,470)	
Present value of lease obligations	495,822	
Less: Amount due for settlement within 12 months (shown under current liabilities)		(303,346)
Amount due for settlement after 12 months		192,476

The average lease term is 5 years. The average effective interest rate is 3.22% per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. The finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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

22 BANK BORROWINGS

	Group	
	2020	2019
	$	$
Bank loans	5,059,279	-
Less: Amount due for settlement within 12 months (shown under current liabilities)	(526,115)	-
Amount due for settlement after 12 months	4,533,164	-

The Group has three principal bank loans. The loans are denominated in Singapore dollars and are all additions from the acquisition of subsidiaries in the year.

22 BANK BORROWINGS (cont'd)

(a) Bank loan 1 – On March 23, 2012, the Group drew a loan of $ 416,837. The interest rate for 2020 was the prevailing 3 months SIBOR plus 3.28% per annum, till June 1, 2020 where it was revised to 1.78% per annum for the next 2 years. From thereon, the interest rate would be the prevailing 3 months SIBOR plus 4.00% per annum. The loan is repayable on a monthly repayment and matures on March 23, 2032.

(b) Bank loan 2 - On July 25, 2018, the subsidiary drew a loan of $4,319,310, which bears an interest rate of 3.82% below the bank's prevailing commercial property rate per annum for FY2020, and the bank's prevailing commercial property rate per annum from thereon. The loan is repayable on a monthly repayment and matures on July 25, 2028.

(c) Bank loan 3 – On August 30, 2019, the subsidiary drew a loan of $323,132, which bears an interest of 2.78% per annum for the first 2 years from date of drawdown, and the bank's prevailing commercial property rate per annum from thereon. The Bank had agreed to defer repayment of principal from May-20 to Dec-20, by increasing repayments in subsequent months. The loan is repayable on a monthly repayment and matures on August 30, 2039.

All the bank loans are secured by:

- Legal mortgage of certain of the Group's property, plant and equipment; and
- Joint and several personal guarantees from the directors (resigned and existing) of the subsidiary. Application is underway to release the personal guarantees and replace it with a corporate guarantee by the Company.

The bank loans 1 and 2 are secured by:

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

23 SHARE CAPITAL

	Group and Company			
	2020	2019	2020	2019
	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.

24 TREASURY SHARES

	Group and Company			
	2020	2019	2020	2019
	Number of ordinary shares		$	$
At the beginning and end of the year	8,651,400	8,651,400	1,120,185	1,120,185

25 REVENUE

	Group	
	2020	2019
	$	$
Revenue from construction contracts over time	33,750,881	29,098,387
Revenue from property development at a point in time	-	1,230,000
	33,750,881	30,328,387

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.

	2020	2019
	$	$
Construction contracts	69,007,451	73,470,786

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, 2020 will be recognised as revenue over the next 2 years.

26 OTHER INCOME

	Group 2020 $	Group 2019 $
Interest income from banks	673,814	1,324,127
Interest income from bond receivable	185,425	67,610
Gain on disposal of property, plant and equipment	93	-
Rental income	382,140	604,121
Government grant income	1,883,868	13,419
Foreign exchange gain	1,065,261	-
Write-back of property held for sale to net realizable value	118,728	-
Miscellaneous income	380,441	482,440
	4,689,770	2,491,717

27 FINANCE COSTS

	Group 2020 $	Group 2019 $
Interest on bank borrowings	70,601	-
Interest on lease liabilities	80,689	-
Interest on obligations under finance leases	-	24,510
Unwinding of discount on non-current payables	142,764	-
	294,054	24,510

28 PROFIT BEFORE TAX

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

	Group 2020 $	Group 2019 $
Directors' fees	143,935	146,000
Directors' remuneration	1,018,617	1,178,032
Costs of defined contribution plans included in staff costs	666,042	533,147
Staff costs (including directors' remuneration)	12,407,436	10,732,116
Statutory audit fees paid to auditors of the Company	285,000	176,000
Non-audit fee paid to auditors of the Company	-	15,000
Government grant expense	8,410	-
Addition/ (write-back) of provisions	312,105	(3,005,819)
Net write-back of loss allowance	(39,926)	-
Recovery of written off receivables	(26,026)	-

29 INCOME TAX EXPENSE

	Group	
	2020	2019
	$	$
Current:		
- Income tax	273,417	479,031
- Deferred tax (Note 17)	1,267,625	(251,323)
	1,541,042	227,708
- (Over) Under provision in prior years	(136,945)	1,255,921
	1,404,097	1,483,629

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable income for the financial year.

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

	Group	
	2020	2019
	$	$
Profit before tax	2,587,922	2,260,342
Income tax expense at statutory rate of 17%	439,947	384,258
Non-allowable items	1,726,895	2,776,024
Non-taxable items	(838,661)	(2,814,939)
(Over) Under provision of current tax in prior years	(136,945)	1,255,921
Exempt income	(29,079)	(70,340)
Utilisation of deferred tax benefits previously not recognised	-	(1,204,669)
Effects of adoption of SFRS(I) 15	-	918,192
Deferred tax benefits not recognized	24,966	100,784
Others	216,974	138,398
	1,404,097	1,483,629

As at the end of the reporting period, the Group has tax losses of approximately $43,486 (2019: $10,932) and deductible temporary differences of $420,117 (2019: $305,814), 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.

30 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	
	2020	2019
	$	$
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	1,183,300	1,101,671
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	252,348,600	252,348,600
	cents	cents
Basic and diluted earnings per share	0.47	0.44

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.

31 OPERATING LEASE ARRANGEMENTS

The Group as lessee

Disclosure required by SFRS(I) 16

As at July 31, 2020, the Group is committed to $314,054 for short term leases and $15,045 for leases of low value assets.

Disclosure required by SFRS(I) 1-17

	Group
	2019
	$
Minimum lease payments under operating leases recognised as an expense in the financial year	572,097

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

	Group
	2019
	$
Within one year	514,749
In the second to fifth year inclusive	96,667
	611,416

31 OPERATING LEASE ARRANGEMENTS (cont'd)

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

The Group as lessor

Disclosure required by SFRS(I) 16

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 2 to 5 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
	2020
	$
Maturity analysis of operating lease payments:	
Year 1	95,120
Year 2	55,600
Year 3	42,000
Year 4	42,000
	234,720

Disclosure required by SFRS(I) 1-17

	Group	
	2020	2019
	$	$
Rental income	382,140	604,121

32 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*.

32 SEGMENT INFORMATION (cont'd)

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

Construction

General builders and construction contractors and general engineering.

Property development

Development of residential and commercial projects.

Investment holding

Investment in unquoted equity shares of subsidiaries.

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

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

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

	Construction	Property development	Investment holding	Elimination	Group
2020	$	$	$	$	$
Revenue					
External customers	33,750,881	-	-	-	33,750,881
Inter-segment	3,595,805	-	-	(3,595,805)	-
Total revenue	37,346,686	-	-	(3,595,805)	33,750,881
Results					
Segment results:					
Profit before tax	1,909,215	7,518,627	341,038	(7,180,958)	2,587,922
Income tax expense					(1,404,097)
Profit for the year					1,183,825

32 SEGMENT INFORMATION (cont'd)

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

2019	Building construction	Property development	Investment holding	Elimination	Group
	$	$	$	$	$
Revenue					
External customers	29,098,387	1,230,000	-	-	30,328,387
Inter-segment	-	3,350,000	8,100,000	(11,450,000)	-
Total revenue	29,098,387	4,580,000	8,100,000	(11,450,000)	30,328,387
Results					
Segment results:					
Profit before tax	1,215,483	359,149	5,748,223	(5,062,513)	2,260,342
Income tax expense					(1,483,629)
Profit for the year					776,713

32 SEGMENT INFORMATION (cont'd)

	Building construction	Property development	Investment holding	Group
	$	$	$	$
2019				
Assets and liabilities				
Segment assets	38,993,680	2,818,378	40,210,279	82,022,337
Segment liabilities	22,546,298	608,959	941,140	24,096,397
Other information				
Depreciation of property, plant and equipment	(420,049)	-	-	(420,049)
Write-back of provisions	3,005,819	-	-	3,005,819
Finance costs	(24,510)	-	-	(24,510)
Interest income	540,906	-	850,831	1,391,737
Additions to non-current assets	293,424	-	-	293,424
Write-down of properties held for sale	-	(118,728)	-	(118,728)

Geographical information

The Group operates only in Singapore.

Information about major customer

Included in revenues arising from the building and construction segment of $33.4 million (2019: $29.1 million) is approximately $11.8 million (2019: <10% of Group's total revenue) of revenue certified in 2020 for the Group's largest customer in the year.

33 ACQUISITION OF SUBSIDIARIES

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

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

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

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

33 ACQUISITION OF SUBSIDIARIES (cont'd)

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

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

Consideration transferred (at acquisition date fair values)

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

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

Assets acquired and liabilities assumed at the date of acquisition

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

33 ACQUISITION OF SUBSIDIARIES (cont'd)

Goodwill arising from acquisition

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

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

Net cash outflow on acquisitions of subsidiaries

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

Impact of acquisitions on the results of the Group

Included in the consolidated statement of comprehensive income for the year is $347,473 of profits and $4,417,666 of revenue attributable to the additional business generated by the targets.

34 DIVIDENDS

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

On December 11, 2018, a final one-tier tax exempt dividend of 0.8 (cents) per share amounting to $2,018,789 in respect of the financial year ended July 31, 2018 was paid to shareholders.

35 PRONOUNCEMENT ISSUED 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, 2020

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

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.

36 EVENT AFTER THE REPORTING PERIOD

On October 13, 2020, the Group entered into a share subscription agreement with Blue Planet Environmental Solutions Pte Ltd for the subscription of 2,287,111 ordinary shares (which will represent 7.3% of the enlarged share capital of Blue Planet Environmental Solutions Pte Ltd) for a consideration of USD10 million.

Statistics of Shareholdings

As at 21 October 2020

STATISTICS OF SHAREHOLDINGS AS AT 21 OCTOBER 2020

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

The Company does not have any subsidiary holdings

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 21 OCTOBER 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	19	6.13	262	0.00
100-1,000	30	9.68	23,133	0.01
1,001-10,000	55	17.74	352,200	0.14
10,001-1,000,000	194	62.58	22,891,705	9.07
1,000,001 and above	12	3.87	229,081,300	90.78
TOTAL	**310**	**100.00**	**252,348,600**	**100.00**

Note:
%: Based on 252,348,600 shares (excluding shares held as treasury shares) as at 21 October 2020

TWENTY LARGEST SHAREHOLDERS AS AT 21 OCTOBER 2020

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	CITIBANK NOMINEES SINGAPORE PTE LTD	172,193,600	68.24
2	ANG SENG HENG	15,400,000	6.10
3	LOI WIN YEN	9,850,000	3.90
4	SIN EE WUEN (XIAN YIWEN)	8,703,500	3.45
5	HONG LEONG FINANCE NOMINEES PTE LTD	7,722,300	3.06
6	DBS NOMINEES PTE LTD	5,849,800	2.32
7	KOH MAY LENG @ LOH MAY LENG	1,899,900	0.75
8	OCBC SECURITIES PRIVATE LTD	1,666,600	0.66
9	UOB KAY HIAN PTE LTD	1,599,000	0.63
10	LIM HOCK TAI @ GAVIN	1,533,100	0.61
11	JAMES ALVIN LOW YIEW HOCK	1,346,500	0.53
12	HONG PIAN TEE	1,317,000	0.52
13	TAN HAI PENG MICHEAL	1,000,000	0.40
14	WEN NANFEI	1,000,000	0.40
15	NG KOK KEONG	995,700	0.39
16	LIM POH LUAN	949,600	0.38
17	NG SIEW KEOW	880,000	0.35
18	SOH ENG TAI	844,000	0.33
19	ONG LIANG HONG	791,000	0.31
20	RAFFLES NOMINEES (PTE) LIMITED	628,400	0.25
	Total:	**236,170,000**	**93.58**

Note:
%: Based on 252,348,600 shares (excluding shares held as treasury shares) as at 21 October 2020

Statistics of Shareholdings

As at 21 October 2020

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 21 October 2020.

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

Notes:

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

* Percentages are calculated based on the issued number of shares of the Company of 252,348,600 shares (excluding treasury shares and subsidiary holdings) as at 21 October 2020.

TREASURY SHARES

Number of ordinary shares purchased and held in treasury shares as at 21 October 2020: 8,651,400

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

PUBLIC FLOAT

As at 21 October 2020, approximately 23.99% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sysma Holdings Limited (the "Company") will be convened and held by way of electronic means on Friday, 27 November 2020 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 2020 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$128,000 for the financial year ending 31 July 2021, to be paid quarterly in arrears. (FY2020: S$146,000)	**Resolution 2**
3.	To re-elect Mr Chen Timothy Teck-Leng @ Chen Teck Leng, a Director who is retiring pursuant to Article 107 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 3**
4.	To re-elect Mr Sin Ee Wuen, a Director who is retiring pursuant to Article 107 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 4**
5.	To re-elect Mr Teo Boon Tieng, a Director who is retiring pursuant to Article 117 of the Company's Constitution. *[See Explanatory Note (i)]*	**Resolution 5**
6.	To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 6**

AS SPECIAL BUSINESS

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

7. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE SYSMA PERFORMANCE SHARE PLAN** — **Resolution 7**

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

[See Explanatory Note (ii)]

8. **PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE** **Resolution 8**

"THAT:

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

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

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

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

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

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

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

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

(3) in this Resolution:

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

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

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

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

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

where:

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

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

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

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

[See Explanatory Note (iii)]

AS SPECIAL RESOLUTION

9. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 9**

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

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

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

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

(b) new Shares arising from the exercise of share options which are outstanding or subsisting at the time such authority was conferred, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

adjustments in accordance with sub paragraphs (a) and (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

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

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

[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Pan Mi Keay
Company Secretary
Singapore

5 November 2020

Explanatory Notes:

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

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

Mr Teo Boon Tieng, upon re-election as Director of the Company, will remain 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 Chen Timothy Teck-Leng @ Chen Teck Leng, Mr Sin Ee Wuen and Mr Teo Boon Tieng can be found under the "Board of Directors" section in the Company's Annual Report 2020.

(ii) Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the Sysma Performance Share Plan of up to an amount not exceeding 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(iii) Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting is held or is required by law to be held, to purchase or acquire up to 10% of the issued Shares of the Company as at the date of the passing of this Resolution. Details of the proposed renewal of the Share Buyback Mandate, including the sources of funds to be used for the purchase or acquisition, the amount of financing (if any) and the illustrative financial impact on the Company's financial position, are set out in the Appendix to this Notice of Annual General Meeting.

(iv) Special Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted) which the Directors may issue under this Resolution would not exceed 100% of the issued share capital of the Company whether on pro-rata or non pro-rata basis at the time of passing this Resolution. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Notice of Annual General Meeting

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 be sent to members.** In addition, this Notice will be sent to members by electronic means via an announcement on the SGX website at the URL ***https://www.sgx.com/securities/company-announcements*** and may be accessed at the Company's website at the URL www.sysma.com.sg.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement accompanying this Notice dated 5 November 2020. This announcement may be accessed at the Company's website at the URL www.sysma.com.sg, and on the SGX website at the URL ***https://www.sgx.com/securities/company-announcements***.

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

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

   CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, latest by 18 November 2020 at 10.00 a.m.

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

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

   (a) via the following ***https://agm.conveneagm.com/sysmaagm2020*** (the "**Sysma AGM Website**") in the electronic format accessible on the Sysma AGM Website; or

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

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

in either case not less than 48 hours before the time appointed for the AGM, latest by 25 November 2020 at 10.00 a.m.

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

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

6. Physical Annual Report 2020 will be sent out and may also be accessed at the Company's website at the URL **www.sysma.com.sg** and on the SGX website at the URL ***https://www.sgx.com/securities/annual-reports-related-documents***.

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

8. Questions must be submitted to the Company in the following manner by **5:00 p.m. on 20 November 2020**:

   (a) via the Sysma AGM Website;

   (b) if submitted electronically, be submitted via email to the Company at **agm2020@sysma.com.sg**; or

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

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

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

   Minutes of the AGM to be held on 27 November 2020 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 Director is seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 November 2020 ("**AGM**") (the "**Retiring Director**").

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

1) Mr Chen Timothy Teck-Leng @ Chen Teck Leng

Date of Appointment	1 December 2015
Date of last re-appointment	16 November 2018
Age	66
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 Chen Timothy Teck-Leng @ Chen Teck Leng as the Independent Non-Executive was recommended by the NC, and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Nominating Committee as well as a member of the Audit Committee and Remuneration Committee.
Professional qualifications	1. Bachelor of Science degree from University of Tennessee 2. Master of Business Administration degree from Ohio State University 3. Certified Corporate Director (ICD. D) designation from the Canadian Institute of Corporate Directors 4. Attended the Executive Management Program of Harvard Business School.
Working experience and occupation(s) during the past 10 years	Mr Chen has more than three decades of management experience in banking, insurance, investment fund, and corporate advisory work. He held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia, and Sun Life Financial Inc. He was formerly the General Manager, China for Sun Life Financial Inc., and the President and CEO of Sun Life Everbright Life Insurance Company in China. Mr. Chen currently sits on the boards of several SGX-listed companies.

Notice of Annual General Meeting

Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No.
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past 1. XinRen Aluminum Holdings Ltd 2. Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. 3. TMC Education Corporation Ltd Present 1. Yangzijiang Shipbuilding Holdings Ltd. 2. Boldtek Holdings Ltd. 3. Tye Soon Limited 4. CCB Life Insurance Co. Ltd.

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

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

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

2) Mr Sin Ee Wuen

Date of Appointment	19 September 2018
Date of last re-appointment	16 November 2018
Age	42
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 Ee Wuen as the Executive Director was recommended by the NC, and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. To assist the Group Chief Executive Officer for the overall management of the Group's business and corporate development.
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
Working experience and occupation(s) during the past 10 years	Mr Sin joined our Group in May 2014 as a Corporate Development Manager where he was responsible for monitoring, researching and developing sales and marketing intelligence in the property sector. As property development director in Oct 2015, he oversaw the sales of our developments. Promoted to Deputy Chief Executive Officer in October 2017, he is responsible for investments, strategic planning, implementation of the Group's Property Development Business and assists the Group CEO. Mr Sin served as a Pilot for the Republic of Singapore Air Force from 2000 to 2014. He obtained a Diploma in Computer Information Systems from Singapore Polytechnic in 1999.
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	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
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past 1. International Cement Group Ltd. 2. SL Capital Ventures Pte Ltd Present 1. Sysma Properties Pte. Ltd. 2. Gcap Properties Pte. Ltd. 3. Sysma Capital Pte. Ltd. 4. Sysma Capital One Pte. Ltd. 5. Sysma Capital Two Pte Ltd 6. De Paradiso Development Pte. Ltd. 7. KH Engineering Ltd. 8. Kian Hock Piling Pte. Ltd. 9. Sysma Jade Pte. Ltd.

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

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

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

3) Mr Teo Boon Tieng

Date of Appointment	6 July 2020
Date of last re-appointment	-
Age	57
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon the recommendation of the Nominating Committee, which had reviewed the credentials, performance and contributions of Teo Boon Tieng, the Board of Directors approved his appointment as an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of each of the Remuneration Committee and Nominating Committee of the Company. The Board considered Mr Teo Boon Tieng to be independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of Audit Committee as well as a member of the Nominating Committee and Remuneration Committee.
Professional qualifications	1. Fellow of Institute of Singapore Chartered Accountants (ISCA) 2. Fellow of Association of Chartered Certified Accountants (ACCA, UK)
Working experience and occupation(s) during the past 10 years	He is currently practicing 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. In the past, he has served as an independent director and Chairman of the Audit Committee of Multi-Con Systems Limited from 2005 to March 2009 and Swee Hong Limited from December 2015 to September 2020. Partner at Ark Alliance LLP since June 2020.
Shareholding interest in the listed issuer and its subsidiaries	Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No.
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past 1. Asia Capital Market Advisory Pte Ltd 2. TBT Alliance Pte Ltd 3. Civil Tech Holdings Ltd 4. Swee Hong Limited Present 1. Teo Boon Tieng & Co. 2. Ark Alliance LLP. 3. TBT Consulting Pte Ltd 4. TBT Business Solutions Pte Ltd

a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	Mr Teo Boon Tieng was an Independent Director and Chairman of the Audit Committee of Swee Hong Limited ("Swee Hong") from December 2015 to September 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.
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

c)	Whether there is any unsatisfied judgment against him?	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

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

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting and Proxy Form will be sent to members. In addition, it will be sent to members by electronic means via announcement on the SGX website at the URL ***https://www.sgx.com/securities/company-announcements*** and may be accessed at the Company's website at the URL **www.sysma.com.sg**.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the Annual General Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting are set out in the Company's announcement accompanying the Notice of Annual General Meeting dated 5 November 2020. The aforesaid announcement may be accessed at the Company's website at the URL ***https://agm.conveneagm.com/sysmaagm2020***, and on the SGX website at the URL ***https://www.sgx.com/securities/company-announcements***.
3. Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.
4. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM, latest by 18 November 2020 at 10.00 a.m.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 November 2020.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.

I/We*, ____ (Name)

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

of ____ (Address)

being a member/members* of Sysma Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the Annual General Meeting**, as my/our* proxy to attend, speak and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Friday, 27 November 2020 at 10:00 a.m. and at any adjournment thereof.

No.	ORDINARY RESOLUTIONS	VOTING		ABSTAIN FROM VOTING**
		FOR **	AGAINST **	
ORDINARY BUSINESS				
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 July 2020, together with the Statement of Directors and the Independent Auditor's Report thereon.			
2.	To approve the payment of Directors' Fees of S$128,000 for the financial year ending 31 July 2021, to be paid quarterly in arrears. (FY2020: S$146,000)			
3.	To re-elect Mr Chen Timothy Teck-Leng @ Chen Teck Leng as a Director under Article 107 of the Company's Constitution.			
4.	To re-elect Mr Sin Ee Wuen as a Director under Article 107 of the Company's Constitution.			
5.	To re-elect Mr Teo Boon Tieng as a Director under Article 117 of the Company's Constitution.			
6.	To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.			
SPECIAL BUSINESS				
7.	To authorise the allotment and issuance of shares under the Sysma Performance Share Plan.			
8.	To approve the proposed renewal of the Share Buyback Mandate.			
SPECIAL RESOLUTION				
9.	To authorise the allotment and issuance of shares pursuant to Section 161 of the Companies Act, Chapter 50.			

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

Dated this __________ day of __________________ 2020

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.

NOTES:

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

   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 18 November 2020 at 10.00 a.m.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

Fold along this line

PROXY FORM

Affix
Postage
Stamp

The Share Registrar

SYSMA HOLDINGS LIMITED

Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02
Singapore 068898

This flap for sealing

4. The Proxy Form must be submitted to the Company in the following manner:
   a. via the following URL ***https://agm.conveneagm.com/sysmaagm2020*** (the "Sysma AGM Website") in the electronic format accessible on the Sysma AGM Website; or
   b. if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898; or
   c. if submitted electronically, be submitted via email to the Company's Share Registrar at ***sg.is.proxy@sg.tricorglobal.com***,

   in either case not less than 48 hours before the time appointed for the AGM, latest by 25 November 2020 at 10:00 a.m.

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

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email/or Sysma AGM Website www.sysma.com.sg.
5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form (or any related attachment) if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

SYSMA HOLDINGS LIMITED

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